CARD SME Bank

INTEGRATED ANNUAL REPORT 2025



Strengthening Intergenerational Connections
through Meaningful AI-Powered Engagement
towards Poverty Eradication

About the Cover

In its journey toward zero poverty, CARD MRI continues to work tirelessly to address the challenges many Filipino families face. The 2025 Integrated Annual Report cover reflects this journey of transformation—from manual documentation to digital innovation—symbolized by the typewriter and the laptop. The typewriter represents our history, where the mission and commitment to communities were first written, while the laptop embodies today's era of meaningful AI-powered engagement.

For nearly 40 years of fighting poverty, CARD MRI has grown into a multigenerational workforce, sharing talents and values to transform lives. This year's theme, Strengthening Intergenerational Connections through Meaningful AI-Powered Engagement towards Poverty Eradication, underscores our effort to continue the legacy while embracing innovation.

The cover illustrates how legacy and innovation meet—balancing human connection with AI-powered engagement—to ensure that no one is left behind in our mission to break the cycle of poverty.





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Organizational Wheel

CARD SME Bank is one of the banks under the CARD Mutually Reinforcing Institutions (CARD MRI). It serves the needs of microfinance graduates from CARD, Inc. (A Microfinance NGO), CARD Bank, Inc., and CARD MRI Rizal Bank, Inc. who are ready to transition into small and medium enterprises (SMEs). As their small businesses grow, the bank continues to support them by providing larger financial products to meet their expanding needs and enhance the efficiency of their operations.

It offers a broader range of loan and savings products and services that strengthen MSMEs in the country, driven by the belief that MSMEs are the backbone of economic growth.

Beyond banking, CARD SME Bank envisions continuous development not only in its clients' businesses but also in their personal potential as individuals, in their health, and in their capacity as members of the community. In partnership with other CARD MRI institutions, the bank also focuses on these aspects.

It delivers microinsurance, educational and health programs, and other capacity-building initiatives to ensure sustained growth and to improve quality of life.

One of CARD SME Bank's goals is to strengthen MSMEs in the country, but equally important is the provision of other programs that guarantee their continuous development.



VISION

CARD SME Bank, Inc. supports CARD MRI's vision statement as a Group of Mutually Reinforcing Institutions that is dedicated to empower the poor by upholding the core values of competence, family spirit, integrity, simplicity, humility, culture of excellence, and stewardship. As one of the institutions that comprise the CARD MRI and in support of its mission, CARD SME envisions building a sustainable financial and capacity building institution owned and led by socially-and-economically challenged families by providing integrated Microfinance, Small and Medium Enterprise (MSME) and social development (credit with education, leadership with a heart, innovative community programs) services to an expanding membership base by organizing and empowering women and their families; and continue upholding the highest standards of stewardship of financial, human, and institutional resources.

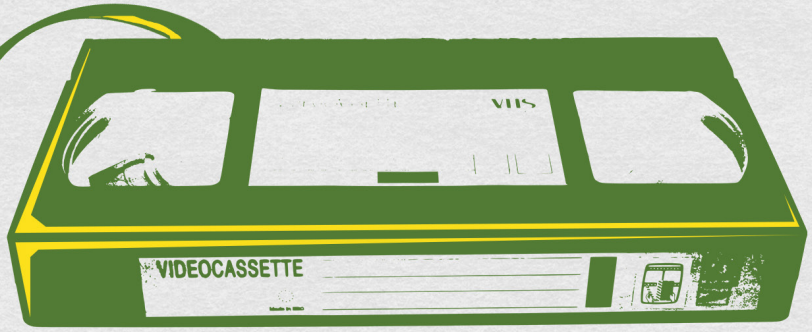
MISSION

CARD MRI is committed to:

To provide banking services especially designed for landless rural workers by bringing bank services to community sites and accommodating the least financial transactions within their affordability

To provide collateralized and non-collateralized loans to financially excluded MSMEs but with viable, socially responsible and environmentally sustainable MSME projects.

To grow the bank's SME lending to become the pre-eminent SME Bank in the Philippines to be able to reach more SME beneficiaries.



Core Values



COMPETENCE
FAMILY SPIRIT
INTEGRITY
SIMPLICITY
HUMILITY
EXCELLENCE
STEWARDSHIP

Our core values as announced on air by our CARD MRI Senior Advisers.

Introduction

Closing

Strengthening Intergenerational Connections Through Meaningful AI-Powered Engagement Towards Poverty Eradication

OUR CAPITAL



FINANCIAL
Our outstanding loans support the financial activities of the institution's Agriculture, Fisheries, and Rural Development (AFRD) initiatives.

Net Income: **PHP 982,484,547.00**
Total Assets: **PHP 14,777,765,046.00**
Total Equity: **PHP 3,612,019,273.00**

MANUFACTURED & INTELLECTUAL
Our machines and infrastructure are strategically placed in safe, non-hazardous areas to safeguard both employees and clients.

We continue to strengthen our transition to paperless transactions through digital platforms such as the Core Banking System (CBS), Loan Monitoring System (LOMS), and T24.

Branches and Head Office: **41**
Branch-lite Units (BLUs): **274**
Automated Teller Machine (ATM): **33**
Digital Cash Machines (DCM): **42**

HUMAN
Our highly skilled, experienced, and dedicated personnel regularly participate in ongoing training programs, including both local and international study tours, to further enhance their expertise and commitment.

Employees: **2,545** (Men: **32%**, Women: **68%**)
Training expenditure: **PHP 47,391,886.47**

SOCIAL & RELATIONSHIP
Our clients and banking partners trust us as the advocates of social development and nation building.

Years of Value-added Services: **14**
Accounts Served: **1,381,395**
Partners: **26**
Client Training Program Attendees: **9,898**

NATURAL
Our delivery of products and services that reduce gas emissions helps minimize our environmental impact.

Seedlings planted: **2,300**
GHG Offset (estimate for a matured tree): **60,559 CO2kg**
Sustainability Bonds: **PHP 60M**
GHG Offset: **340,981.01 CO2kg**

THE VALUE WE CREATE

EMPLOYEES
We empower our employees by providing a creating a supportive and dynamic workplace that encourages creativity, continuous learning, and professional growth.

Payments to Employees: **PHP 123,559,578,049.36**
Training Program Participants: **9,578,049**
No. of Staff Trainings: **386**
Training Hours: **6,994 Hours**

INVESTORS
We maintain our investor's trust by ensuring transparency and prudent risk management through monthly board meetings and publishing of annual repors on the website.

GOVERNMENT & REGULATORS
We support economic growth by offering loans and investments that encourage sustainablity, boost productivity, and contribute to the well-being of local communities.

Total Government Remittances: **PHP 140,537,674.43**
Paid Taxes: **PHP 345,294,152**

CLIENTS & COMMUNITIES
We support our clients and communities by offering products and services that promote financial inclusion through access to opportunities and business growth.

Negosyo Talk Participants: **112**

Strengthening Intergenerational Connections Through Meaningful AI-Powered Engagement Towards Poverty Eradication

HOW WE CREATE VALUE



BUSINESS OPERATIONS	STRATEGIES
Client-Based Financing	Strengthening Partnerships and Linkages
	Client Relationships
Business Products & Services Effectiveness	Intensify Product & Services Effectiveness & Efficiency
Progressive Business Processes & Innovations	Concrete & Feasible Business Solutions & Innovations
Business Impact	Empower & Grow MSMEs & High Margin Businesses

SUSTAINABILITY STRATEGY

RESPONSIBLE BANKING

Aligned with the SDGs, we prioritize the social and environmental impacts of our microfinancing decisions. Our goal is to offer ethical and sustainable financing solutions that tackle global challenges, such as climate change and financial inequality, while fostering long-term positive change.

RESPONSIBLE OPERATIONS

We ensure smooth daily operations by focusing on the efficiency of our processes. This includes regular program monitoring, weekly center meetings, and additional measures like Client Investigation and Background Investigation (CIBI) and Loan Utilization Check (LUC) to uphold accountability and transparency.



Strengthening Intergenerational Connections

When I founded CARD MRI in 1986, I was surrounded by colleagues from my own generation—the Baby Boomers. We were known for our discipline, resilience, and relentless drive to work hard. Together, we dreamed of helping low-income families uplift their standard of living, and we laid the foundation of CARD MRI with that vision in mind.

During our early period, we used face-to-face meetings, landline phones, manual typewriters, carbon paper, bulletin boards, and calculators as our simple tools. These innovations made our daily lives easier. But these also made us seem "traditional" to younger generations. Yet, beyond the simplicity of our methods, our dream was profound—to create an organization that could champion communities and empower families to break free from the chains of poverty.

Over the years, CARD MRI has grown into a multi-generational organization. Today, nearly four decades later, our group is comprised of four generations: Baby Boomers, Generation X, Millennials, and Generation Z. Each generation brings unique strengths and perspectives. Gen X, whom we guided into leadership, balances traditional work ethics with modern collaboration. Millennials, now the largest group in CARD MRI, are highly adept at technology, collaborative by nature, and eager to engage colleagues in meaningful ways. Gen Z, steadily growing in number, consists of digital natives who prioritize mental health, work-life balance, and innovation. They are unafraid to speak out when something contradicts their values, and they push us to think differently.

At first, these differences created gaps in how we acted and made decisions. Three generations separate us, Boomers from Gen Z, and their beliefs are far different from ours. But we soon realized that these differences are not barriers—they are sources of strength. By embracing each generation's identity, we fostered collaboration that continues to expand CARD MRI's reach and impact.

The journey of working across generations is now moving into a new chapter. With the rapid technological advancement, especially the rise of artificial intelligence, we have new ways to connect with our younger colleagues. For us, AI is not meant to replace human values or relationships. Instead, it serves as a bridge — helping us bring together the wisdom of experience with the creativity and innovation of the new generation.

Through meaningful AI engagement with our communities, we can truly strengthen our teamwork and continue to empower Filipino families. All generations have their own way of contributing, and AI helps us connect these differences into one shared effort. Through this, the mission we started decades ago keeps growing, carried forward by every generation in their own unique way, while staying true to the values that built CARD MRI.

As leaders, listening and adapting are part of our responsibility. We, from the older generations, continue to reach out to our younger colleagues—not only to pass on the mission we started, but also to learn how they can carry it forward in their own time. It is not enough to hope they embrace our vision; we must also understand how they will transform it with the tools, perspectives, and innovations they have today.

Our ways may be different from theirs, but we share one mission—to build a nation free from poverty. What we started years ago is not meant to stay the same; it is meant to grow, change, and be strengthened by the hands of those who follow. Each generation adds its own way of serving, and together these differences become our strength.

I am confident that when we combine our values and wisdom with AI, our connections will grow even stronger. It will help us keep the culture and mission that have guided us for decades, while opening doors to new ways that make our work more effective and inclusive. Across generations, we stand together in a vision of freeing Filipino families from the vicious cycle of poverty.



Harnessing AI for Poverty Eradication

For nearly four decades, CARD MRI has stood at the forefront of empowering Filipino families. Our traditional ways have kept us grounded in the realities of the communities we serve.

Beyond the numbers, we continue to look at the impact we create in every household, in every life we help change for the better.

Our strength has always been in truly knowing our clients—not only through transactions, but by heart. The relationship we have built with them over the years allows us to understand them more deeply and serve them in ways that fit their needs. We learn by listening to their stories and from the data and information they share with us.

As more Filipino families turn to CARD MRI for support, we have embraced technology to help us keep pace. Storing and analyzing the data entrusted to us has made our programs more efficient and effective. It has allowed us to deliver services faster and with greater accuracy, and to provide solutions that respond directly to the realities of our clients and their families.

With the rise of artificial intelligence, CARD MRI has also embraced this opportunity. We created a dedicated department within our organization to utilize the potential of AI. This is to ensure that it is there to strengthen rather than alter our mission; not a departure from our values but an extension of them. By integrating AI-generated insights into our work, we can better understand our clients and design solutions that are even more responsive to their needs.

We will collaborate with AI to strengthen what CARD MRI already does best: empowering communities and eradicating poverty. AI enables us to connect more effectively with our clients, to respond faster, and to deliver services with greater precision. It helps us see patterns we might miss, anticipate needs before they become urgent, and create solutions that are both innovative and practical.

With the many technological advancements available today, we commit ourselves to using them meaningfully for the benefit of the communities we serve. We do not adopt technology for its own sake; we embrace it to improve our products, reach more Filipino families, and serve them better.

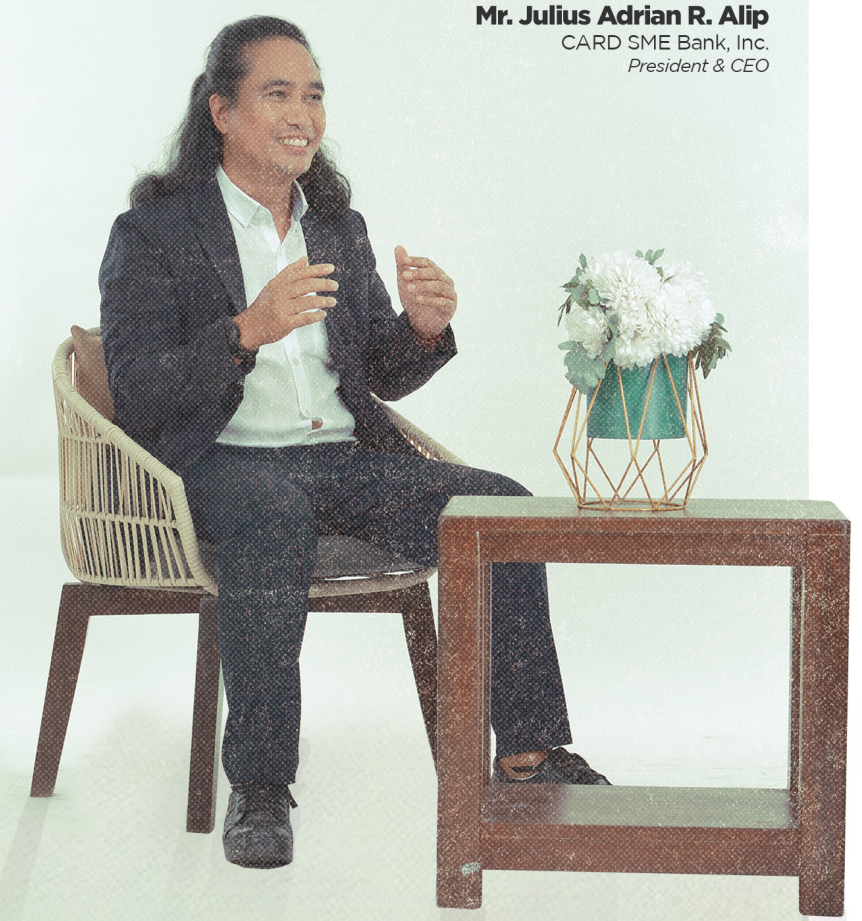
I believe that artificial intelligence can never replace the values and relationships we have built over the years. Its role is to help us weave together the strengths of every generation—from the wisdom of our senior staff to the creativity and innovation of our younger colleagues.

By using AI, we ensure that our work remains relevant, inclusive, and impactful. In this way, we honor the past, embrace the present, and prepare for the future.

Still, we recognize that AI is only a partner. The wisdom and lived experiences we have gained over the years remain our richest resource. These guide us in making sound decisions and building programs that truly matter. AI helps us generate ideas, but it is our people—their judgment, compassion, and experience—that ensure those ideas become meaningful actions.

Together with our staff, partners, and communities, we will continue to build a community where no Filipino family is left behind. CARD MRI commits to harnessing innovation without losing sight of its core and purpose, and to remaining a driving force for development for generations to come.

Strengthening Traditions and Financial Inclusion **Through Modernization**



Mr. Julius Adrian R. Alip
CARD SME Bank, Inc.
President & CEO

CARD SME Bank strives to be a leader of humanizing financial inclusion and sustainable growth. In 2025, modern technology will have taken our institution to greater heights of serving underserved and underbanked communities, empowering micro, small, and medium enterprises (MSMEs), and promoting sustainable economic and environmental growth that creates a long-lasting, positive impact on Filipino families. Heavily guided by our core values, CARD SME Bank continues to innovate and progress while keeping our traditions and human touch.

In 2025, we maintained a strong position in the industry and continued to reach more clients and build their financial discipline. Our performance reflects the trust our clients place in us, and only hints at the broader impact we make in the communities we serve. Each loan supports livelihoods, strengthens businesses, and helps families work toward a better future.

We continued to improve our mobile banking app, konek2CARD, reaching over one million users with more than 3,000 agents in 2025. This achievement was made possible because of the teamwork of everyone at CARD SME Bank—from the top management to our account officers. It reflects our commitment to making banking simple and accessible for all.

Center meetings remain an integral part of CARD SME Bank's services to its clients. Serving as our institution's primary outlet for relationship building, information dissemination, and community development, we have modernized this tradition, enabling it to go beyond physical meetings. Through artificial intelligence, automation, and social media, our institution stays connected and ready to address our clients' inquiries and requests. Taking deep-rooted traditions into the modern landscape enables us to be flexible to meet our clients' evolving needs.

Our products and services made strong progress in 2025. We expanded QSL Plus to new locations—Laguna, Batangas, and Cavite—so more clients could access solutions that fit their needs. By streamlining our business segments, we have improved efficiency and can respond more quickly to our clients' unique situations.

Embodying Competence and Professionalism

To better serve our stakeholders, we continue to invest in our people and operations. By living out our values of competence and excellence, we remain a trusted partner for MSMEs.

CARD SME Bank remains adaptable to the needs of the communities we are serving. We continue to upgrade our core banking and loan systems to respond quickly to new regulations, evolving client needs, and economic shifts.

The bank recognizes the importance of continuous learning to remain flexible and prepared for challenges. Leadership development, technical training, and strategic improvements help our team deliver financial inclusion and prepare for greater impact ahead.

Integrating Sustainability in Economic Growth

As our client base grows, so does our commitment to sustainability. When clients expand their businesses, they create jobs and help their communities thrive. This positive cycle inspires us to keep moving forward.

We help MSMEs grow by improving their access to credit. Our outreach programs, such as the Savings Caravan, spread financial knowledge nationwide and support more entrepreneurs.

Many of our MSME clients have become employers and catalysts for community growth, showing that entrepreneurship can help reduce poverty and build stronger communities.

We lead by example in caring for the environment. We thank our board of directors and our staff, from head office to branches, for their commitment to financial inclusion and for embedding sustainability in our operations. We are strengthening support for coastal communities to help them become more resilient to climate change.

With these accomplishments, CARD SME Bank confidently moves forward and plans for a future that empowers our clients and their families, and protects the environment. Product and service enhancements, internal optimization and automation through AI, and forging stronger, long-lasting partnerships position CARD SME Bank as a hybrid institution, further evolving to serve our clients better. With our deep-rooted traditions cultivated over the years and the integration of modern technology, CARD SME Bank bravely and confidently looks forward to serving our clients for a financially empowered nation.

BOARD OF DIRECTORS





MR. ARISTEO A. DEQUITO
Chairperson

DR. JAIME ARISTOTLE B. ALIP
Vice Chairperson for External Affairs

MS. MARY JANE A. PERRERAS
Vice Chairperson for Administration

MR. JULIUS ADRIAN R. ALIP
Director /President and CEO

MS. CYNTHIA B. BALDEO
Director

DR. GILBERTO M. LLANTO
Director

ATTY. WILFREDO B. DOMO-ONG
Director

MS. CHONA A. FELESEDARIO
Independent Director

MS. IRENE D. ARROYO
Independent Director

MS. ABUNDIA C. MANABES
Independent Director

MS. MARIA AGNES J. ANGELES
Independent Director

MANAGEMENT





NEVER
Stop
growing

Mr. Julius Adrian R. Alip
President and CEO

Ms. Cherry A. Boncajes
Executive Vice President

Ms. Anita F. Rapera
Senior Vice President

Ms. Jeannie T. La Rosa
Senior Vice President for Finance and Accounting OIC

Mr. Benedict A. Ame
Vice President for Compliance

Ms. Lailanie L. Moral
Vice President for Treasury

Mr. Manolo M. Martinez
Vice President for Corporate Planning, Product Development and Advocacy

Mr. Michael Robert L. Mendoza
Vice President for SME Lending Operation



T COMMITTEE



Ms. Joy G. Palomique
Vice President for SME Lending Operations OIC

Mr. Allan D. Dimaano
Chief Information Officer

Ms. Patricia G. Saballo
Assistant Vice President

Mr. Rodel P. Bombase
Assistant Vice President

Ms. Leonida M. Gutierrez
Assistant Vice President

Ms. Florence B. Castillo
Assistant Vice President

Mr. Jerry V. Montejo
Assistant Vice President for Risk Management

Ms. Juliana M. Salcedo
Assistant Vice President for Mobile Financial Services

No : 02272025000000000000











Ms. Jennifer P. Masa
Assistant Vice President for Compliance OIC

Ms. Mildred B. Matienzo
Assistant Vice President for Treasury OIC

Ms. Hazel M. Tuliao
Deputy Director for Treasury

Ms. Gina L. Panelo
Deputy Director for Audit

Ms. Noralyn D. Silvestre
Deputy Director for Savings Mobilization

Ms. Rossana A. Cacha
Deputy Director for Risk Management

Ms. Lourdes A. Marasigan
ROPA and Remedial Management Unit Head

Mr. Norberto A. De Guzman
Credit Risk Management Head

Ms. Rachelle C. Villaverde
Regional Director

Ms. Jelyn D. Maranan
Regional Director





Ms. Loida F. Lutado
Regional Director

Ms. Jeanny Babe F. Balandra
Regional Director

Ms. Rosella Q. Sansano
Regional Director

Ms. Marites O. Angara
Regional Director

Ms. Mary Rose L. Venerayan
Regional Director

Ms. Gerilyn P. Bautista
Regional Director

Ms. Amalia R. Ditchoso
Regional Director

Ms. Belinda F. Salazar
Regional Director

Ms. Shielo K. Reyes
Regional Director

Mr. Ian M. Madrona
Regional Director

No : 02272025000000000000







NEVER Stop growing



Mr. Jayson P. Solosa
Regional Director

Ms. Eva O. Mandalihan
Regional Director

Ms. Madonna U. Bautista
Regional Director

Mr. Eugeniano D. Gabbac
Regional Director

Ms. Maribeth C. Quilit
Regional Director

Ms. Rose Ann C. Azuela
Regional Director

Ms. Maria Jemma A. Aquino
Regional Director



Mr. Joel D. Bermudez
Regional Director OIC

Ms. Marites S. Oracion
Regional Director OIC

Ms. Marilyn P. Delicana
Acting Regional Director

Mr. Brile II B. Roales
Acting Regional Director

Ms. Grace A. Quiñola
Marketing Manager

Mr. Jerrom A. Ibardeloza
Information Security Officer

No : 02272025000000000000

AT-A-GLANCE

Repayment Rate
98.88%

Financial Self-Sufficient
127.17%

Operational Self-Sufficiency
128.48%

Loans Disbursed
PHP 24,081,774,986.00

Loans Outstanding
PHP 11,709,212,886.00

Savings
PHP 8,495,189,174.00

Clients Served
1,401,087

Active Clients w/ Loans
727,623

Client including Savers
1,381,395

Branches and Head Office 41

Branch Lite Units 274

Staff 2,545

Financial Highlights

Minimum Required Data	2025	2024
	Current Year	Previous Year
Profitability		
Total Net Interest Income	3,973,467,820.24	3,620,328,917.23
Total Non-Interest Income	191,792,518.01	164,103,786.00
Total Non-Interest Expense	2,700,825,680.47	2,339,957,305.27
Pre-Provision Profit	1,310,556,259.67	1,327,732,056.67
Allowance for Credit Loss	153,878,398.11	116,743,341.29
Net income	982,484,546.78	995,070,767.92
Selected Balance Sheet		
Liquid Asset	1,864,193,241.48	1,468,491,080.05
Gross Loans	11,709,212,886.06	9,977,007,287.64
Total Asset	14,777,765,045.54	12,230,618,041.45
Total Deposit	8,495,189,174.35	7,284,633,049.64
Total Equity	3,612,019,272.54	3,209,820,252.51
Selected Ratios		
Return on Average Equity	29.69%	35.12%
Return on Average Assets	7.28%	8.95%
Net Interest Margin	23.85%	24.90%
Selected Balance Sheet Data		
Cash Dividend Declared	630,000,000.00	480,004,700.00
Stocks Dividend Declared		179,995,300.00
Head Count		
Officers	221	218
Staff	2,324	2,308

Minimum Liqudity Ratio	34.49%	32.41%

Capital Structure and Capital Adequacy		
Tier 1 Capital	**2025**	**2024**
Paid Up Common Stock	1,999,207,800.00	1,927,478,200.00
Retained Earnings	668,115,773.50	303,045,005.39
Undivided Profit	988,397,933.05	984,798,816.40
Other Comprehensive Income	(15,773,720.80)	(2,288,434.30)
Total Core Tier 1 Capital	**3,639,947,785.75**	**3,213,033,587.49**
Tier 2 Capital		
General Loan Loss Provision	106,284,195.22	90,833,171.10
Total Core Tier 2 Capital	**106,284,195.22**	**90,833,171.10**
Gross Qualifying Capital	3,746,231,980.97	3,303,866,758.59
Deductions from Tier 1 and Tier 2 Capital	(107,838,437.28)	(97,003,272.96)
TOTAL QUALIFYING CAPITAL	**3,638,393,543.69**	**3,206,863,485.63**
Capital Requirements for Credit Risks	10,482,169,584.74	8,906,813,367.38
Capital Requirements for Market Risks		
Capital Requirements for Operations Risks	4,771,509,540.92	3,973,524,096.54
Total and Tier 1 Capital Adequacy Ratio	**23.85%**	**24.90%**

What we accomplished in 2025

CARD SME Bank believes in solutions that create long-lasting impact for our clients, communities, and the environment. As the financial landscape continues to evolve through technology, particularly with advancements in artificial intelligence and its applications, so do our strategy, products and services, and sustainability initiatives. Integrating AI and its applications with CARD MRI's traditions enables us to serve our stakeholders with efficiency, accuracy, and, most importantly, empathy.

As our economy evolves, our institution is reminded that providing access to affordable, efficient financial products and services is only the first step toward helping our communities. Creating programs and strategies that holistically support our communities is integral to eradicating poverty. Hence, CARD SME Bank further strengthened its various initiatives and added new ones for 2025 to ensure that our stakeholders are well-informed and well-equipped for the years to come.

Formulated with their current and future needs in mind, these initiatives aim to support our communities in the long run. At CARD SME Bank, our work extends beyond financial products and services; we aim to uplift communities from every angle.





Economic

CARD SME Bank continues to be a sturdy foundation for financial inclusion and literacy among its stakeholders. For 2025, our economic impact can be presented in terms of quantity and quality. As a result of our unwavering commitment to serving underserved communities in the pursuit of poverty eradication, we have disbursed a total of PHP 24,081,774,986.00 to our 1,401,087 clients nationwide. Achieving 100.89% of our target, this demonstrates CARD SME Bank's eagerness to reach and help our clients achieve financial freedom.

This amount wouldn't be achieved without our clients' help. Through their financial discipline, we have achieved 98.88% repayment rate. This data reflects CARD SME Bank's resilient credit model, ensuring our financial products are accessible and services are efficient.

Through our financial literacy initiatives, we have mobilized total savings amounting to PHP 8,495,189,174.00, which are continually reinvested to strengthen our services and extend greater opportunities to the communities we serve.

Graduating Microfinancing Clients

To better accommodate the diverse needs of our clients, we have restructured our strategy from simply financial support for MSMEs to enabling them to scale their businesses by increasing their loan limit, from PHP 300,000.00 to corporate/commercial investment loans of more than PHP 1 Million. This increase is further supported by value-added infrastructure, such as marketing, manufacturing, and asset acquisition, to assist their scaling further. We believe that as more of our microfinance clients graduate into larger ventures, more of them become our partners for change. These businesses uplift their communities by creating employment opportunities and livelihoods for others.



Streamlining Services and Operations
Further integrating the latest technology and upgrading our existing systems has enabled our institution to streamline its business strategy and backend operations, benefiting our stakeholders. This increase in efficiency results in better service delivery for the clients and more time for our operations to focus on important matters.

With our experience from previous years and client feedback, we identified areas for improvement in our service delivery. We split them into two operational tracks: SME Retail/Consumer Segment, which focuses on services towards clients with smaller-scale needs, such as Quick SME Loans (QSLs), and SME Corporate/ Commercial Segment, which focuses on personalized relationship management and technical training for clients with larger business ventures.

Our QSL regional expansion has begun at four strategic locations across the country. Clients in Laguna, Batangas, Cavite, and the Northern Mindanao regions can now avail of our QSL products and services. This extends our reach not only to our business-owning clients but also to wage-earners in the corporate sector, ensuring everyone has access to CARD SME Bank's financial products.

PHP 24,081,774,986
Loans Disbursed

98.88%
Repayment Rate

1,010,153
konek2CARD Users

3,110
konek2CARD Agents

To increase the efficiency of our branches and allow them to focus more on our clients and their needs, the Head Office implemented Centralized Bookkeeping and Centralized Payroll. This lessens the burden of administrative tasks for local branches, allowing them to focus solely on client relationship-building and service delivery.

Becoming a Hybrid Financial Institution
Providing underserved communities with access to financial tools, products, and services always promotes economic growth. Be it at the local or national level, accessibility to financial services leads to a better state of living.

With 41 active branches and 274 branch-lite units nationwide, CARD SME Bank ensures its products and services are within reach of its clients. We also continue to improve our flagship mobile banking application, konek2CARD, enabling more clients to have financial access at their fingertips.

For 2025, CARD SME Bank records 1,010,153 konek2CARD users and 3,110 agents. These figures go beyond the number of users; they reflect CARD SME Bank's progress and the ongoing trust and support of our clients. This means more clients and their families can now access their finances within the community, reducing hassle, enabling secure bank transactions, and lowering costs for clients.

CARD SME Bank's strategies for 2025 aim to promote stable, sustainable economic growth that starts within the community and spreads throughout the country, one family at a time.



Environmental

Promoting and implementing sustainable environmental programs that align with CARD MRI's strategies and values is among CARD SME Bank's annual goals. Understanding the importance of the environment to the lives and businesses of our stakeholders, our institution continues to develop business strategies, implement sustainable, environmentally friendly practices, and prepare branches and clients in risk-prone areas to position them on a sustainable growth trajectory and improve their communities.



Continuing CARD SME Bank's annual green initiative, we planted 2,300 seedlings of api-api, mangrove, guyabano, langka, kalamias, narra and ipil in Liliw, Laguna, Cagayan de Oro City, Cavite City, Talabaan, Zamboanga City, New Ibajay, Palawan, Iligan City and Toledo City, Cebu, with the help of the 378 officers, staff and board of directors from the head office to the field personnel. Committed to caring for the environment, our institution is eager to show up for our communities and the places where they live.

With the support of CARD MRI Publishing House Inc., we conducted a taka-making workshop in Polomolok, South Cotabato to teach our clients how to recycle paper. During the activity, participants created coin banks out of old newspapers, which were then distributed to the children of CARD SME Bank clients.

We are continuously fine-tuning our ESG resilience, especially in coastal communities, through risk mapping as our climate continues to change and become less predictable. With the help of digital mapping tools, we can identify branches and local communities vulnerable to environmental hazards and plan accordingly to safeguard our clients' lives and livelihoods. The unpredictability of nature calls on us, as an institution, to set an example and serve as a pillar of resilience and adaptability for our communities.

Coastal Clean-up
in Sto. Tomas, Batangas in partnership with the DENR and Sto. Tomas LGU

Tree Planting
in Liliw, Laguna, Cagayan de Oro City and Toledo City, Cebu

2,300
Seedlings planted



WASH LOANS

1,452
Clients

PHP 23,085,000.00
Total Amount Disbursed

AGRI LOANS

16,988
Families Supported

PHP 352,190,000
Total Amount Disbursed

SOLAR LOANS

629
Households

PHP 4,524,889.00
Total Amount Disbursed

Our green financing initiatives that support our clients' business while promoting environmentally safe practices continue to roll out. The Agri, Solar, and WASH loans are products designed to help households and businesses thrive sustainably. WASH Loans enable families to access clean and sanitized water supplies, reaching 1,452 clients in 2025 with a total release of PHP 23,085,000.00, on the other hand, supported 16,988 families in adopting sustainable agricultural practices, with disbursements amounting to PHP 352,190,000. Meanwhile, Solar Loans lit up 629 households by funding eco-friendly solar energy and lighting solutions, totaling PHP 4,524,889.00. These products reflect our commitment to providing not only financial products, but also green solutions for families.

Beyond these products, we also integrate sustainability into our operations by holding monthly online meetings in place of our previous practice of in-person gatherings, at which management committee members and board directors traveled from different parts of the country. This shift significantly reduces transportation requirements and, in turn, lowers our carbon footprint, reinforcing our commitment to environmental responsibility.

Since our institution pushed towards digitization in 2019, we have chosen to save thousands of trees by going paperless. Furthermore, our digital transition has reduced the use of printed and photocopied materials, as we rely more on digital means for meetings and information dissemination. Our head office and local branches have strictly adhered to waste segregation to reduce waste.

We believe that our internal and external efforts to care for our environment will leave a lasting positive impact on future generations.

Social



As an institution that approaches poverty eradication in all facets, CARD SME Bank's services are not confined to the banks and local BLUs. Social activities and outreach programs that aim to support our clients' families and neighborhoods further are integrated into our annual plans. Providing access to education, health, and capacity building remains one of our approaches to building a better society.

Bringing our services closer to our communities strengthens our relationship with the stakeholders we serve. Despite the push towards digitization, our deep-rooted tradition of conducting center meetings remains the heart of our operations. In 2025, CARD SME Bank delivered Credit with Education (CwE) sessions on health, livelihood, and financial literacy to 174,015 clients nationwide, empowering families with knowledge while reinforcing responsible practices that contribute to long term sustainability.

It is through these gatherings that we are also able to listen closely to the needs, suggestions, and the lives of our people. This connection is further enriched by the latest technology, as AI and gamification bring new experiences to our centers. We integrate technology to deliver warmer service to our clients and nurture our relationships with them.

We believe that quality education is one of the pillars of a better life. CARD SME Bank extends scholarship opportunities to the qualified children of our clients, supporting the continuous growth of future generations' minds. To date, we have provided 3,482 scholarships, of which 1,718 scholars have already graduated. CARD SME Bank continue to assist clients in sending their children to school, ensuring that financial constraints do not hinder access to quality education. These initiatives make quality education accessible to communities and enable our clients to focus their finances on other important matters.

With the support of CARD-MRI Development Institute (CMDI), Inc., we also deliver various capacity building programs to 9,898 CARD SME Bank clients. These programs are designed to enhance their personal skills and strengthen their livelihoods, equipping them to better navigate economic challenges and provide more stable support for their families and communities.

The health of our stakeholders serves as the backbone of their businesses and their communities that depend on it. We place great importance on our clients' well-being. With the help of CARD Clinics and Allied Services, Inc. We conducted medical, dental, and optical missions through the community health days and community clinics. These missions help us identify, prevent, and treat ailments to improve the health and wellness of our communities. A healthy community leads to a better society.



In addition, CARD SME Bank organized a Kaunlaran Caravan in Polomolok, South Cotabato in August 2025, benefiting a total of 337 community members. The caravan brought a wide range of community development programs such as medical, eye, and dental check-ups, financial literacy sessions for children, a mass wedding, and other wellness services.

CARD SME Bank remains a proud, shining home for women's empowerment. Gender equality is an integral part of our internal and external operations, recognizing the strength, skills, and capabilities of visionary women. We continue to lead by example and create a banking space that enables exemplary women to become critical leaders in community development and poverty eradication.

337

Benefiting Community Members

Governance

As the economy continues to shift and technology evolves, we position ourselves as a hybrid institution to navigate these changes. This means that we continuously integrate technology within our operations without losing sight of our mission, vision, and CFISHES core values (Competence, Family Spirit, Integrity, Simplicity, Humility, Excellence, and Stewardship). By serving as an example of competence, excellence, and stewardship, CARD SME Bank continues to humanize financial inclusion through stable, sustainable governance.

Leadership through Competence, Excellence, and Family Spirit

With the unpredictability of our economy, CARD SME Bank aims to be a flexible institution that adapts seamlessly to challenges. Capacity building initiatives enable our leadership to navigate this uncertainty. In 2025, we have advanced our capacity-building efforts and trained and equipped 4,923 bank personnel in coordination with CMDI and other capacity-building institutions.

Furthermore, we remain committed to professional excellence, as two members of our executive leadership team completed the Senior Leadership Program at Harvard Business School. Strengthening our risk management and legal framework, Compliance and Risk Heads, alongside a ROPA Officer, enrolled in the Juris Doctor course at San Pablo Colleges. Our capacity-building also includes operations, as our team has earned vital technical certifications to protect and preserve our clients' capital.



Financial stewardship

To further strengthen our risk management and improve our resource management, we have focused on professionalizing our financial stewardship through advanced certification and strategic treasury management.

Nine (9) officers and staff (7 licensed fixed income salesman

and 2 licensed associated person) successfully pass the Securities and Exchange Commission (SEC) certification examination. Moreover, majority are BAP-Ateneo certified Treasury Professionals. Because of this and with official SEC approval, we successfully launched our dedicated Treasury Department, established our Bureau of the Treasury (BTr) NROSS account, and actively invested in safe instruments—including Ayala and RCBC Bonds—to ensure our institution's finances are safe and in a stable position capable of serving our clients for years to come.

Centralizing our bookkeeping and payroll led to two distinct operational outcomes. This lessens the administrative burden on our local branches, enabling them to focus more on our clients and ensuring cleaner, tighter financial records managed by the head office.

Operational digitization

The demand for financial institutions to be flexible is as high as ever. The digitization of our operations, from top management meetings to on-the-ground transactions, puts us a step closer to becoming a highly adaptable institution.

Our push to introduce secure digital data boards and business intelligence platforms into executive meetings continues in 2025. These platforms enable the executive leadership to view relevant statistics and data of our clients, local branches, and other organizational information, aiding them in making highly accurate, fact-based decisions. With institutional and financial information easily accessible to the executive board, we can respond to the changes and specific needs of our clients and staff.



Integration of artificial intelligence
Artificial Intelligence is making its way into almost all industries, including us in the banking and financial sector. By integrating this trend into our business model, we can create a long-lasting impact for our institution and our clients. To accommodate this change, CARD SME Bank prepares accordingly.

Upgrading our core banking systems and migrating to newer, more secure platforms, such as Temenos R24, enables us to safely integrate AI into our systems. This means that heavy, repetitive office encoding will be handled by AI, allowing our staff to focus more on our clients' needs. We accompany this AI shift with guidance and training for our operations, equipping them with the skills and tools to increase efficiency and enhance data security. CARD SME Bank aims to leverage the latest technology trends and enhance our human connection with clients.

Client Feedback and Organizational Streamlining
CARD SME Bank places great importance on client feedback, as it leads to better products and services that ultimately have a long-lasting impact on poverty eradication. Center meetings remain our core channel for client feedback and relationship building. But as our clients' time and financial situations change, we have integrated digital communication channels to extend our reach and better listen to their concerns. As our operations, products, and services move towards digitization, so does our approach to listening to our clients.

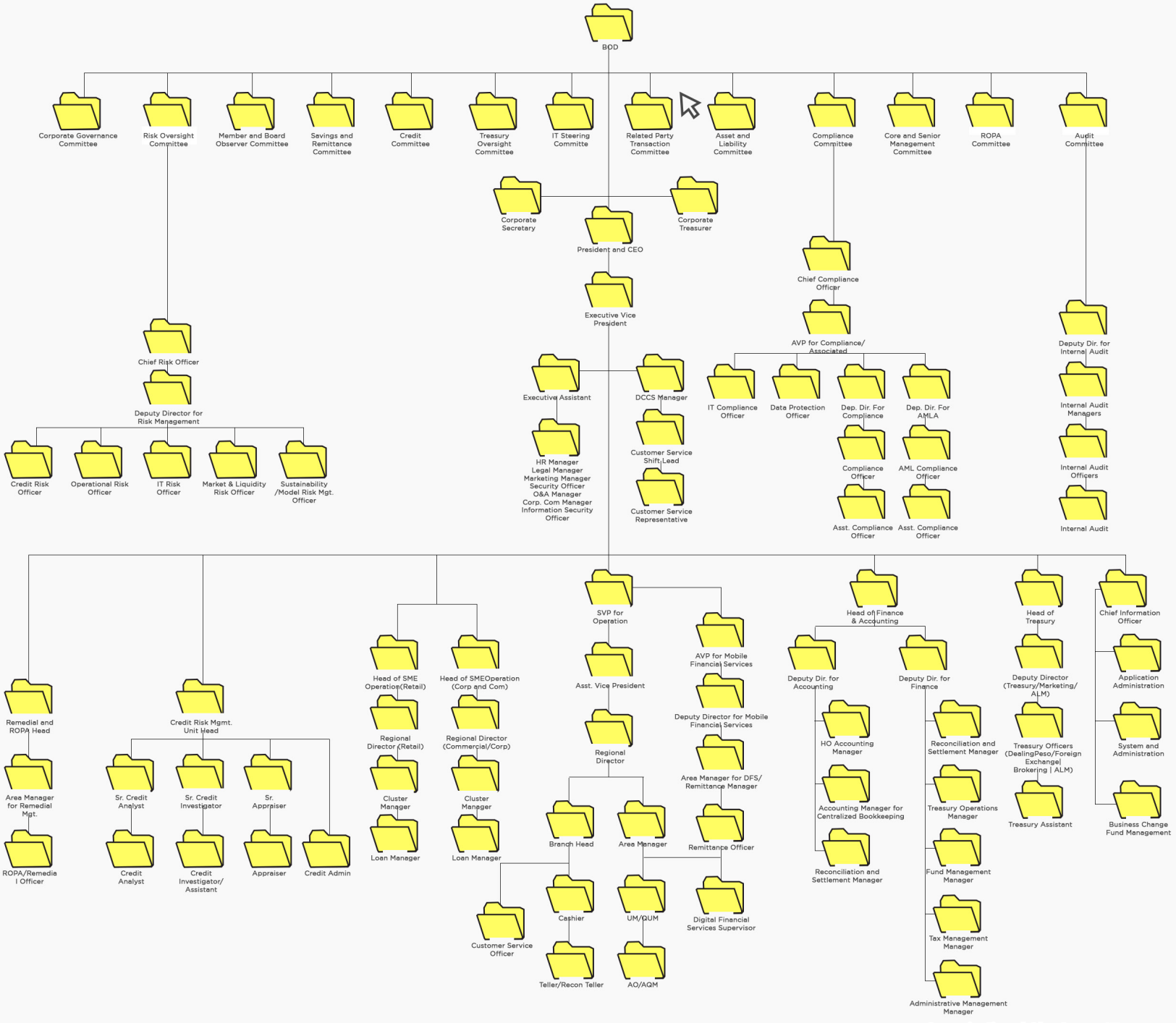
Client feedback leads to products and services. Based on CARD SME Bank's experience over the past year and client feedback, we reorganized our internal structure into two distinct paths to better address our clients' specific needs. Whether our clients require a fast personal loan or substantial investment capital to upgrade manufacturing capacity, we ensure we meet their needs through specialized teams that match their exact stage of growth.

As we move forward, we remain committed to providing solutions that address our clients' needs and situations through consistent capacity building, informed decision-making, and digitization, with empathy and excellence. CARD SME Bank strives to be an institution capable of serving our clients with efficiency and flexibility, and eager to support Filipino communities in eradicating poverty.



CARD SME BANK ORGANIZATIONAL CHART 2025

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AI Technology

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Welcome to CARD SME Bank, Inc.

Corporate Governance!

Ask anything...

CS

BANK'S BRAND

Our Company
We are the premiere financial institution in South Luzon with the credibility, integrity, and capital (human/financial) to assist the countryside SME in the expansion of their existing businesses.

Our Promise
Our brand promise is to build honest, long-term, and mutually enriching relationships with our customers by being active partners in their business growth and self-development.

Our Logo

Our logo is circular due primarily to the tradition of using the shape as the main theme of CARD MRI member logos. The circle, however, also represents Eternity - for our long-term vision of eradicating poverty through principled yet sustainable business practices, and innovation - for our ability to provide business-viable products and services to a market other financial institution deem as high-risk and low-ROI.

The central image is a silhouette of people, joined together to appear like rich foliage. First, this depicts agriculture, a generally accepted theme representative of rural-based SMEs in South Luzon. Second, it represents the life-long and mutually enriching partnerships between the bank and its clients. Lastly, the image highlights the very backbone of our group CARD MRI, which is the synergy between individuals and groups that make long-term economic growth through the alleviation of lower-income sectors of society, a reality.

Our logo's central image is wrapped around by an iconic letter C, signifying the first letter of CARD. The wraparound concept also indicates how CARD MRI is the prime-mover behind the central image's representation of the SMEs, long-term partnerships, and community-based synergy towards poverty alleviation.

Our Tagline
"Kaakbay sa Pag-unlad" communicates our dedication and passion for partnerships that aim to boost our clients' entrepreneurial mindset by assisting in the growth of their enterprises.

TRANSITIONING OF GOOD AND PRIME CLIENT OF CARD, INC. (A MICROFINANCE NGO)

The CARD SME Bank's target market remains closely intertwined with CARD Inc., CARD Bank, and CARD MRI Rizal Bank, all members of CARD MRI. Hence, the target market of the entire CARD MRI can be described in a ladderized and three-legged approach as follows:



As one of the members of the CARD MRI group, CARD SME Bank's target market is also synchronized and deeply thought about to ensure that all the member-institutions reinforce each other in the attainment of the mission and vision of ultimately empowering the poor by upholding the core values of competence, family spirit, integrity, stewardship, humility, culture of excellence, and simplicity.

As a methodology, transitioning of matured CARD, Inc. clients/borrowers to CARD SME Bank will be its mainstream. Transitioning of clients means that the CARD, Inc. clients with good/prime credit standing may avail of the microfinance, small and medium (MSME) facility/services from CARD SME Bank, resulting in more loans and deposit products to borrowers/members. This business strategy encourages the borrowers/members to further comply with the repayment discipline required for them to qualify for the transition. Upon transitioning of the clients, clients are continuously provided with financial and non-financial services by CARD SME Bank, leading to enriching and empowering them through continuous access to financial resources as well as through training and supervision by the CARD SME Bank staff. CARD SME Bank completes the loop of developing and empowering the poor to become experts in small and medium enterprises who do not just generate profits for the family but also employment opportunities for their communities.

CARD SME Bank's overall strategy involves developing the clients further to the next level. With this, CARD SME Bank does not stop at the provision of small microfinance loans to awaken and nurture the entrepreneurial skills of the microfinance clients, but also provides them with bigger loans and other flexible products and services that will continuously nurture their business skills and acumen in managing various individual or family enterprises.

Risk Management and Corporate Governance
CARD SME Bank, Inc.'s corporate governance practice adheres to CARD MRI's seven (7) core values: Competence, Family Spirit, Integrity, Simplicity, Humility, Excellence, and Stewardship. The Bank's exemplary corporate governance is anchored by its strong corporate culture and values. It is guided by a clearly defined governance framework promoting transparency, fairness, and accountability.

The Bank advocates financial inclusivity among its clients. It assures that all the board of directors, officers, and staff are aligned with the interests of its shareholders. The Bank believes that corporate governance is a necessary component of what constitutes sound strategic business management and undertakes every effort necessary to create awareness within the organization. It works closely with the regulators to ensure that the internal governance standards are being met by the Bank.

BOARD OF DIRECTORS

Observance of the principles of good corporate governance starts with the board of directors. It is primarily responsible for fostering long-term success of the bank and assuring sustained competitiveness in a manner consistent with its fiduciary responsibility.

The Board is responsible for approving and overseeing the implementation of the bank's strategic objectives, risk strategy, corporate governance, and corporate values. It is also responsible for overseeing the performance of senior management insofar as managing the day-to-day affairs of the bank. It establishes a code of conduct and ethical standards in the bank and institutionalizes a system that will allow reporting of concerns or violations to an appropriate body. The board conducts itself with utmost honesty and integrity in the discharge of its duties, functions, and responsibilities.

COMPOSITION

The Board is composed of members pursuant to the Bank's Articles of Incorporation and by-laws, where four (4) of whom are Independent Directors. All are professionals from various fields of expertise, such as banking, law, accounting, finance, microfinance, and social development.

QUALIFICATIONS OF THE BOARD OF DIRECTORS

Directors
The board of directors must be fit and proper for the position of director. In determining whether a person is fit and proper for the position of a director, Integrity/probity; physical/mental fitness; relevant education/financial literacy/training; possession of competencies relevant to the job such as knowledge and experience, skills, diligence and independence of mind; sufficiency of time to fully carry out responsibilities; and concurrent position with the same BSP supervised financial institutions and interlocking position in entities that may pose conflict of interest are considered. The Board should have at least attended a special seminar on corporate governance for the board of directors conducted by a Bangko Sentral ng Pilipinas-accredited training provider.

Independent Directors
The independent directors must not have been an officer or employee of the Bank, its subsidiaries, or affiliates, or related interest during the past three (3) years counted from the date of the board's election. They are not directors or officers of the related companies of the institution's majority stockholders. They are not stockholders with sufficient shares of stock to elect one seat in the board of directors of the institution, or any of its related companies, or of its majority corporate stockholders. They should not have a relative within the fourth degree of consanguinity or affinity, legitimate or common-law, of any director, officer, or stockholder holding shares of stock sufficient to elect one seat on the board of the bank or any of its related companies. They

do not act as a nominee or representative of any director or substantial shareholder of the bank, any of its related companies, or any of its substantial shareholders. They are not retained as professional advisers, consultants, agents, or counsel of the institution, any of its related companies, or any of its substantial shareholders, either in their personal capacity or through their firm. The independent director is also independent of management and free from any business or other relationship, and has not engaged and does not engage in any transaction with the institution or with any of its related companies or with other persons or through firm of which, he is a partner or a company of which he is a director or substantial shareholder, other than transaction which are conducted at arm's length and could no materially interfere with or influence the exercise of his judgment. An independent director may serve as such continuously for three (3) years, after which they may be assessed for a possible extension of terms up to a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from serving as an independent director of the bank but may continue to serve as a regular director.

Member – Board of Director
CARD SME Bank strongly believes that clients' voices contribute greatly to the success of all its endeavors. Thus, to ensure that clients are represented in the policy-making body of the Bank, two (2) seats in the board of directors are allotted to the members.

A well-qualified and selected member may serve as a Board of Director for a maximum of three (3) years, which can be extended to a maximum of another two (2) years, subject to the member's performance and approval of the Board of Directors and Stockholders.

Interlocking Directorships and/or Officerships
As part of the Bank's governance process, the Bank conducted a thorough evaluation of any proposed interlocking positions, both at the director and/or officer level. This is to ensure that the benefits of having directors or officers with interlocking positions with other entities are being optimized, that the concerned directors or officers devote sufficient time and attention necessary to carry out their duties and responsibilities effectively, and that excessive concentration of economic power, unfair competitive advantage, abusive practices, and conflict of interest situations are prevented.

In determining interlocking directorships, a director and his/her spouse, whether legitimate or common-law, shall be considered as one (1) and the same person.

Interlocking directorships are allowed except in cases involving banks belonging to the same category. Interlocking directorships in banks belonging to the same category shall only be allowed if the banks are part of the same banking group, or have different business models and are serving different markets or clients.

Interlocking directorships and officerships are allowed, provided that the positions do not pose a conflict of interest.

Other Provisions of Interlocking Directorships and Officerships:

a. Interlocking directorships and/or officerships between banks that have directly competing business model operations are strictly prohibited, except that both belong to the CARD MRI group.
b. A director shall be allowed to have interlocking directorships with other banks, but shall be limited to a maximum of three (3) concurrent directorships.
c. A director shall be allowed to have interlocking directorships with other entities, provided that it does not pose a conflict of interest and that the director involved has the capacity to fulfill his obligation as a director of the bank.

d. A director shall be allowed to have an interlocking officer position with other corporate entities outside the CARD MRI group; Provided that it will not exceed more than two (2) officer positions with two (2) different entities. However, the position does not require a full-time management position.
e. An officer of the bank shall be allowed to have an interlocking directorship position with other entities outside the CARD MRI group, but shall not have more than two (2) entities

CHAIRPERSON OF THE BOARD OF DIRECTORS

The Chairperson of the board of directors shall provide leadership to the board of directors. He shall ensure the effective functioning of the board of directors, including maintaining a relationship of trust with members of the board of directors. As part of checks and balances, the Chairperson of the board of directors is a non-executive director. He shall

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

There are eleven (11) Board of Directors elected dated May 10, 2025; four (4) of whom are Independent Directors.

Name of Director	Type of Directorship	No. of Years as Director	Percentage of Shares	Board Meeting's Attendance	
				Jan. - Dec. 2025	
Mr. Aristeo A. Dequito	Non-Executive	9 Years	1.596%	13/13	100%
Dr. Jaime Aristotle B. Alip	Non-Executive	18 Years	3.675%	13/13	100%
Ms. Mary Jane A. Perreras	Non-Executive	15 years	1.392%	13/13	100%
Ms. Cynthia B. Baldeo	Executive	4 Years and 8 Months	1.491%	13/13	100%
Mr. Julius Adrian R. Alip	Executive	1 Year and 3 Months	1.377%	13/13	100%
Dr. Gilberto M. Llanto	Non-Executive	14 Years	0.148%	13/13	100%
Atty. Wilfredo B. Domo-ong	Non-Executive	14 Years	0.143%	13/13	100%
Ms. Chona A. Felesedario	Independent	6 Years and 10 Months	0.000%	13/13	100%
Ms. Irene D. Arroyo	Independent	4 Years and 8 Months	0.000%	13/13	100%
Ms. Abundia C. Manabes	Independent	4 Years and 8 Months	0.000%	13/13	100%
Ms. Maria Agnes J. Angeles	Independent	4 Years and 2 Months	0.000%	13/13	100%

BOARD QUALIFICATIONS

NAME	Age & Nationality	Date Elected	Shares Held	Qualifications
Mr. Aristeo A. Dequito Chairman	59, Filipino	May 10, 2025	319,278 (Direct)	With more than 30 years of experience in microfinance, 24 years of which are in banking and finance. **Educational Attainment:** He earned his degree in Bachelor of Science in Business Administration, Major in Accountancy at San Pablo Colleges in 1987. He finished his Master's in Entrepreneurship at the Asian Institute of Management in 2008 and the Advanced Management Program at Harvard Business School in 2014. **BSP and other trainings attended:** Corporate Governance and Sound Credit Risk Management System, IT Governance Seminar, Anti-Money Laundering/Combating the Financing of Terrorism (AML/CTPF), SME Lending Policy Seminar, International Seminar on Financial Inclusion, Value Chain Conference, Basic Rural Banking, Microfinance Training and Transformation Workshop, Sustainable Finance, Training Program on SAFr; Exposure visit in Bandhan Bank India, AMLC/CTF Fundamentals and TFS, Institutional Risk Assessment and Beneficial Ownership, Legal Liabilities and Proceedings Affecting Banks and their Directors and Officers, Enterprise Risk Management and Bridging Global Expertise for CARD Bank Strategic Insights.

Other Current Directorship and Officership:

Intstitution	Position
CARD MRI RBI	Chairman
CARD-BDSFI	Trustee
CARD, INC., (A MICROFINANCE NGO)	Trustee and President
CMIT	Director
Mga Likha ni Inay	Trustee
CARD MRI HOLDINGS INC.	Director
FDS ASYA PHILIPPINES INC.	Director
CARD-MRI DEVELOPMENT INSTITUTE (CMDI)	Corporate Secretary
PHILIPPINE RED CROSS - SAN PABLO CITY CHAPTER	DIRECTOR/ AUDITOR

NAME	Age & Nationality	Date Elected	Shares Held	Qualifications
Dr. Jaime Aristotle B. Alip Vice Chair for External Affairs	68, Filipino	May 10, 2025	735,052 (Direct)	With more than 30 years of experience and expertise in the field of microfinance, banking, microinsurance, and related fields **Educational Attainment:** BS Agriculture Major in Agricultural Economics, MS in Professional Studies, PhD in Organization Development, OPM Program in Harvard Business School **BSP and other Trainings Attended:** Corporate Governance for Board of Directors, Risk Management Seminar, Briefing on Updated AML Rules and Regulations, Exposure in MABS Program, Exposure in SME in BRAC Bank, Grameen Bank, ASA, Seminar in SME Banking, IT Governance Seminar; AML/CTPF; Sustainable Finance Framework; Islamic Banking Regulations and best practices and Legal Liabilities and Proceedings affecting banks, Exposure on Commercial Banking Operations in Landbank, PT Bank Sahabat Sampoerna and PT bank JTrust Indonesia, From Rural Roots to Commercial Reach – A Transition Program.

Other Current Directorship and Officership:

Intstitution	Position
CARD Bank, Inc.	Chairperson/ Director
CARD-MRI DEVELOPMENT INSTITUTE (CMDI)	Chairman/ Trustee/ Dean Emeritus
INTERNATIONAL COOPERATIVE AND MUTUAL INSURANCE FEDERATION (ICMIF)	Vice Chairperson/ Trustee
MI HEALTH CARE INC. (MHI)	Board Adviser
RAFAEL B. BUENAVENTURA MICROFINANCE RESOURCE CENTER FOUNDATION, INC.,	Chairman
CARD, Inc. (A Microfinance NGO)	Senior Management Adviser/ Chairman Emeritus
RIMANSI Organization for Asia and the Pacific	Chairman Emeritus
CARD PCPD MEDICAL CENTER	Chairman
CARD CARE NETWORK INC. (CCNI)	Chairman
CADENCE CARD PROPERTY VENTURES, INC	Director
MICROFINANCE INFORMATION DATA SHARING, INC. (MIDAS)	Chairman Emeritus
The Hunger Project	Director
CARD MRI Rizal Bank, Inc.	Board Adviser
Matapat Holdings, Inc.	Director
FOUNDATION OF OUR LADY OF PEACE MISSION INC.	Trustee
Makati Business Club	Trustee
Council for Climate and Conflict Action Asia (CCAA)	Trustee

NAME	Age & Nationality	Date Elected	Shares Held	Qualifications
Ms. Mary Jane Pererras Vice Chairperson for Administration	69, Filipino	May 10, 2025	278,354 (Direct)	With more than 19 years of experience in investment and asset management, and more than 10 years in microfinance and retail banking, and other related fields. **Educational Attainment:** BS Medical Technology at the University of Sto. Tomas and the Executive MBA at the Asian Institute of Management **BSP and other trainings attended:** IT Governance Principle Course, Risk Management, Corporate Governance Seminar, Anti-Money Laundering/Combating the Financing of Terrorism Training, Asset Securitization, Money Market, Trade Finance Training, AML/CTPF; Sustainable Finance Framework

Other Current Directorship and Officership:

Intstitution	Position
Chamber of Thrift Bank	Board of Trustee
EVANGELISTA MEDICAL SPECIALIST HOSPITAL, INC.	Director
PADAYON MICROFINANCE	Trustee
CARD, INC., (A MICROFINANCE NGO)	Trustee
CARD CARE NETWORK, INC	Director
CADENCE CARD PROPERTY VENTURES, INC	Director

NAME	Age & Nationality	Date Elected	Shares Held	Qualifications
Ms. Cynthia B. Baldeo Director	61, Filipino	May 10, 2025	298,255 (Direct)	With more than 30 years of experience in microfinance, 23 years of which are in banking and finance. **Educational Attainment:** She earned her degree in Bachelor of Science in Agriculture at Laguna State Polytechnic College in 1988. She finished her master's in business administration in 2004 at Trinity College of Quezon City, Executive master's in Business Administration in 2010 at Asian Institute of Management, and Senior Executive Leadership Program in Harvard Business School in 2021. **BSP and other trainings attended:** Corporate Governance, Risk Management Seminar, IT Governance Seminar, Anti-Money Laundering/Combating the Financing of Terrorism, Training in Related Party Transactions, Loan Administration and Management of MABS Approach, Basic Rural Banking, SME Credit Risk Management Loan Origination, BSP Supervisory Assessment Framework, Women's World Banking and CITIGROUP Financial Risk Management Training, AML/CTPF; Sustainable Finance Framework, SAFr Training, Global Sustainable Finance Conference, Exposure in Bandhan Bank – India, AML/CTF Fundamentals, Webinar on Institutional Risk Assessment and Ultimate Beneficial Ownership.

Other Current Directorship and Officership:

Intstitution	Position
CARD MRI INSURANCE AGENCY, INC. (CAMIA)	Director
Bakawan Data Analytics, Inc.	Chairperson
CARD, INC., (A MICROFINANCE NGO)	Trustee
PADAYON MICROFINANCE	Trustee

NAME	Age & Nationality	Date Elected	Shares Held	Qualifications
Mr. Julius Adrian R. Alip Director/President and CEO	47, Filipino	May 10, 2025	275,343 (Direct)	With more than 10 years of experience in microfinance, five (5) years of which are in banking and finance. **Educational Attainment:** Mr. Alip earned his degree in Technical Theater at De La Salle University-College of St. Benilde in 1999, finished his master's in International Community Economic Development and Public Administration at Southern New Hampshire University and Harvard University, USA, in 2006 and 2014, respectively. Moreover, he also finished Executive Education for Top Management, Executive Education High Potential Leadership, Edward S. Mason Program at AIM, Philippines, and Harvard Business School, USA in 2010 and 2014, respectively. **BSP and other trainings attended:** Corporate Governance, Risk Management Seminar, IT Governance Seminar, Anti-Money Laundering/Combating the Financing of Terrorism, Training on Cybersecurity and Digital Transformation, Sustainable Finance Framework, SAFr Training, Global Sustainable Finance Conference, SME Lending Operations exposures in various institutions, AMLC TFS, and ARRG Training.

Other Current Directorship and Officership:

Intstitution	Position
CARD LEASING AND FINANCE CORPORATION	Director
CARD MRI Rizal Bank, Inc., A Microfinance-Oriented Rural Bank	Director
CARD-Business Development Service Foundation, Inc.	Trustee
CARD MRI Information Technology, Inc. (CMIT)	Director

NAME	Age & Nationality	Date Elected	Shares Held	Qualifications
Dr. Gilberto M. Llanto Director	75, Filipino	May 10, 2025	29,674 (Direct)	A professional economist who has held various executive positions and conducted research at the National Tax Research Center of the DoF, BSP, DAR, and NEDA. An expert in banking, finance, and international trade. He has been a consultant on financial markets, microfinance, public finance, and public economics to international organizations. **Educational Attainment:** A. B. Philosophy, M.S. Economic Program, M.A. Economics, and Ph.D. Economics. **BSP and other trainings attended:** Governance for Board of Directors, Briefing on BSP Cir. 706 Updated AML Rules and Regulations, Agricultural Banking, Sustainable Finance Framework, Islamic Banking Regulations, Cybersecurity Awareness and Cyber Drill, Exposure in PT Fortress Data Services in Jakarta, Indonesia, Institutional Risk Assessment and Ultimate Beneficial Ownership.
Atty. Wilfredo B. Domo-ong Director	85, Filipino	May 10, 2025	28,566 (Direct)	Worked with BSP for almost 30 years, he started as an Examiner who then became a Director of the SES II Department of the Bangko Sentral ng Pilipinas. **Educational Attainment:** Bachelor of Science in Commerce and Law, graduated from Manuel L. Quezon University. **BSP and other trainings attended:** Corporate Governance Seminar and Supervisory Training, IT Governance Seminar, Anti-Money Laundering/Combating the Financing of Terrorism, and Several Mandatory Continuing Education Given by BSP, Webinar Series on ML/TF Typologies, Supervisory Assessment Framework, Sustainable Finance Framework, Legal Liabilities and Proceedings Affecting Banks, Cybersecurity Awareness and Cyber Drill, Institutional Risk Assessment and Ultimate Beneficial Ownership.
Ms. Chona A. Felesedario Independent Director	56, Filipino	May 10, 2025	1 (Direct)	An entrepreneur and active officer in different associations in their locality. **Educational Attainment:** Bachelor of Science in Elementary Education undergraduate. **BSP and other Trainings Attended:** Basic Course on Governance for Board of Directors and Senior Management, Governance on Communities Default Task and Customer Care Training, AML/CTPF; Sustainable Finance Framework, Legal Liabilities and Proceedings Affecting Banks, and Business Continuity Planning Workshop, AML/CTPF, Legal Liabilities and Proceedings affecting Banks and their Directors and Officers (From a Regulator's Perspective).

Other Current Directorship and Officership:

Intstitution	Position
CARD Bank, Inc., A Microfinance-Oriented Rural Bank	Director
CARD-MRI Development Institute (CMDI)	Trustee
Philippine Institute for Development Studies	Trustee
STO TOMAS DE VILLANOVA FOUNDATION	Trustee

NAME	Age & Nationality	Date Elected	Shares Held	Qualifications
Ms. Irene D. Arroyo **Independent Director**	68, Filipino	May 10, 2025	1 (Direct)	A banker for more than 40 years. She worked with BSP for 17 years under the Treasury, Supervisory Policy and Regulations Department. Prior to joining the PDIC examination department, she worked with Landbank, BDO, East West, and Dao Heng Bank, handling Treasury, Dealing, Liquidity, and Risk Management. She also headed BAIPHIL for 5 years. **Educational Attainment:** Bachelor of Science in Commerce major in Economics at the University of Sto. Tomas has a master's in business administration from Ateneo Graduate School. **BSP and other Trainings Attended:** FX Rules and Regulation and Derivatives Seminar, AML and Corporate Governance Seminar, Investment Portfolio Management Training, Enterprise Risk Management and Conduct of Stress Test, Basel II Global Review and IFRS Based Financial Statement Seminar, Enterprise Risk Management, AML/CTPF; Sustainable Finance Framework, SAFr Training, Enhance Corporate Governance, and AMLC ARRG and TFS Training Course, Institutional Risk Assessment and Ultimate Beneficial Ownership, Legal Liabilities and Proceedings Affecting Banks and their Directors and Officers.
	Other Current Directorship and Officership:			
	Intstitution	**Position**		
	UST College of Commerce Alumni Foundation, Inc.	Trustee		
Ms. Maria Agnes J. Angeles Independent Director	70, Filipino	May 10, 2025	1 (Direct)	Marketing in various banks and was the President of BAIPHIL for a year. **Educational Attainment:** Bachelor of Science in Management at Ateneo De Manila University. **BSP and other Trainings Attended:** Consumer Banking Workshop, Real Estate Licensing Brokers, Training on Development Financing, Corporate Governance, Consumer Finance and Sales Management Training, Bank Fraud and IFRS Financial Evaluation Training, Sustainable Finance Framework, Risk Management; Legal Liabilities and Proceedings Affecting Banks, Data Privacy Issues Affecting the Operations of Banks, AMLC TFS and ARRG Training, and AI in Governance and Leadership Training, Institutional Risk Assessment and Ultimate Beneficial Ownership, Masterclass in Risk Governance and the Corporate Board, Risk Governance of Internal Audit and AI Governance and Strategy for Corporate Leaders.
	Other Current Directorship and Officership:			
	Intstitution	**Position**		
	PERLA MANSION CONDO ASSOCIATION	VP/TREASURER		
Ms. Abundia C. Manabes Independent Director	66, Filipino	May 10, 2025	1 (Direct)	A Health Worker and Community Organizer for 17 years. Prior to her Presidency with CARD MBA, she was an MBA Coordinator, Trustee, and Vice President. **Educational Attainment:** A graduate of Midwifery at Luzon Colleges School of Nursing and Midwifery. **BSP and other Trainings Attended:** Basic Course on Corporate Governance, Risk Management for Banks, Leadership Training Workshop, Life Skills for Effective MI-MBA Governance, and Governance and AMLA Workshop for MI-MBAs, Basic Course for Corporate Governance for Banks, Risk Management Sustainable Finance Framework, Legal Liabilities and Proceedings Affecting Banks, Business Continuity Planning Workshop, AML/CTF Fundamentals and Anti-Money Laundering and Counter-Terrorism and Proliferation Financing (AML/CTPF) Course for Board of Directors (BOD) and Senior Management (SM), Legal Liablities and Proceedings Affecting Banks and their Directors and Officers, Climate Resilience Products and Services, MF forum on the Philippine Economic Outlook and Industry Update.

BOARD COMMITTEES

The Board is supported by different committees with their respective functions and responsibilities as follows:

A. Corporate Governance Committee

Committee Member	Attendance		Position
Ms. Irene D. Arroyo	12/12	100%	Chairperson
Ms. Mary Jane Pererras	12/12	100%	Vice-Chairperson
Ms. Abundia C. Manabes	12/12	100%	Member

The Corporate Governance Committee assists the Board of Directors in fulfilling its corporate governance responsibilities by promoting the healthy development and functioning of the Board, its committees, and individual members. The Committee is composed of three (3) members of the Board who are all non-executive directors, and the majority are Independent Directors, including the chairperson. The committee regularly meets every 2nd Saturday of the month or as the need arises.

The committee's tasks include, but are not limited to, the following:
a. Oversee the nomination process for members of the Board of Directors and for positions appointed by the Board of Directors.
b. Oversees the continuing education program for the Board of Directors.
c. Oversee the performance evaluation process.
d. Oversee the design and operation of the remuneration and other incentives policy.

Assists the Board in carrying out its due diligence duty in reviewing and revising the Board-level committees' job descriptions and/or structural changes, every two years, or as needed, to ensure that the Board is in compliance with its legal and fiduciary duties..

B. Risk Oversight Committee

Committee Member	Attendance		Position
Ms. Maria Agnes J. Angeles	12/12	100%	Chairperson
Ms. Irene D. Arroyo	12/12	100%	Vice-Chairperson
Atty. Wilfredo B. Domo-ong	12/12	100%	Member

The Risk Oversight Committee advises the board of directors on the Bank's overall current and future risk appetite, oversees Senior Management's adherence to the risk appetite statement, and reports on the state of risk culture of the Bank. The creation of a risk oversight committee plays a vital role as the bank's success is largely dependent on the ability of its directors and officers in managing risks. The committee is composed of three (3) members of the Board of Directors, the majority of whom are independent directors, including the Chairperson. The committee regularly meets every 2nd Saturday of the month or as the need arises.

The committee's tasks include, but are not limited to, the following:
a. Oversee the risk management framework.
b. Oversee adherence to risk appetite.
c. Oversee the risk management function and the bank's Risk Management Group

C. Audit Committee

Committee Member	Attendance		Position
Ms. Chona A. Felesedario	12/12	100%	Chairperson
Dr. Gilberto M. Llanto	12/12	100%	Vice-Chairperson
Ms. Maria Agnes J. Angeles	12/12	100%	Member

The audit committee is responsible for overseeing senior management in establishing and maintaining an adequate, effective, and efficient internal control framework. It shall ensure that systems and processes are designed to provide assurance in

areas including reporting, monitoring compliance with laws, regulations, and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. The committee is composed of three (3) members of the board, all of whom are non-executive directors, and the majority are independent directors, who have knowledge of financial reporting and internal controls. The committee has regularly met every 2nd d Saturday of the month or as the need arises.

The Audit Committee's tasks include, but are not limited to, the following:

a. Oversee the financial reporting framework.
b. Monitor and evaluate the adequacy and effectiveness of the internal control system.
c. Oversee the internal audit function.
d. Oversee the external audit function.
e. Oversee implementation of corrective actions.
f. Investigate significant issues/ concerns raised.
g. Establish whistleblowing mechanism.

D. Related Party Transactions (RPT) Committee

Committee Member	Attendance		Position
Ms. Abundia C. Manabes	12/12	100%	Chairperson
Ms. Chona A. Felesedario	12/12	100%	Vice-Chairperson
Atty. Wilfredo B. Domo-ong	12/12	100%	Member

Transactions between and among Directors, Officers, Stockholders, and their Related Interest, subsidiaries, and Affiliates (DOSRI), including transactions with related parties, may provide financial, commercial, and economic benefits to the bank as well as to the group. The Board ensures that dealings of a bank with any of its DOSRI, subsidiaries, and affiliates shall be in the regular course of business and upon terms not less favorable to the bank than those offered to others to avoid insider abuses and unfair competitive advantage.

The RPT committee shall assist the bank in handling transactions with related parties. It shall review and evaluate each transaction to assess its fairness. The committee is composed of three (3) members of the board of directors, two (2) of whom are independent directors, including the chairperson. Committee members are entirely composed of non-executive directors, with independent directors comprising the majority. In case a member has a conflict of interest in a particular RPT, he/she refrains from evaluating such a transaction. Independent units, such as the Chief Compliance Officer and the Head of Audit, sit as resource persons of the committee. The committee regularly met every Friday prior to the 2nd Saturday of the month or as the need arose.

The Related Party Transactions (RPT) Committee's tasks include the following:

1. Evaluate on an ongoing basis the existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTS are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured.
2. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.
3. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities

relating to the bank's RPT exposure, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the bank's affiliation or transactions with other related parties.
4. Endorse for board confirmation and/or approval all RPTs that are considered material based on the bank's internal policies.
5. Report to the board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties, if any.
6. Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
7. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

Other committees that include the Board and Management level as follows:
E. Compliance Committee

Committee Member	Attendance		Position
Atty. Wilfredo B. Domo-ong	12/12	100%	Chairperson
Ms. Mary Jane A. Perreras	12/12	100%	Vice-Chairperson
Mr. Benedict A. Ame	12/12	100%	Member
Ms. Gina L. Panelo	12/12	100%	Member

The Compliance Committee is composed of at least two (2) members of the Board of Directors, including the head of Internal Audit and the Head of Compliance function, as regular resource persons. Members possess a range of expertise as well as adequate knowledge of business risks. A non-executive member of the Board chairs the Committee. The Chief Compliance Officer (CCO) regularly prepares and submits Compliance and AML Reports to the Compliance Committee containing the results of the Compliance and AML Testing and Monitoring conducted by the Compliance and AML units. The CCO updates the committee members on the new regulatory issuances. The committee, through its Committee Chairperson, reports to the Board during the monthly regular Board of Directors meeting any updates, agreements, and policy recommendations discussed by the members of the committee during the monthly Compliance Committee meeting.

The Compliance Committee regularly meets once a month, held every Friday before the 2nd Saturday of the month or as the need arises. This is to ensure that the committee is updated on the status of the implementation of the compliance program and that the board, through the Compliance Committee, is updated on the new relevant Philippine laws, rules, and regulations, and pertinent BSP Circulars governing the operations of the banks.

The tasks of the Compliance Committee include the following:
1. Ensuring the compliance system of the Bank is defined, established, and updated to facilitate an effective management of compliance with Bank policies and regulatory requirements.
2. Ensuring the updated compliance program is approved by the Board, and that it oversees and promotes the effective implementation of the program.
3. Ensure compliance issues encountered by the Bank are immediately resolved and acted upon.
4. Ensuring the duties and responsibilities of the Board of Directors provided under Section 132 of the MORB - Powers/ responsibilities and duties of directors are fulfilled.

5. Ensuring it provides oversight on AML policy development and execution such that AML policies and procedures established by the senior management, led by the compliance office, are adequate and are kept updated/remain relevant to best react to the changing AML regulatory scenarios and conditions.
6. Reviews and acts, as necessary, on AML-related reports coming from the Bank's compliance office.
7. Oversees and ensures the effective performance of the AML/TF functions of the Bank's Compliance Office.
8. Approves institutional risk assessment, AML/CTF-related policies, manuals, and guidelines, including the design and implementation of the MTPP of the Bank.
9. Promotes a sound AML/CTF compliance culture across the Bank, and oversees the efforts of all concerned personnel in the prevention of money laundering, counter terrorism, and proliferation financing activities.
10. Reviews the completeness of the processes in reporting compliance of identified ML/TF/PF breaches, including review of findings of the Bangko Sentral ng Pilipinas (BSP), and the Anti-Money Laundering Council (AMLC).
11. Deliberates and/or acts on significant regulatory AML/CTPF matters, such as new initiatives, BSP/AMLC supervisory mandates, directives, inquiry and/or investigation, and ML/TF/PF observations raised by compliance and internal audit functions.
12. Deliberates and approves the filing of suspicious transaction reports to the AMLC.

F. Treasury Oversight Committee

Committee Member	Attendance		Position
Ms. Irene D. Arroyo	12/12	100%	Chairperson
Ms. Mary Jane Perreras	10/12	83%	Vice-Chairperson
Ms. Lorenza dT. Banez	10/12	83%	Member

The Treasury Oversight Committee assists the Board of Directors in overseeing and advising on the Bank's cash, investment, borrowing strategies, interest rates, and other financial risks to sustain the liquidity and profitability of the entire organization.

The committee is composed of at least three (3) members of the Board of Directors, with the Corporate Treasurer and the Head of Finance as regular resource persons. The Committee Chairperson, Vice-Chairperson, and Members shall be appointed every year during the Board of Directors Meeting, immediately after the Annual Stockholders Meeting.

The duties and responsibilities of the committee are as follows:

I. The Committee will, at least annually, review the Bank's policies regarding proposed placement of investments, availing of borrowings, and review of interest rates.
II. The Committee will review Management's proposals regarding the Bank's financing arrangements, including borrowings, investments, and capital markets transactions, and will make recommendations to the Board regarding such matters;
III. The Committee will review and approve the Bank's strategic policies on cash management, investment placement, and borrowings, including its interest rate and Treasury Transaction limits.

G. Asset and Liability Committee

Name of Director/Officer	Attendance		Position
Ms. Jeannie T. La Rosa	11/12	92%	Chairperson
Mr. Julius Adrian R. Alip	12/12	100%	Vice-Chairperson

Name of Director/Officer	Attendance		Position
Ms. Cherry A. Boncajes	11/12	92%	Member
Ms. Anita F. Rapera	12/12	100%	Member
Ms. Mildred B. Matienzo	12/12	100%	Member
Ms. Joy Palomique	6/7	86%	Member
Ms. Allan Dimmano	7/7	100%	Member

The assets and liabilities of CARD SME Bank, Inc. are managed properly to maximize shareholders' value, to enhance profitability and increase capital, to serve customer and community needs, and to protect the institution from any disastrous financial consequences arising from changes in interest rate risk. These objectives are pursued within the framework of written loan, capital, and investment policies. The Board of Directors believes that accepting some level of interest rate risk is necessary to achieve realistic profit goals. The responsibility of managing the asset/liability management procedures is directed by the Asset/Liability Committee (ALCO).

The Asset and Liability Committee (ALCO) is comprised of senior management who are responsible for carrying out Financial Risk Management (FRM) responsibilities. The ALCO Committee meets regularly once a month and is held every Monday before the 2nd Saturday of the month. The ALCO Chairperson updates the Risk Management Committee on any risks identified concerning the financial management of the bank.

The Asset and Liability Committee's tasks include, but are not limited to, the following:

1. Monitor the liquidity position of the Bank, and liquidity management activities undertaken by the Bank, including wholesale funding activities, contingency funding, and any other relevant liquidity measurements the ALCO deems advisable or appropriate.
2. Monitor the management of interest rate or pricing activities and the sensitivity of the Bank's earnings under varying interest rate or pricing scenarios and potential changes in market interest rates.
3. Monitor trends in the economy in general and interest rates (plus exchange rates) with a view toward limiting any potential adverse impact on the Bank's earnings and capital.
4. Approve interest rate or price tolerances by reviewing how movements in interest rates or prices may adversely affect the Bank's earnings and capital, using the Bank's projected earnings and capital as a benchmark.
5. Monitor management's investment activities such as purchase, sale, exchange, and other disposition of the investments of the Bank, including review of management reports concerning current equity and debt security investment positions.
6. Review the status of the securities (and foreign currency position, if any), including performance, appreciation or depreciation, quality, maturity profile, and any actions taken by management with respect thereto.
7. Review and determine whether to recommend to the Senior Management Committee the holdings of investment securities.
8. Review significant financial risk exposures facing the Bank generally, and in its investment and other market risk portfolios, and the steps management is taking to monitor and control such exposures.
9. Discuss courses of action related to management action triggers relating to price, interest rate, liquidity, and capital levels.

H. Remittance Committee

Name of Director/Officer	Attendance		Position
Ms. Chona A. Felesedario	4/4	100%	Chairperson
Mr. Manolo M. Martinez	4/4	100%	Member
Ms. Mildred B. Matienzo	4/4	100%	Member

The Savings and Remittance Committee serves as a formalized group that is responsible for ensuring that all matters related to savings portfolio and remittance facility are monitored. The committee is also responsible in advising the board on the current and future savings and remittance issues and initiatives and submits recommendations to the Board. The committee met every quarter, Friday prior to 2nd Saturday of the month and is composed One (1) Board of Director, Two (2) Senior Officers.

The Savings and Remittance Committee's tasks include, but are not limited to, the following:

a. Monitoring of the movement of the savings portfolio, including the performance of Savings Officers.
b. Monitoring the remittance transactions and recommending strategic initiatives to increase the volume of transactions.
c. Recommending savings promos and campaigns to increase the deposit portfolio.
d. Reviewing sales promos and campaigns proposed by the Marketing Unit.
e. Identifying applicable training for Savings Officers
f. Acting as a sponsor for marketing proposals for savings mobilization.
g. Defining project success measures.
h. Following progress on ongoing marketing promotions.

I. Real and Other Properties Acquired (ROPA) Committee

Name of Director/Officer	Attendance		Position
Ms. Milagros C. Rojas	5/5	100%	Chairperson
Ms. Lourdes A. Marasigan	5/5	100%	Member
Mr. Peter Robin C. Pasia	5/5	100%	Member

The Real and Other Properties Acquired (ROPA) Committee serves as a formalized group that is responsible for ensuring that all matters related to the real and other properties acquired are monitored through regular meetings. The committee is also responsible for advising the Board on the current and future issues and initiatives on the bank's ROPA assets and submitting recommendations to the Board.

The ROPA committee is composed of at least one Board of Director/Corporate Officer who serves as the committee chair, the Credit Risk Management Unit Officer, and the Legal Officer. The committee meets every quarter, held every Friday prior to the 2nd Saturday of the month.

The ROPA Committee's tasks include, but are not limited to, the following:

a. Monitoring of the movement of real and other properties acquired, including disposal.
b. Review and assess requests for acquisitions or disposals proposed by management.
c. Formulate ideas and suggestions to help safeguard the bank properties.
d. Make recommendations to help management with the disposal of properties.
e. Review with management the valuation of properties acquired, and the result summary shall be reported to the Board.
f. Perform other duties and responsibilities as authorized by the board of directors

J. Member Board and Observer Committee

The Member Board and Observer Committee assist the Board of Directors to have direct access to the issues and concerns of the members and to develop appropriate policies, and the Member Board Committee assists the Board of Directors to have direct access to the issues and concerns of the members and to develop appropriate policies and guidelines that help improve the bank's services to the members. The Board annually appoints a Member-Board Committee member comprised of Member-Board of Directors and Observers representing Luzon, Visayas, and Mindanao.

The Committee meets quarterly, scheduled on the Friday before the 2nd Saturday of the month. The Committee holds no fewer than four regular meetings each calendar year. In addition to the committee members and advisers, the appropriate representatives from Senior Management of the bank are invited to attend upon the request of the Committee.

Name of Director/Officer	Attendance		Position
Ms. Abundia C. Manabes	4/4	100%	Chairperson
Ms. Chona A. Felesedario	4/4	100%	Member
Ms. Imelda Espanola	4/4	100%	Member
Ms. Rosalyn Espenorio	4/4	100%	Member

K. Core and Senior Management Committee

Core Management is primarily responsible for the overall oversight function of outsourcing and strategic business operations of the bank. The committee is primarily responsible for updating the board on the current and future outsourcing engagement and the status of implementation of the bank's strategic programs.

The objective of monitoring and evaluating the outsourcing engagement of the Bank is to achieve the following;

1. Reducing costs such as employee compensation costs, office space expenses, and other associated costs of doing the outsourced activities.
2. Giving more focus on the bank in dealing with their expertise and core business.
3. Improving the quality of services being offered.
4. Improving customer satisfaction.
5. Improving operational efficiency.

The Core and Senior Management Committee meet every month or as the need arises. The Core Committee is composed of the following:

Committee Members	Attendance		Position
President and CEO	12/12	100%	Chairperson
Executive Vice President	12/12	100%	Member
Senior Vice President for Operations	12/12	100%	Member
Head of Finance and Accounting	12/12	100%	Member
Head of IT Unit	12/12	100%	Member

Committee Members	Attendance		Position
Vice Presidents for Operations	12/12	100%	Member
Head of Human Resource Department	12/12	100%	Member
Head of Legal Department	12/12	100%	Member
Head of Credit Risk Management	12/12	100%	Member
Head of ROPA	5/5	100%	Member

The Senior Management is composed of the bank's core management team and officers (Regional Director level and up) and representatives from the bank's support Units. Other bank personnel may be invited to the meeting whenever necessary.

Committee Members	Attendance		Position
President and CEO	12/12	100%	Chairperson
Executive Vice President	10/12	83%	Member
Senior Vice Presidents	12/12	100%	Member
Vice Presidents	10/12	83%	Member
Asst. Vice Presidents	12/12	100%	Member
Regional Directors	12/12	100%	Member
Department/Unit Heads	12/12	100%	Member

L. Credit Committee

Committee Members	Attendance	
Board of Directors	42/42	100%
President and CEO	59/59	100%
Executive Vice President	80/80	100%
Vice President for Operation	126/126	100%
Regional Directors	139/139	100%
CRMU Head	139/139	100%
Cluster Manager	133/139	96%
Loan Manager	139/139	100%
Credit Analyst	139/139	100%

The Credit Committee serves as a formalized group that is responsible for the review and approval of credit proposals based on the existing codified signing and approving authority. The committee also assists the bank's senior management and Board

of Directors in fulfilling their responsibilities relating to the identification, assessment, and measurement of credit risk in every loan proposal prior to approval. The committee shall meet as frequently as necessary.

The committee is composed of at least two (2) members of the Board of Directors, the President/CEO, Vice President, AVP for Operations, CRMU Head, Regional Directors, Cluster Manager, Loan Manager, and Credit Risk Analyst.

a. Board of Directors – credit proposals above Fifteen (15) million up to Twenty (20) million shall be approved by at least two (2) members of the Board of Directors. Moreover, loans above twenty (20) million shall be approved by the majority of the Board of Directors.
b. President and CEO – review and approve credit proposals above Seven (7) million pesos up to Fifteen (15) million pesos and recommend loans that are for approval of the board of directors.
c. Executive Vice President - review and approve the credit proposal above Five (5) million up to Seven Million Five Hundred Thousand Pesos, and recommend credit proposals for approval of the President/CEO and/or the board of directors
d. AVP for Operations – review and approve QSL/QSL Plus/UNLAD/UNLAD Plus credit proposals above Seven Hundred Fifty Thousand Pesos up to One (1) million pesos, and recommend credit proposals to the Senior Vice President, Executive Vice President, and/or President/CEO.
e. CRMU Head – review and approve credit proposals above One (1) million pesos up to Five (5) million pesos and recommend credit proposals to the Executive Vice President and/or President/CEO.
f. Regional Directors – review and approve credit proposals above PhP500,000 up to Php750,000. The Regional Director shall recommend credit proposals for approval by the AVP for operations.
g. Area Managers – review and approve credit proposals up to PhP500,000. The Regional Director shall recommend credit proposals for approval by the AVP for operations.
h. Loan Manager/Cluster Manager – recommend SME credit proposal for approval.
i. AQUM/QUM – recommend QSL/QSL Plus/UNLAD/UNLAD Plus credit proposal for approval.
j. Credit Analyst – conduct review, analysis, and assessment of credit proposal and identify potential/perceived risk.

Should there be deviations in the credit proposals based on the bank's existing policy, credit proposals should be escalated and approved by the next higher approving authority.

M. IT Steering Committee

Committee Members	Attendance		Position
Mr. Julius Adrian Alip	13/13	100%	Chairperson
Ms. Cherry Boncajes	12/13	92%	Vice - Chairperson
Ms. Mary Jane Perreras	12/13	92%	Member
Ms. Anita Rapera	13/13	100%	Member
Ms. Jeannie La Rosa	12/13	92%	Member
Mr. Allan Dimaano	13/13	100%	Member
Ms. Juliana Salcedo	10/13	77%	Member
Ms. Aireen Eseo	10/13	77%	Member

The IT Steering Committee serves as a formalized group that is responsible for ensuring the IT Risk Management, Monitoring and Control is implemented and maintained through regular meetings. The ITSC is responsible for assisting the Board in fulfilling its corporate governance and oversight responsibility for the Bank's investments, strategy and implementation in relation to

Information Technology and Digitalization. The committee is also responsible in updating the board on the current and future IT-related issues and initiatives and submits recommendations.
The IT Steering Committee shall meet every 1st Monday of each month to review the status of IT projects and other IT related initiatives of the Bank. Its duties and responsibilities are as follows;

a. Assist the Board to carry out its IT oversight:
   - Reviewing and recommending to the Board, the management's strategies relating to technology and their alignment with the Bank's overall strategy and objectives;
   - Reviewing and monitoring management's strategies for developing or implementing new technologies and systems;
   - Reviewing and recommending /to the Board, new technology investments and monitoring and reviewing the post implementation results of all key technology projects;
   - Reviewing and recommending to the Board, management's strategies for sourcing major technology supplies and monitoring the technology governance frameworks for third party suppliers;
   - Reviewing and monitoring the effectiveness of the IT Risk Management and Security plan; and
   - Reviewing and monitoring on a periodic basis of the Bank's IT performance against established plans by receiving periodic reports from the concerned units, including reports on: (a) SLA with business units and IT departments; (b) review and validation of established performance benchmarks; and (c) any deviation that should be escalated to the ITSC.

b. Identify Technology Strategy and Innovation:
   - The Bank's technology strategy with respect to a 3 to 5-years horizon;
   - The current and future technology architecture for the Bank; and
   - Emerging global technologies, trends and their potential plan for application within the Bank.

c. Recommend Strategies related to the development of skills, capabilities, succession and development of key technology officers and staff.
d. Define project priorities.
e. Assess strategic fit of project proposals.
f. Perform portfolio reviews for continuing strategic relevance.
g. Review, approve and fund initiatives, assessing how these would improve the business process.
h. Ensure identification of all costs and fulfilment of cost/benefit analysis.
i. Perform portfolio reviews for cost optimization.
j. Technology Investment Oversight
k. Technology Risk and Security
l. Ensure all projects have a project risk management component.
m. Act as sponsor of the control, risk and governance framework.
n. Make key IT governance decisions.
o. Define project success measures.
p. Follow progress on major IT projects.
q. Monitor and direct key IT governance processes.
r. Act as the Emergency Change Advisory Board
s. Review IT operations accomplishments
t. Review on the Information Security Officers Reports
u. Review ATM/DCM/Konek2Card operations
v. Review on Disaster Recovery Test Result.

INDEPENDENT CHECKS AND BALANCES

To ensure robust and exemplary banking operations, CARD SME Bank, Inc. implements the following independent functions:

Internal Control System
The internal control framework of the Bank is consistent with the increased emphasis of banking supervisors (e.g., BSP) on the review of a banking organization's risk management and internal control processes. The effective internal control system is a critical component of CARD SME Bank, Inc. management and a foundation for the safe and sound operation. A s strong internal control system helps ensure the achievement of goals and objectives of the bank, achieve long-term profitability targets, and maintain reliable financial and managerial reports.

The Bank's internal control consists of five (5) interrelated elements:
1. Management oversight and the control culture;
2. Risk recognition and assessment;
3. Control activities and segregation of duties;
4. Information and communication; and
5. Monitoring activities and correcting deficiencies.

The Board of Directors and Senior Management are responsible for promoting high ethical and integrity standards; establishing the appropriate culture that emphasizes, demonstrates, and promotes the importance of internal control; and designing and implementing processes for the prevention and detection of fraud.

The overall effectiveness of the Bank's internal controls was monitored on an ongoing basis. Monitoring of key risks was part of the daily activities of the bank, as well as periodic evaluations by the business lines and internal audit.

Internal Audit
The objective of the internal audit unit is to assist all members of management in the effective discharge of their responsibilities by furnishing them with analyses, appraisal recommendations, and pertinent comments concerning the activities reviewed. The Internal Audit Unit has the management complementary role of ensuring that the internal control systems are operating efficiently, thereby giving the management assurance that the systems can be relied upon for the recording of transactions relating to all operations and also for the preparation of the financial statements.

Under the direct supervision of the Board of Audit Committee, the Internal Audit evaluates and ensures the adequacy and effectiveness of the internal controls of the Bank. The Internal Audit Department is mandated to conduct financial audit, compliance audit, operations audit, management audit, and information system audit. It also holds full, free, and unrestricted access rights to all activities, information, records, properties, and personnel relevant to the internal audit activity.

The Head of Audit reports directly to the Audit Committee at its regular monthly meeting, which is composed of at least three (3) members of the board, all of whom are non-executive directors, and the majority shall be independent directors, who have knowledge of financial reporting and internal controls. Likewise, the audit operative work plan for the following year is being prepared at the end of the year and presented to the board for approval. The audit unit's accomplishment status was being assessed and presented to the audit committee on a quarterly basis.

To monitor the effectiveness of implementation of the internal control system, the internal audit unit has implemented an audit rating system that measures the vulnerability of risk exposures due to a lack of internal control of branches and other

offices during branch/office audit activities. A directory of all findings was also established to monitor the status of branch compliance.

External Auditor
Sycip Gorres Velayo & Co. (SGV) is the authorized external auditor of the Bank. It presents an audit plan to the Board of Audit Committee and performs an audit risk assessment. It also reviewed the internal audit report and compliance with accounting standards and regulatory requirements.

Compliance System
The Bank's compliance system was designed to identify and mitigate business risks, which may erode the franchise value of the bank. Business risks include, but are not limited to the following:

a. Risks to reputation that arise from internal decisions that may damage a bank's market standing;
b. Risks to reputation that arise from internal decisions and practices that ultimately impinge on the public trust of a bank;
c. Risks from the action of a bank that are contrary to the existing regulations and identified best practices and reflect weaknesses in the implementation of codes of conduct and standards of good practice; and
d. Legal risks to the extent that changes in the interpretation or provisions of regulations directly affect the bank's business model.

The authority and independence of the compliance takes into consideration the ability to cross departmental lines, access to all areas of the institution's operations, and the ability to effect corrective action when deficiencies or violations are detected. The mandates of compliance are widely communicated throughout the organization.

1. The Bank's compliance function has a formal status within the organization. Its charter was approved by the board of directors, which defines the compliance function's standing, authority, and independence.
2. The Compliance Office has the right to obtain access to information necessary to carry out its responsibilities and conduct investigations of possible breaches of the compliance policy. The compliance is directly reporting to and has direct access to the Board of Directors or the Compliance Committee.

The Compliance unit/department is responsible for ensuring that the Bank complies with the requirements, policies, circulars, and guidelines issued by BSP, PDIC, SEC, NPC, BIR, LGUs, and other government agencies. The Compliance unit, through the Chief Compliance Officer, reports directly to the Compliance Committee in its regular monthly meetings.

The mission, objectives, scope, authority, and accountability of the compliance unit and its staff are clearly defined in the Compliance Program, duly approved by the Board of Directors. Likewise, the compliance unit work plan for the following year is being prepared at the end of the year and presented to the board for approval. The compliance unit's accomplishment status was being assessed and presented to the compliance unit on a semi-annual basis.

To monitor the effectiveness of implementation of the compliance system, the compliance unit has implemented a compliance rating system that measures the compliance risk exposures of branches and other offices during compliance monitoring and testing.

Compliance Risk Management
The compliance risk management system of the bank is designed to specifically identify and mitigate risks that may erode the franchise value of the bank, such as risks of legal or regulatory sanctions, material financial loss, or loss to reputation, that bank may suffer as a result of its failure to comply with laws, rules, related self-regulatory organization standards, and codes of conduct applicable to its activities.

This compliance risk management will also mitigate risk arising from failure to manage conflict of interest, treat customers fairly, or effectively manage risks arising from money laundering and terrorist financing activities.

Compliance risk management is not solely the responsibility of the compliance unit, but instead the responsibility and shared accountability of all personnel, officers, and the Board of Directors. This has been an integral part of the culture and risk governance of the institution.

Money Laundering and Terrorist Financing Prevention Program (MTPP)
The Bank adopted the Updated Anti-Money Laundering Rules and Regulations of the Bangko Sentral ng Pilipinas (BSP) - a comprehensive and risk-based Money Laundering and Terrorist Financing Prevention Program (MTPP) that promotes high ethical and professional standards of the Bank and ensures that it is not being used for money laundering and terrorist financing activities. It supports governments, law enforcement agencies, and international bodies such as the Financial Action Task Force in their efforts to combat the use of the financial system for the laundering of the proceeds of crime and terrorism.

Further, this program aims to (a) protect the integrity and confidentiality of bank accounts and ensure that the Philippines, in general, and the covered persons, in particular, shall not be used, respectively, as a money laundering site and conduit for the proceeds of an unlawful activity as herein defined; and (b) to protect life, liberty, and property from acts of terrorism and to condemn terrorism and those who support and finance it and reinforce the fight against terrorism by criminalizing the financing of terrorism and related offenses. The program intends to ensure high standards in the following areas:

- Ensure that the bank conforms with high ethical standards in protecting the safety, soundness, and integrity of the national banking and financial system
- Ensure that the identity of the customer is established at all times, along with ensuring that the financially and socially disadvantaged are not denied access to financial services.
- Ensure that suspicious individuals or entities are denied from opening or maintaining an account or transacting with the bank.
- Adopting and implementing this MTPP risk management system to identify, assess, monitor, and control risks associated with money laundering and terrorist financing.
- Ensure that full compliance with the rules and existing laws by regularly ensuring that all officers and employees are informed of their responsibilities in combating money laundering and terrorist financing.
- Ensure full cooperation with the Anti-Money Laundering Council (AMLC) and Bangko Sentral ng Pilipinas for the effective implementation and enforcement of these regulations.

MTPP Risk Management
To ensure that risks associated with money laundering, such as counterparty, reputational, operational, and compliance risks, are identified, assessed, monitored, and mitigated, the following measures and processes were adopted.

a. Board and Senior Management Oversight

The Bank's Board of Directors has the ultimate duties and responsibilities to ensure full compliance with the money laundering and terrorist financing prevention program. As such, the board of directors, through the Compliance Office and Internal Audit, is regularly updated on matters related to Anti-Money Laundering and terrorist financing compliance and risk management.

The Senior management has overseen the day-to-day management of the bank, ensuring the effective implementation of AML/CFT policies approved by the board and the alignment of activities with the strategic objectives, risk profile, and corporate values as set by the board. Senior management has established a management structure that promotes

accountability and transparency and upholds checks and balances. In order to ensure consistent and full compliance with the money laundering and terrorist financing prevention program, the Regional Head is also designated as the liaison officer of the compliance office in their respective branches. Regional Head is responsible for ensuring that all ALM policies, laws, and regulations are being implemented in the branch and all matters needing assistance are reported to the ALM Compliance Officer in Head Office.

b. Compliance Office

The Compliance office, through the AML Compliance Officer, is primarily responsible for the management of the implementation of the MTPP of the bank, including its subsidiaries and affiliates. This includes achieving the bank's goals through planning, organizing, leading, and controlling. The Compliance Office is independent and has direct reporting line to the board of directors or any board-level or approved committee on all matters related to AML and TF compliance and their risk management. The AML Compliance Officer is designated to handle the implementation of the MTPP program. He will be the liaison between the Bank, the BSP, and the AMLC in matters relating to the Bank's AML/CFT compliance. An Assistant AML Compliance Officer assists him in monitoring the implementation of this MTPP program in all branches and other offices.

c. Group-wide Money Laundering and Terrorist Financing Prevention

The CARD MRI group has established the CARD MRI Compliance Committee. The committee was established to oversee the compliance and anti-money laundering requirements and implementation of the entire CARD MRI group. Further, the CARD MRI group has regular coordination meetings of compliance, audit, and risk officers to discuss matters that affect the organization as a whole.

d. Internal Audit

Simultaneously with operations and financial audit, compliance with Anti-Money Laundering Regulations is also being checked by Internal Auditors. The Internal Audit function associated with money laundering and terrorist financing is being conducted by qualified personnel who are independent of the Branch/Unit being audited. Internal Auditors have a direct reporting line to the Audit Committee. The result of the audit is also promptly communicated to the Compliance Office for its appropriate corrective action. The Compliance Office regularly submits reports to the Board to inform them of management's action to address deficiencies noted in the audit.

e. Risk Assessment

As part of the banks' risk-based approach, it has ensured that risk exposure to ML/TF was identified, understood, and assessed when dealing with its customers, based on geographical areas of operations and customers, products, and services being offered, including delivery channels used to carry out the transactions. The institutional risk assessment shall:

i. consider all relevant risk factors, including the results of national and sectoral risk assessments;
ii. adequately document results and findings; and
iii. be updated periodically or as necessary.

DATA PRIVACY STATEMENT

GENERAL STATEMENT

CARD SME Bank, Inc. A Thrift Bank ("CARD SME Bank"), including its affiliates and subsidiaries and all members of the CARD Mutually Reinforcing Institutions ("CARD MRI"), values the confidentiality of personal data and is committed to maintaining the

privacy of its customers. This Data Privacy Statement ("**Statement**") details how CARD SME Bank uses and protects personal data for the purpose of obtaining the consent of data subjects in accordance with the Republic Act No. 10173, otherwise known as the *Data Privacy Act of 2012*, and its Implementing Rules and Regulations ("DPA"). This Statement also covers the privacy practices for our customers who apply for and obtain products and services from us, such as, but not limited to, deposits, loans, investments, insurance, remittances, and other such products and services that CARD SME Bank may offer from time to time.

OUR PRIVACY PRACTICES

The privacy practices described in this Statement are primarily intended for individuals in the Philippines and are designed to comply with the provisions of the DPA. When accessing our websites and/or availing of our services through our branches, you acknowledge and agree that your information may be collected, processed, and transferred within the Philippines following legal and regulatory standards for data protection that may differ from your current or home jurisdictions.

WHAT DATA DO WE COLLECT FROM YOU

To provide the client with CARD SME Bank's banking/financial products and services and/or to implement client-requested transactions, CARD SME Bank shall collect personal information from the client, which may include, but is not limited to:

- Name, Age, Date/Place of Birth, Gender, Civil Status, Nationality;
- Address and Contact Details;
- Educational Background;
- Employment History;
- Financial Information (such as income, expenses, balances, investments, tax, insurance, financial and transaction history, savings and loan account details and information, etc.);
- Specimen Signature;
- Permits, Licenses & Registrations;
- Status of Pending Civil/Criminal Cases (if any);
- Telephone conversation recordings through our Customer Service Representative;
- CCTV footage for security purposes;
- Business Address
- Health Condition
- Religion

HOW WE USE YOUR INFORMATION

CARD SME Bank uses your personal information to provide the services and products that you have availed or intend to avail from CARD SME Bank, including and together with the following purposes:

- Opening, maintaining, and/or terminating accounts;
- Ease of contacting/communicating with clients;
- Evaluate, approve, provide, or manage applications, financial products and services, and other transactions that the client has requested;
- Comply with know-your-customer (KYC) information requirements as specified under the Manual of Regulations for Banks and other applicable regulations;
- Conduct of credit and background information checks and verification;
- Evaluate client's eligibility for CARD SME Bank's products and services, such as loan inventory and loan validation;
- Perform risk profile and risk assessment;
- Perform Loan Utilization Check (LUC);

- Provide extensive and quality support to the client;
- For internal purposes, such as administrative, operational, audit, credit, and risk management;
- Provide location-based services such as finding the ATM or branch nearest to you;
- Offering and processing of insurance products for the CARD Mutual Benefits Association
- Comply with legal and regulatory requirements such as submission of data to credit bureaus, credit information companies, the Credit Information Corporation (CIC), CISA, responding to court orders and other instructions and requests from any local or foreign authorities, including regulatory, governmental, tax, and law enforcement authorities or other similar authorities;
- Perform promotional campaigns, marketing updates, notifications, or reminders regarding loan renewal and payment via SMS, Viber, email, and other available channels;
- Perform other such activities permitted by law or with your consent.

WHEN DO WE COLLECT YOUR PERSONAL INFORMATION

CARD SME Bank collects personal information through, but not limited to, any of the following:

- Face-to-face and/or telephone conversation with CARD SME Bank Customer Service Representative;
- Accomplishment and/or signing of forms/documents (e.g., loan proposal, New Accounts Form, Inclusive Micro Products Application Forms, Employment application and contracts, and Client Information Form);
- Registration through electronic banking channels and services (e.g., mobile banking application-konek2CARD, Loan Origination System, and Mobile Onboarding System); and
- Conducting a background and credit investigation and Loan Utilization Check
- Inquiries and submissions to the Credit Bureaus such as CIC, NFIS, MIDAS, LoanDex, etc.

RECIPIENTS OF INFORMATION

We may share your personal information with our subsidiaries, affiliates, and third parties, including members of CARD MRI, for the purposes above and with an obligation of confidentiality. Your personal information may similarly be disclosed to government agencies, supervisory bodies, tax authorities, or courts of competent jurisdictions for purposes of complying with banking regulations, which CARD SME Bank may be subject to such as Republic Act No. 9160 otherwise known as the Anti-Money Laundering Act of 2001 or Republic Act No. 9510 otherwise known as the Credit Information System Act ("CISA"), among others.

If necessary, for the efficient delivery of CARD SME Bank's products and services, we may also outsource processing of your personal information to third-party service providers or CARD MRI, consistent with the terms of this Statement and the provisions of the DPA.

HOW WE SAFEGUARD PERSONAL INFORMATION

In accordance with the provisions of the DPA, Republic Act No. 1405 otherwise known as the Bank Secrecy Law, Republic Act No. 8791 otherwise known as the General Banking Law of 2000, Republic Act No. 6426 otherwise known as The Foreign Currency Deposit Act, BSP Circular No. 808, Series of 2013 otherwise known as the Guidelines on Information Technology Risk Management for All Banks and other Supervised Institutions, and BSP Circular No. 982, Series of 2017 otherwise known as the Enhanced Guidelines on Information Security Management, CARD SME Bank, its employees, agents and representatives, shall handle personal information with utmost care and adhere to the implemented organizational, physical, and technical security measures to maintain the confidentiality, integrity, security, and availability of all personal information under its custody.

HOW LONG DO WE KEEP YOUR INFORMATION

Documents containing your personal information will be retained in the records and systems of CARD SME Bank for a period no longer than five years from the date of the termination of your account or of the specific transaction with CARD SME Bank, unless CARD SME Bank is required by law to retain the information for a longer period.

YOUR RIGHTS AS A DATA SUBJECT

CARD SME Bank respects your rights to:

1. 1. Be informed;
2. Object to the processing of your personal data;
3. Have reasonable access to your personal data under the custody of CARD SME Bank;
4. Require immediate correction of inaccurate or erroneous personal data under the custody of CARD SME Bank;
5. Suspend, withdraw, or order the blocking, removal, or destruction of your personal data from CARD SME Bank's records and/or system; and
6. Be indemnified in case of violation of your rights as a data subject.

You may reach us for any questions, concerns, or requests you may have on your personal data and exercising the above rights.

HOW TO CONTACT US

Should you need to get in touch with us for any data privacy concerns or requests, or should you have any questions or clarifications regarding the Statement, CARD SME Bank has adopted a Customer Assistance Management System (CAMS). This is an organized system where customer feedback, inquiries, and complaints are carefully handled and processed. Through this channel, a Customer Service Officer, who serves as the representative of the Data Protection Officer, shall initially assist you and raise such concerns to the Compliance Unit of CARD SME Bank.

You may also visit the Customer Service Desk at any of CARD SME Bank's branches or call the Customer Service Hotlines at the following numbers:

+6349- 539-5421
+63939-726-7550
+63927-429-6574

You may also e-mail us at **card.sme@cardmri.com**, **cardsmecsr@cardmri.com**, or visit our website www.cardmri.com/cardsmebank

Alternatively, for any pressing concerns, you may reach our data protection officer at the following contact information:
Email: **dpo.cardsme@cardmri.com**
Telephone Number: **(049) 503-2671**
Address: **# 120 M Paulino St., corner Burgos St., San Pablo City, Laguna**

CHANGES TO OUR PRIVACY STATEMENT

We may amend or modify the terms of this Statement from time to time to ensure relevance with the relevant laws and regulations applicable to CARD SME Bank. Any relevant modification will be posted on our website and distributed to all CARD SME Bank branches and Branch Lite Units.

SENIOR MANAGEMENT PROFILE

NAME	PROFILE
MR. JULIUS ADRIAN R. ALIP President and CEO Age: **47** Nationality: **Filipino**	Mr. Alip was appointed as President and CEO effective September 1, 2024. Prior to his appointment, he served as Executive Vice President of CARD SME Bank for more than three (3) years; moreover, he handled CARD Leasing and Finance Corporation, Mga Likha ni Inay, and CARD Business Development Services as President and CEO from 2011 to 2021. He is a graduate of AB Technical Theater in De la Salle College of Saint Benilde in 1999, finished his Master of Science in International Community and Public Administration in New Hampshire University and Harvard University in 2006 and 2014, respectively. Moreover, he also finished the Top Management and Leadership Programs at the Asian Institute of the Philippines and Harvard University from 2009 to 2014.
MS. CHERRY A. BONCAJES Executive Vice President Age: **49** Nationality: **Filipino**	Ms. Boncajes has been with microfinance and SME banking operations for more than 20 years. Prior to joining CARD SME Bank, she had been with CARD Bank, Inc. for eight (8) years. She graduated from the University of the Philippines Los Baños Campus with the degree of Bachelor of Science in Forestry in 1998 and finished her Master of Arts in Organizational Development at Southeast Asia Interdisciplinary Development Institute in 2010. She also finished her Senior Executive Leadership Program at Harvard Business School Executive Education in 2025.
MS. ANITA F. RAPERA Senior Vice President for Operation Age: **57** Nationality: **Filipino**	Prior to joining CARD SME Bank, Ms. Rapera worked with CARD, Inc. (A Microfinance NGO) from April 1995 to June 2012 and handled microfinance operations as Account Officer, Unit Manager, Area Manager, and Regional Director. She joined CARD SME Bank as Regional Director from July 2012 to January 2017. After which, she was promoted to AVP, VP, and SVP for Operations. She finished her Bachelor's degree in Accountancy from Masbate Colleges in 1994 and her Master of Arts in Organizational Development from Southeast Asia Interdisciplinary Development Institute in 2011.
MR. MANOLO C. MARTINEZ Vice President for Product Development/ Innovative Solution Age: **57** Nationality: **Filipino**	Mr. Martinez was formerly a Business Manager of UNIONBANK, Sales Executive of Petron Corporation, and Corporate Sales Manager of BANKARD, Inc. He completed his degree in Bachelor of Science in Business Administration from the University of Sto. Tomas in 1992. He also attended Basic Strategic Management at John Gokongwei School of Management of Ateneo de Manila University in 2018 and completed his Management Executive Education Program in Mastering Design Thinking at Massachusetts Institute of Technology, Sloan School of Management in December 2022.
MS. JEANNIE T. LA ROSA Vice President for Finance and Accounting Age: **48** Nationality: **Filipino**	Ms. La Rosa has been with CARD MRI for more than twenty (20) years. Prior to joining CARD SME Bank, she had been with CARD Bank, Inc., Finance and Accounting for almost 12 years. She finished her Bachelor's degree in Commerce major in Banking and Finance from Divine World College of Calapan in 1996, Master of Arts in Organizational Development from Southeast Asia Interdisciplinary Development Institute in 2013, and Management Accountant Program from the Institute of Certified Management Accountants in December 2021.
MR. BENEDICT A. AME Vice President / Chief Compliance Officer Age: **45** Nationality: **Filipino**	Prior to joining CARD SME Bank, Mr. Ame was with CARD Bank for more than 10 years. Four years in the operation, accounting, and finance, and more than six (6) years in the Compliance Unit. He earned his Bachelor's degree in Commerce, major in Management from Quezon Colleges of the North in 2002. He finished his Master's in Productivity and Quality Management at the Development Academy of the Philippines in 2017.
MR. MICHAEL ROBERT L. MENDOZA Vice President for SME Lending Operations Age: **51** Nationality: **Filipino**	Mr. Mendoza, a graduate of Business Administration Major in Marketing from Colegio De San Juan De Letran, has been a banker for more than eighteen (18) years. He rose through the ranks and handled various positions from Account Management, Marketing Head, Vice President, through Division Head of Leasing, Financing, and Lending Operations of the Bank, respectively.
MS. LAILANIE L. MORAL Vice President for Treasury Age: **44** Nationality: **Filipino**	Ms. Moral has been with CARD MRI for more than twenty (20) years. Prior to joining CARD SME Bank, she rose through the ranks from Bookkeeper to Director for the Treasury of CARD MBA. She finished her Bachelor of Science in Accountancy in 2001 and her Master's in Development Management and Governance in 2013. Ms. Moral passed the various Treasury Professional Certification with the Securities and Exchange Commission, a Certified Tax Technician, and a Certified Management Accountant.

MS. JOY PALOMIQUE Vice President for SME Lending Operations - OIC Age: **48** Nationality: **Filipino**	Ms. Palomique finished her Bachelor's Degree in Agri Business at Laguna State Polytechnic University in 1998, Master of Arts in Organizational Development at Southeast Asia Interdisciplinary Development Institute in 2012, and Basic Strategic Management at John Gokongwei School of Management of Ateneo de Manila University in 2019. Prior to handling SME lending operations of CARD SME Bank in 2010, she had been working with CARD, Inc., microfinance operations for almost nine (9) years. She also finished her Senior Executive Leadership Program at Harvard Business School Executive Education in 2025.
MS. FLORENCE C. CASTILLO Assistant Vice President for Operation Age: **47** Nationality: **Filipino**	Ms. Castillo has been with CARD SME Bank since February 2016. Prior to joining CARD SME Bank, she was with CARD, Inc. (A Microfinance NGO), in accounting and finance from August 1997 to June 1998. CARD Bank, Inc., accounting and finance from July 1998 to September 2005, and CARD, Inc. Operations from October 2005 to January 2016. She earned her Bachelor's degree in Commerce major in Management from Colegio de la Milagrosa in 1997 and finished her Master's in Productivity and Quality Management at the Development Academy of the Philippines. She also finished the Management Development Program at the Asian Institute of Management in 2016 and the Leadership and Diversity for Innovation Program at Wharton University of Pennsylvania in 2020.
MR. RODEL T. BOMBASE Assistant Vice President for Operation Age: **47** Nationality: **Filipino**	Mr. Bombase is a homegrown Officer of CARD. He has been in the field of microfinance for almost twenty (20) years. Prior to joining CARD SME Bank, he was a Technical Officer, Branch Manager, Area Manager, and Regional Director of CARD, Inc. (A Microfinance NGO). He finished his Bachelor of Science in Agricultural Economics at Camarines Sur State Agricultural College, Master's in Productivity and Quality Management at the Development Academy of the Philippines, and completed his Leadership Development Program in John Clements Leadership Institute last January 2023.
MS. LEONIDA GUTIERREZ Assistant Vice President for Operation Age: **50** Nationality: **Filipino**	Ms. Gutierrez finished her Degree in Economics at San Pablo Colleges in 1995 and her Master of Arts in Organizational Development at Southeast Asia Interdisciplinary Development Institute in 2015. She has been with CARD MRI microfinance operations for more than twenty (20) years, of which twelve (12) years are dedicated to CARD SME Bank.
MS. PATRICIA SABALLO Assistant Vice President for Operation Age: **50** Nationality: **Filipino**	Ms. Saballo finished her Degree in Business Administration major in Microfinance at Saint Francis De Assisi in 2012 and her Master's in Productivity and Quality Management at the Development Academy of the Philippines in 2017. She has been working with CARD MRI microfinance operations for more than twenty (20) years and has been with CARD SME Bank for thirteen years. She completed her Leadership Development Program at the John Clements Leadership Institute last January 2023.
MR. ALLAN D. DIMAANO Chief Information Officer Age: **51** Nationality: **Filipino**	Mr. Dimaano has been a banker for more than twenty (20) years. Prior to joining CARD SME Bank, he was a Teller, Unit Manager, Remittance Officer, and Area Manager of CARD Bank, Inc. from 1999 to 2009. He joined CARD SME Bank in 2010 as Bank Manager and Senior Program Manager from 2013 to 2016. He finished Marine Engineering from Technological Institute of the Philippines in 1997, earned his Master's in Productivity and Quality Management from Development Academy of the Philippines in 2013, and completed his Leadership Development Program in John Clements Leadership Institute last January 2023.
MS. JULIANA M. SALCEDO AVP for Mobile Financial Services Age: **47** Nationality: **Filipino**	Ms. Salcedo has been in the microfinance industry for more than twenty (20) years, with seventeen (17) years with CARD SME Bank. Prior to being AVP for Mobile Financial Services, she was an Area Manager and the Regional Director of the bank's microfinance operations from May 2008 to January 2025. She finished her Office Management Degree in 1997 and her Master's in Productivity and Quality Management at the Development Academy of the Philippines in 2019.
MR. JERRY V. MONTEJO Head of Risk Management Age: **50** Nationality: **Filipino**	Mr. Montejo has been with CARD SME Bank operations as a Loan Officer, Loan Manager, Bank Manager, Account Manager, and Regional Director for more than nine years. Prior to joining CARD SME Bank, he worked with CARD, Inc. (A Microfinance NGO) as Account Officer and Unit Manager. He earned his degree, Bachelor of Science in Business Administration, major in Management in 2002, finished his Master's in Productivity and Quality Management at the Development Academy of the Philippines in 2017, and the Management Development Program at the Asian Institute of Management in 2019.
MS. GINA PANELO Head of Internal Audit Age: **44** Nationality: **Filipino**	Prior to joining CARD SME Bank, Ms. Panelo was with the Internal Audit Unit of CARD, Inc., CARD Bank, and CARD MRI Rizal Bank for almost fourteen (14) years as an Internal Auditor, Audit Manager, and Deputy Director for Audit, respectively. She finished her Bachelor of Science in Accountancy at Occidental Mindoro State College. She also finished the certification on Fraud Examination and Forensic Accounting from SENECA College of Canada.

List of Major Stockholders of CARD SME Bank, Inc. (with more than 10% Equity Shares)

Name of Stockholder	Nationality	Type of Shares	Percentage of Stockholdings	Voting Status
Center for Agriculture and Rural Development (CARD), Inc. (A Microfinance NGO)	Filipino	Common	36.75%	Voting
CARD Employees Multipurpose Cooperative (EMPC)	Filipino	Common	22.05%	Voting

DIVIDEND POLICY

The Bank's dividend policy is an integral component of its capital management policy rather than a stand-alone process. Its fundamental and overriding policy is sustainability.

Dividends are declared and paid out of unrestricted retained earnings of the Bank at such intervals as the Board of Directors may determine and in accordance with the provisions of the law and the regulations of the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC).

The payment of dividends in the future will depend on the Bank's earnings, cash flow, financial condition, regulatory requirements for capital, and other factors. Circumstances that could restrict the payment of cash dividends include, but are not limited to, when the Bank undertakes major projects and developments requiring substantial cash expenditures. The Board of Directors may, at any time, modify the Bank's dividend payout ratio depending on the results of operations and future projects and plans of the Bank. The Bank also considers the Bank's internally set limits on Capital Adequacy Ratio, and the Liquidity Ratio before and after dividends declaration.

At the time of dividends declaration, the bank ensures that it is in compliance with the requirements on the declaration of dividends under Section 124 of the Manual of Regulation for Bank of the Bangko Sentral ng Pilipinas (BSP), as follows:

- Clearin account with the Bangko Sentral is not overdrawn;
- Liquidity floor requirement for government funds (for banks)
- Minimum capitalization requirement and risk-based capital ratios as provided under applicable and existing capital adequacy framework;
- The combined requirement for capital conservation buffer as defined in Appendix 62, Part II.C for stand-alone Thrift Banks, Rural Banks, and Cooperative Banks;
- Has not committed any unsafe or unsound banking practice and/or major acts or omissions as may be determined by the Bangko Sentral; and
- Has complied with the provisions of Section 42 (Power to Declare Dividends) of The Revised Corporation Code of the Philippines (Republic Act 11232), as may be applicable.

ORIENTATION, SEMINARS, AND EDUCATION FOR BOARD AND SENIOR MANAGEMENT

Board composition and dynamics are critical to the bank's operation. Within the framework of positive board culture, the board will leverage its diverse skill set to excellent advantage. With this, Board of Directors training programs help build the skills for driving positive board culture - especially if undertaken as a team.

As the governing body of the Bank, the Board of Directors provides leadership and accountability that determines the success of the institution. The board recognizes the importance of training and development of individual directors and the board as a whole. It was recognized as an important investment for the bank as it intends to operate with its greatest effectiveness.

All directors and Senior Management of the Bank have attended Corporate Governance Seminar conducted by accredited private institutions prior to, or at least immediately after, assumption of office. All elected members of the Board of Directors have undergone orientation on their duties and responsibilities as members of the Board of Directors, including the general operating procedures of the Bank. Prior to his election as a member of the Board of Directors, candidates were invited to sit as observers in the meeting of the Bank's committee and board of directors to get familiar with the banking operations.

As part of the capacity program of the bank, the board, senior management, officers, and staff continuously attend seminars, training, and orientations provided by the external and in-house training providers such as BAIPHIL, ABCOMP, CTB, CMDI, and the Compliance Unit. Cybersecurity Trainings and Awareness, Supervisory Assessment Framework (SAFr), Sustainable Finance Framework, Anti-Money Laundering (AML)/ Combating the Terrorist and Proliferation Financing (CTPF) webinar was attended by the board and senior management, Back-to-basic Training was continuously implemented to address operational lapses of officers and staff at the branch level, a refresher training for Account Officers, Unit Managers and Area Managers, Loan Managers, Cluster Managers, Regional Directors and AVP for Operations, and AMLA, Data Privacy and Compliance Orientation was also conducted to the majority of the bank personnel. The Compliance Unit also attended Anti-Money Laundering & Combating the Financing of Terrorism webinars, Managing Compliance Risk, Financial Consumer Protection, Data Privacy, Correspondent Banking, Trade Based Money Laundering, Cybersecurity and Fraud, and Sustainability in Banking, Institutional Risk Assessment and Updated Anti-Money Laundering/Countering Terrorism and Proliferation Financing (AML/CTPF) Rules and Regulations (UARR), ICCO Certificate in AML/CFT, Fraud Risk Management, and Basics of Compliance Management, AML/CTF Fundamentals, AMLC Registration and Reporting Guidelines, Treasury and Capital Market Professional Certifications, Artificial Intelligence Governance and Strategies, and Anti-Money Laundering Act (AMLA) Updates Training was attended. The Information Security Officer also conducted cybersecurity tests, phishing simulations, orientation and exam to all Officers and Staff of CARD SME Bank.

The Microfinance and Health Awareness Unit also conducted Mental Health and various illness webinars series through CARD E-Doctor to the bank's officers, staff, and to the public to ensure minimum health standards are efficiently implemented in all CARD SME Bank Offices and Staff Houses.

BOARD AND SENIOR MANAGEMENT SELECTION PROCESS

Board Selection Process

To ensure that clients are represented in the policy-making body of the Bank, seat/(s) in the board are allocated to the member board of directors. To ensure, however, that the board passes the required qualifications, a selection process is needed.

1. The Selection Committee is informed through the Governance Committee of the need to conduct selection/nomination at least one year before the position will be vacated or replaced.
2. An invitation will be sent to the members through the operations staff (from the Regional Head to the Unit Manager). It must be clear that nomination will directly come from the members and not be endorsed or selected by the Account Officer.
3. Nomination will be forwarded to the HR personnel, who will then forward it to the Selection Committee.
4. The Selection Committee will conduct personal interviews at the place where the nominees are residing. The selection committee shall consist of two (2) members of the Board of Directors and an HR.
5. The Selection Committee prepares reports and conducts deliberations based on the selection criteria as to who shall be the shortlist nominees.
   The nomination selection criteria for the committee member/board member are as follows:
   a. Membership record performance (repayment, attendance, and length of membership with CARD)
   b. Business potential to support the family needs as well as other family activities or engagement: ongoing business, at least a college graduate, or have at least 5 years' experience in business, and the legality of the business.
   c. Achievements and development work involvement: in CARD, in the family, and in the community.
   d. Personal attributes: Self-confidence, communication skills, values and principles in life, and good grooming.
   e. Reputation in the community, family background, and how the family is regarded in the community
6. The result of the deliberation shall be submitted to the Governance Committee for review and approval for further endorsement to the Board.
7. As part of the process, shortlisted nominees are invited to become board member observers to the board meeting for three (3) consecutive months, one at a time (while the first priority nominee attends for three consecutive meetings, the record/profile/background of the next nominee is also evaluated/revalidated prior to her turn to take the place as the next board member observer). This is to give ample time to further evaluate them and see their fitness for the position.

8. The finalist/top selected nominees are then endorsed to the Governance committee for further endorsement to the board.
9. The final selected nominees attend the board meeting as regular observers.
10. While her status remains as a regular member observer to the board, she is also invited to join the board committee (usually in the Remittance and Savings Mobilization Committee).
11. While attending as a regular member observer to the board, she is also given the opportunity to share and report based on the center visit she conducted during the month.
12. When a position on the board opens, a regular member observer to the board is further endorsed to the board for confirmation.
13. Once confirmed by the board, submission of the profile/bio-data to the BSP is done.
14. Selected Board Member is also required to attend the Corporate Governance and Risk Management Seminar.

Senior Management Selection Process

Senior management is filled from within the ranks, prioritizing them for opportunities for growth and career development. This is without prejudice to recruitment outside of the institution, except when certain special qualifications, experience, and training are required for the job. In offering this opportunity, it is the policy of the CARD SME Bank, Inc., to likewise provide equal chances among all qualified employees across CARD MRI.

PERFORMANCE ASSESSMENT

Board of Directors

Consistent with the principles of good corporate governance, the corporate governance committee is responsible for ensuring the effectiveness and due observance of the board on the principles and guidelines stated in the Corporate Governance manual. It includes overseeing periodic performance evaluation of the board and its committees, including executive management. An annual performance assessment was conducted to measure directors' effectiveness and whether they are adequately carrying out their duties as directors, and their contribution and performance (e.g., duty of care, duty of loyalty, duty of obedience, management accountability, strategic planning, and policy setting). The committee's performance was also evaluated based on its respective duties and responsibilities.

The result of the evaluation should be forwarded to the committee, which will be responsible for deciding whether each director has been adequately carrying out his duties using the criteria stated in the evaluation form. The result of the evaluation shall be the basis of the committee in recommending continuing education of directors and a succession plan for the board members and senior officers

Senior Management

CARD SME Bank, Inc. follow a standard performance evaluation process for all regular employees (Senior Management, Officers, and Staff) annually covering the twelve-month period. All employees completed the standard Performance Evaluation form, whose results serve as the annual performance report of the employee. Performance evaluation considers both quantitative and qualitative performance of the employee.

A special performance evaluation was also conducted depending on specific needs, such as but not limited to promotion, transfer of assignment, or lateral transfer, among others. Any personnel action related to the conduct of a performance appraisal should be acted on in a timely manner. It is the responsibility of the management to ensure that the report on individual performance is properly documented and submitted to the corresponding offices. Performance evaluation was conducted by the immediate supervisor and approved by the next level higher authority. For members of the Senior Management, approval of the performance evaluation report is through the office of the President and CEO. Except for the members of the executive committee and the head of the audit, risk, and compliance unit, whose performance evaluation approval is through their respective committee chairperson or through the office of the Chairman or Vice-Chairperson for Administration

REMUNERATION POLICY

Board of Directors

Consistent with Section 29 of the Revised Corporation Code of the Philippines and as provided in the By-Laws of the Bank, Directors shall not receive any compensation, except for reasonable per diems. In no case shall the total yearly compensation of directors exceed ten percent (10%) of the net income before income tax of the bank during the preceding year. Further, only expenses deemed necessary for them to attend the meetings and discharge their official duties shall be allowed for reimbursement.

Senior Management

CARD SME BANK, INC. has adopted a standardized salary grading system applicable to all levels of position with a corresponding rate of pay that is fair and equitable in relation to the job requirements in terms of complexity, responsibility, skills, and qualifications. The Bank maintains a salary and benefits structure competitive with the prevailing rates/system of similar agencies and organizations, compatible with the financial condition and objectives of the institution. These remuneration policies of the bank are duly approved by the Board of Directors. There will be a provision for annual increase and performance assessment measures.

All officers and employees of the bank are entitled to all regulatory benefits mandated by law, including other institutional benefits such as, but not limited to, retirement benefits, life and health insurance, further studies locally and abroad, international exposures, performance bonus, and salary appraisal.

Retirement, Succession Planning, and Development Program

Elected Directors serve for a period of one (1) year from May to April of the succeeding year and shall continue to serve until their successor is duly appointed. Members of the Board of Directors are not entitled to any retirement benefits. There is no prescribed age limit for Directors, provided they are physically and mentally fit for the position.

As CARD SME Bank, Inc., continues to grow and expand, it is fundamental to ensure the readiness of the next generation of leaders. The bank aims to sustain its core values of excellence by ensuring that next-in-line leaders are equipped with adequate knowledge and competence. This is to prepare next-level officers assuming vacancies in senior management positions brought about by expansion, promotion, and retirement, among others. Through the succession program of the bank, supported by its capacity-building program, it ensures that qualified employees are recruited and developed to fill each key role within the bank.

Under this program are as follows:

1. Succession Management program for middle to senior management officers to assume leadership positions.
2. Master's Degree Program and short-term leadership management course for middle management officers.

The mandatory retirement age for all Bank officers and staff, including senior officers, is 60 years old.

CONSUMER PROTECTION PRACTICES

In view of the Bangko Sentral ng Pilipinas (BSP) mandates for Financial Consumer Protection, the Bank has adopted a Consumer Protection Compliance Program to provide better protection of the interests of the consumers. This will assist the bank in achieving the following objectives towards customers' protection.

1. Promote fair and equitable financial services practices by setting standards in dealing with customers.
2. Increase transparency in order to inform and empower consumers of financial services.
3. Provide efficient and effective mechanisms for handling consumer complaints relating to the provision of financial products and services.

Consumer Protection Risk Management System
To ensure that consumer protection risks inherent in the bank's operations are identified, measured, monitored, and controlled, the bank adopted a risk management system that adheres to consumer protection standards and compliance with consumer protection laws, rules, and regulations.

The Board of Directors has the ultimate duties and responsibilities to ensure full compliance with the consumer protection policies and procedures. The board is responsible for the development and maintenance of a sound Customer Protection and Risk Management System for all products and services life cycle. Board and Senior Management ensure that the effectiveness of this system is periodically reviewed, including reporting of findings and an audit mechanism in place. The Compliance unit is the designated office to monitor the implementation of this program. Simultaneously with operations and financial audit, the Internal Audit unit likewise ensures that the bank's consumer protection practices have been implemented and reviewed.

Continuous education of the Bank's personnel and customers is vital to maintaining a sound consumer protection compliance program. As such, the bank sees to it that all bank employees and customers shall be given appropriate training on consumer protection.

1. **Disclosure and Transparency**
   Recognizing the contribution as well as the rights of customers, the Bank, in its policy, promotes disclosure and transparency by providing customers with sufficient information to understand the products and services being offered. This information will enable customers to make informed financial decisions by providing them easy access to information such as terms and conditions of the products and services being availed of, benefits, and their associated risks.

2. **Protection of customer Information**
   It is always the Bank's primary responsibility to ensure the protection of client information. As such, the Bank ensures that policies and procedures to protect customer information and records are in place. This covers protection against any threat to the security or integrity of customers' records and information, and unauthorized access or use.

3. **Fair Treatment**
   The bank ensures that the customer is treated fairly, with honesty and professionalism. Fair treatment of the client shall also cover the dealings of the bank employee in marketing and delivering products and services.

4. **Effective Recourse**
   The Bank has designated customer service accountable for the processing of clients' inquiries and concerns to ensure that it is properly attended, timely responded to, and resolved, which is accessible to the customers. The Bank has mechanisms in place for complaint handling and redress mechanisms and has employed various modalities and technological innovations.

5. **Protection of Asset Against Fraud**
   To protect the bank's client assets from fraud, provide assistance to clients in case of unauthorized and erroneous transactions, including financial education and awareness through center meetings and digital platforms of the bank.

Conflict of Interest
Members of the board, management, officers, and employees are committed to adhering to ethical business conduct and shall not enter into business transactions where a conflict of interest may arise. As such, the bank ensures that the following are consistently complied with for the protection of the bank and its customer.

1. Full disclosure to the customer prior to any transaction that the bank or its staff has an interest in a direct/cross transaction with the consumer.
2. Should products be marketed by a related company, the bank informed the customer of the limited availability of the products being marketed.
3. The basis of the remuneration (e.g., commission, incentives, etc.) of the bank at the pre-contractual stage is disclosed.
4. Regular monitoring to promptly identify issues and matters that may be detrimental to the customer is conducted.

Consumer Assistance Management System (CAMS)
To ensure that clients have an accessible way of reaching the management for their queries, clarifications, and complaints on the Bank's products and services, the Bank has implemented the consumer assistance management system. The consumer assistance management system is posted within the bank's premises and website (www.cardmri.com/cardsmebank) to achieve a good communication system.

- Establishe a consumer service unit where a responsible officer deals with consumer concerns independently. Personnel handling customer service are equipped with the necessary knowledge and skills in the implementation of the customer assistance program of the Bank.
- The bank has set up several channels to ensure that customers are given the option to lodge their concerns as follows:

1. Customer Service Officer (CSO) in the branch for walk-in clients;
2. Customer Service Desk
   Customer Service hotline numbers:
   +6349- 539-5421
   +63939-726-7550
   +63927-429-6574
3. Bank email address:
   card.sme@cardmri.com or **cardsmecsr@cardmri.com** or visit our website **www.cardmri.com/cardsme**

Installation of the suggestion box and incident complaint logbooks in all Branches and Branch-Lite Unit offices.

POLICIES ON RELATED PARTY TRANSACTIONS

The Policy of CARD SME BANK on related party cover transactions or dealings of the bank with related parties as defined under the Manual of Regulations for Bank (MORB), such as the bank's subsidiaries, affiliates, directors, officers, stockholders, and their related interests and other related parties as identified and approved by the board of directors, regardless of whether or not the price is charged.

The Bank's Related Party Committee is composed of three (3) Board of Directors, two (2) of whom are Independent Directors, that evaluate all material related party transactions based on the approved threshold to ensure that the terms are no less favorable than the terms generally available to non-related parties under the same circumstances and that no resources of the bank are misappropriated or misapplied. In case a conflict of interest arises in a particular transaction, the committee member shall refrain from evaluating such a transaction. An independent unit, such as Compliance Head or Internal Audit Head, sits as a non-voting member of the committee.

In addition to prudential limits set per regulations and on the bank business model, the amount of loans granted and transactions/exposures to related parties of the bank to related parties shall be subjected to the following internal limit;

Particular	Limits pre Transaction
Individual Aggregate	shall not exceed 15% of the bank's net worth
Total Aggregate RPT	shall not exceed 25% of the bank's net worth

Furthermore, loans granted to DOSRI shall not exceed 15% of the bank's total equity. As of December 31, 2025, 13 stockholders and related interest of officers with outstanding loan amounting to PHP 300.85 million which is 2.57% of total loan outstanding of the bank as of the same period. Details of the loan to DOSRI are presented in the Note 27 of the Audited Financial Statement.

CORPORATE SOCIAL RESPONSIBILITY

Policy Objective
To cater to social empowerment in Corporate Social Responsibility (CSR) programs for CARD SME Bank, create more opportunities to raise savings mobilization, reduce default rates, and measure more positive community impact among members.

Policy Statement
CARD SME Bank shall ensure that the CSR investment shall be proactively considered as a business opportunity and strategy to support Social Performance Management as a whole.

For almost three decades, CARD SME Bank assured that the CSR addresses the impact on the lives of its beneficiaries, its relevance in addressing current society concerns, its long-term commitment to continue the program and services, and its effectiveness in inspiring other institutions to resonate the same initiatives.

CARD SME Bank aims to provide holistic social development services to the poor by giving its clients access to health services. CARD SME Bank clients, their children, and deserving students from indigent and poorest communities also have the opportunity to get educational assistance and scholarships. CARD SME Bank also ensures that its members and their families can get back on their feet through the immediate provision of relief goods, stress debriefing, health missions, and immediate claims payment.

CARD SME Bank believes that financial support must be paired with suitable and effective community development services so that poverty eradication can be achieved. CARD SME Bank has been very active in delivering various programs that may assist its clients to support their growing enterprises, as well as their other needs in health and education.

A. SCHOLARSHIP PROGRAM

Believing that education brings about change in the community, CARD SME Bank, together with members of CARD MRI, offers educational assistance and scholarship through the CARD Scholarship Program (CSP) under the Resource Mobilization Unit (RMU) of CARD MRI. This was launched in 2000, and CSP has been actively and successfully providing a platform for qualified students to have well-deserved opportunities for education.

B. HEALTH PROTECTION PROGRAM

CARD SME Bank ensures that the health condition of its clients is protected. We found out that most members and their families suffer from common, treatable, and/ or preventable illnesses. Thus, the Microfinance and Health Protection Program was conceptualized. Greater availability and access to affordable physician consultation services; affordable, quality prescription drugs to treat the most common diseases; and more information about how to use

health care services that are available, including when to seek treatment for themselves and their families, are the greatest healthcare needs of these families.

1. **Health Education**
2. **Community Clinic**

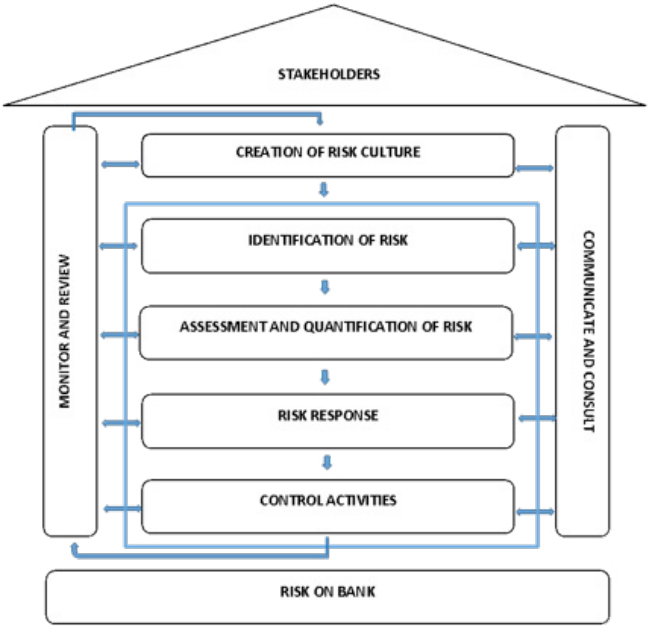
We will continue strengthening these primary healthcare needs, scholarship grants, and business support, which we already extended all over the country.

RISK MANAGEMENT FRAMEWORK

OVERALL RISK MANAGEMENT CULTURE AND PHILOSOPHY

RISK MANAGEMENT ADMINISTRATION

The risk management process is incorporated in the bank management system and all levels of operations/units involved. The respective unit head/supervisors are risk owners and are responsible for identifying risk at their levels through regular monitoring. Risks are better managed if measured consistently, accurately, and to the full extent possible. Developing risk-return consciousness is done to preserve capital and ensure adequate return on capital.



DEFINITIONS OF RISK

1. Risk is the possibility of a loss. In all its transactions, a bank faces risks – deposits, loans, trading, systems, and people. Risk is the common denominator.
2. Risk is the uncertainty about whether expected events or otherwise will have an adverse impact on the bank's capital.

3. Risk can be completely controlled with a good risk management system.

OBJECTIVES OF RISK MANAGEMENT

1. Risk management aims to give and create value to stockholders' investment in a bank.
2. Risk management is not only aimed at avoiding financial losses to the bank. It is associated with downside threats and potential losses, but there is also a proactive side to it – to optimize earnings potential. Banks not only want to mitigate risks but also seek business opportunities that yield higher returns on their operations.
3. Risk management aims to create an internal environment wherein everyone has the awareness to assess risks for institutional gain in every transaction.

CARD SME BANK RISK APPETITE STATEMENT (RAS)

The RAS refers to the articulation in written form of the individual and aggregate level and types of risk that a bank is willing to accept, or to avoid, in order to achieve its business objectives and considering its capability to manage risk. It includes qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity, and other relevant measures as appropriate.

a. Credit Risk – Significant risk area of CARD SME BANK

1. Based on the Manual of Regulations for Banks (MORB), the maximum single borrowing limit is 25%. CARD SME BANK, however, sets an internal limit of 23% of the bank's net worth or PhP100 million, whichever is higher.
2. Total Loan Portfolio to Total Assets is at least 70%.
3. Credit exposure to DOSRI (Directors, Officers, Stockholders, and Related Interests): maximum of 5% of Total Loan Portfolio. The BSP's limit is 15% of the Total Loan Portfolio.
4. Exposure limit to each industry or economic sector: not more than 25% of the Total Loan Portfolio, maximum of 30% of TLP.

b. Liquidity Risk

1. Minimum Liquidity Ratio (MLR): 35%
2. Net Stable funding ratio: 105%

c. Capital and Earning Risk

1. Capital Adequacy Ratio (CAR): 2% above the current industry ratio
2. Return on Equity: minimum 15%
3. Administrative cost ratio: maximum of 45%

RISK GOVERNANCE STRUCTURE AND RISK MANAGEMENT PROCESS

Board and Senior Management Oversight

The Board of Directors (BOD) are responsible for:

a. Approving strategies and policies.
b. Understanding the risks.
c. Ensuring that senior management takes necessary steps to identify, measure, monitor, and control the risks;
d. Approving organization structure; and
e. Ensuring that senior management is monitoring the continued effectiveness of the internal control system.
f. Make the adoption of sustainability principles, including those that address E&S risk areas, institutionalized within the bank by incorporating them into its risk management and corporate governance frameworks, as well as its operations, risk strategy, and risk appetite.

RISK OVERSIGHT COMMITTEE

CARD SME BANK has a founding vision of building a sustainable financial and capacity-building institution by providing environmentally compliant and socially responsible Microfinance, Small, and Medium Enterprise (MSME) loans and social development services (credit with education, leadership with a heart, and innovative community programs).
In line with this vision are the Board of Directors' and management's concerns about "risk management". Other than being compliant with BSP Circular No. 456, as amended by Circular 749 and Circular 969, the creation and approval of the Risk Oversight Committee is a vital move of the CARD SME BANK Board of Directors. The Bank's success largely depends on the ability of its directors and officers to manage risks.

The Risk Oversight Committee is composed of three (3) Board of Directors members, all non-executive directors, two (2) of whom are Independent Directors. **Each member of the Committee shall serve for a term of three (3) years or until the Board of Directors appoints his/her successor.**

Duties and responsibilities of the Risk Oversight Committee
The ROC advises the board of directors on the Bank's current and future risk appetite, oversees senior management's adherence to the risk appetite statement, and reports on the state of the Bank's risk culture. The ROC shall:

a. Oversee the risk management framework. The Committee shall oversee the bank's risk management/governance framework and ensure periodic reviews of the effectiveness of the risk management systems, programs, and recovery plans. It shall ensure that corrective actions are promptly implemented to address risk management concerns.

b. Oversee adherence to risk appetite . The Committee shall ensure that the current and emerging risk exposures are consistent with the bank's strategic direction and overall risk appetite. It shall assess the overall status of adherence to structure, policies, and procedures relating to risk management and control, and performance of management, among others.

c. Oversee the risk management function and the bank's Risk Management Group. The Committee shall be responsible for the appointment, selection, remuneration, and dismissal of the Chief Risk Officer (CRO). It shall also ensure that the risk management function has adequate resources and effectively oversees the bank's risk-taking activities.

The Risk Committee is provided with adequate resources and has the authority to procure the services of independent technical experts, both local and foreign, in carrying out its mandate.

The Committee, **through its Committee Chairperson**, reports the proposed risk management framework, risk appetite statement with its current risk profiles, together with all information, its respective updates or amendments, solutions to risk exposures and actual losses, as well as the action taken by the Committee thereon, to the Board for notation, and if required, for approval.

The Chief Risk Officer (CRO) is responsible for overseeing the risk management function and shall support the board of directors in the development of the risk appetite and Risk Appetite Statement (RAS) of CARD SME BANK, and for translating the risk appetite into a risk limits structure. The CRO shall likewise propose enhancements to risk management policies, processes, and systems to ensure that the BSFI's risk management capabilities are sufficiently robust and effective to support strategic objectives and risk-taking activities fully.

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Better Days from a 500-Peso Blessing

At the height of the COVID-19 pandemic in 2020, Rose Ann Toledo and her partner resigned from work to protect her partner's health. With no stable income, they searched for ways to survive. One day, Rose found a PHP 500 bill on the street, a small blessing that sparked a big idea.

Because of the high demand, she invested it in fabric to make cloth face masks. With help from a neighbor who stitched the masks, Rose sold them online and quickly earned more than PHP 100,00. This venture not only sustained their family but also provided income to their neighbor.

As she continued to earn more, Rose reinvested in rebranded cosmetics. She is the one designing and printing her own packaging. Soon, she offered affordable, customized boxes to other small businesses. By 2021, she and her partner officially launched Better Days Packaging and Printing Services, catering to startups with flexible order sizes.

As demand grew, Rose, already a CARD SME Bank client since 2019, availed a loan to purchase larger machines. This helped them expand their capacity, deliver bulk orders of up to 100,000 pieces, and serve clients nationwide. Today, Better Days provides digital printing services for boxes, stickers, layouts, and more. It also employ eight full-time staff and additional project-based workers.

Behind her success, her journey also faced challenges. Training young employees and enduring low sales requires absolute patience and persistence. She addressed these by attending seminars, building networks, and continuously upgrading materials and equipment. Beyond business, she supports a reading center for children in Cavite and participates in community outreach programs.

Through everything she went through, Rose put importance on the values of discipline, reinvestment, and openness to growth. "You can start small if you really want to start," she shares. Her advice to fellow entrepreneurs is to keep learning, manage finances wisely, and never stop improving.

In recognition of her entrepreneurial resilience and innovation, Rose received the Gawad Malikhain Award during CARD MRI's Pagkilala sa Mga Likha ni Inay 2025. From a single 500-peso bill, she built a thriving enterprise. This is proof that success comes not just from opportunity, but from the courage to sustain it.



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400k comments 400 shares

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
CARD SME Bank, Inc., A Thrift Bank

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CARD SME Bank, Inc., A Thrift Bank (the Bank), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the 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.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks (MORB) and Revenue Regulations 15-2010

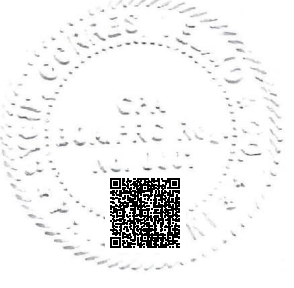
Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Section 174 of the MORB in Note 27 and Revenue Regulations 15-2010 in Note 28 to the financial statements is presented for purposes of filing with the Bangko Sentral ng Pilipinas and the Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of CARD SME Bank, Inc., A Thrift Bank. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bryan Chrisnel M. Baes

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Partner
CPA Certificate No. 128627
Tax Identification No. 275-229-188
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 128627-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-193-2025, October 1, 2025, valid until September 30, 2028
PTR No. 10765008, January 2, 2026, Makati City

April 11, 2026



CARD SME BANK, INC., A THRIFT BANK
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Cash and other cash items (Note 6)	**₱67,229,065**	₱77,900,386
Due from Bangko Sentral ng Pilipinas (Note 6)	**1,621,346,713**	1,303,141,157
Due from other banks (Note 6)	**175,617,463**	87,449,538
Loans and receivables (Note 7)	**11,519,293,565**	9,829,653,047
Financial assets at amortized cost (Note 8)	**337,729,303**	320,655,324
Financial assets at FVOCI (Note 9)	**5,663,228**	–
Property and equipment (Note 10)	**361,291,126**	341,441,173
Investment properties (Note 11)	**17,066,029**	22,294,976
Intangible assets (Note 12)	**76,055**	30,021
Retirement asset (Note 21)	**35,668,971**	64,649,732
Deferred tax assets (Note 22)	**120,215,674**	102,579,792
Other assets (Note 13)	**516,567,854**	80,822,896
TOTAL ASSETS	**₱14,777,765,046**	₱12,230,618,042
LIABILITIES AND EQUITY		
Liabilities		
Deposit liabilities (Notes 14 and 23)		
Demand	**₱135,572,168**	₱107,566,472
Savings	**8,359,617,006**	7,177,066,578
	8,495,189,174	7,284,633,050
Bills payable (Note 15)	**1,974,255,000**	1,106,287,776
Income tax payable	**171,586,333**	211,850,863
Accrued expenses (Note 16)	**73,459,336**	75,942,490
Other liabilities (Note 17)	**451,255,930**	342,083,610
	11,165,745,773	9,020,797,789
Equity		
Common stock (Note 18)	**1,999,207,800**	1,927,478,200
Surplus (Note 18)	**1,650,600,320**	1,298,115,773
Net unrealized gain on fair value changes in financial assets at FVOCI (Note 9)	**1,247,421**	–
Remeasurement loss on retirement plan (Note 21)	**(39,036,268)**	(15,773,720)
	3,612,019,273	3,209,820,253
TOTAL LIABILITIES AND EQUITY	**₱14,777,765,046**	₱12,230,618,042

See accompanying Notes to Financial Statements.

CARD SME BANK, INC., A THRIFT BANK
STATEMENTS OF INCOME

	Years Ended December 31	
	2025	2024
INTEREST INCOME		
Loans and receivables (Note 7)	**₱4,157,935,845**	₱3,752,239,941
Due from BSP and other banks (Note 6)	**101,121,600**	82,280,234
Financial assets at amortized cost (Note 8)	**20,248,017**	21,182,311
Security deposits	**944,805**	807,528
	4,280,250,267	3,856,510,014
INTEREST EXPENSE		
Deposit liabilities (Notes 14 and 23)	**220,590,921**	174,525,445
Bills payable (Note 15)	**57,631,408**	42,671,848
Lease liabilities (Note 24)	**12,932,582**	9,443,353
	291,154,911	226,640,646
NET INTEREST INCOME	**3,989,095,356**	3,629,869,368
OTHER INCOME (LOSS)		
Net gain (loss) on sale of fixed assets and investment properties (Notes 10 and 11)	**2,549,027**	(1,482,804)
Miscellaneous (Note 19)	**173,615,956**	156,046,140
	176,164,983	154,563,336
TOTAL OPERATING INCOME	**4,165,260,339**	3,784,432,704
OPERATING EXPENSES		
Compensation and fringe benefits (Note 23)	**1,126,717,134**	957,040,332
Taxes and licenses	**345,294,152**	290,567,631
Information technology (Note 23)	**291,553,987**	241,904,015
Transportation and travel	**192,575,671**	180,276,946
Depreciation and amortization (Notes 10, 11, and 12)	**156,757,951**	142,162,286
Provision for credit losses (Note 7)	**153,878,398**	116,743,341
Stationery and office supplies	**149,168,014**	122,497,849
Employee trainings (Note 23)	**109,458,029**	117,129,925
Occupancy and equipment-related cost (Notes 23 and 24)	**84,180,183**	82,470,532
Power, light and water	**54,314,581**	51,906,434
Security, messengerial and janitorial	**51,016,578**	38,275,732
Program monitoring	**37,642,692**	23,991,457
Professional fees	**16,428,174**	10,404,422
Representation and entertainment (Note 22)	**2,434,497**	4,167,285
Miscellaneous (Note 20)	**83,284,038**	77,162,460
TOTAL OPERATING EXPENSES	**2,854,704,079**	2,456,700,647
INCOME BEFORE INCOME TAX	**1,310,556,260**	1,327,732,057
PROVISION FOR INCOME TAX (Note 22)	**328,071,713**	332,661,289
NET INCOME	**₱982,484,547**	₱995,070,768

See accompanying Notes to Financial Statements.

CARD SME BANK, INC., A THRIFT BANK
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2025	2024
NET INCOME	**₱982,484,547**	₱995,070,768
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) not recycled to profit or loss in subsequent periods:	**–**	–
Fair value reserves on financial assets at FVOCI (Note 9)	**1,663,228**	–
Changes in remeasurement losses on retirement plan (Note 21)	**(31,016,731)**	(17,980,382)
Income tax effect (Note 22)	**7,338,376**	4,495,096
	(22,015,127)	(13,485,286)
TOTAL COMPREHENSIVE INCOME	**₱960,469,420**	₱981,585,482

See accompanying Notes to Financial Statements.

CARD SME BANK, INC., A THRIFT BANK
STATEMENTS OF CHANGES IN EQUITY

	Common stock (Note 18)	Surplus	Unrealized Gain (Loss) on FVOCI (Note 9)	Remeasurement losses on retirement plan (Note 21)	Total
Balance at January 1, 2025	**₱1,927,478,200**	**₱1,298,115,773**	**₱–**	**(₱15,773,720)**	**₱3,209,820,253**
Issuance through collection of subscriptions receivable (Note 18)	**71,729,600**	**–**	**–**	**–**	**71,729,600**
Total comprehensive income for the year	**–**	**982,484,547**	**1,247,421**	**(23,262,548)**	**960,469,420**
Cash dividends declared (Note 18)	**–**	**(630,000,000)**	**–**	**–**	**(630,000,000)**
Balance at December 31, 2025	**₱1,999,207,800**	**₱1,650,600,320**	**₱1,247,421**	**(₱39,036,268)**	**₱3,612,019,273**
Balance at January 1, 2024	₱1,495,501,000	₱963,045,005	₱–	(₱2,288,434)	₱2,456,257,571
Issuance through collection of subscriptions receivable (Note 18)	127,920,600	–	–	–	127,920,600
Issuance of new shares	124,061,300	–	–	–	124,061,300
Total comprehensive income for the year	–	995,070,768	–	(13,485,286)	981,585,482
Cash dividends declared (Note 18)	–	(480,004,700)	–	–	(480,004,700)
Stock dividends declared (Note 18)	179,995,300	(179,995,300)	–	–	–
Balance at December 31, 2024	₱1,927,478,200	₱1,298,115,773	₱–	(₱15,773,720)	₱3,209,820,253

See accompanying Notes to Financial Statements.

CARD SME BANK, INC., A THRIFT BANK
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,310,556,260**	₱1,327,732,057
Adjustments for:		
Depreciation and amortization (Notes 10 and 12)	**156,757,951**	142,162,286
Provision for credit losses (Note 7)	**153,878,398**	116,743,341
Net pension expense (Note 21)	**21,137,426**	16,430,832
Interest expense on lease liabilities (Note 24)	**12,932,582**	9,443,353
Amortization of discount on bills payable (Note 15)	**6,587,409**	7,010,845
Net loss on sale of fixed assets and investment properties (Notes 10 and 11)	**(2,549,027)**	1,482,804
Changes in operating assets and liabilities:		
Decrease (increase) in the amounts of:		
Loans and receivables	**(1,843,518,916)**	(1,765,568,986)
Other assets	**5,668,747**	13,429,000
Increase (decrease) in the amounts of:		
Deposit liabilities	**1,210,556,124**	978,501,088
Accrued expenses	**4,547,543**	16,549,837
Other liabilities	**(6,157,692)**	53,724,860
Net cash generated from (used in) operations	**1,030,396,805**	917,641,317
Income taxes paid	**(378,633,749)**	(266,159,432)
Retirement contributions (Note 21)	**(23,173,396)**	(19,093,221)
Net cash provided by (used in) operating activities	**628,589,660**	632,388,664
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of advances for stock subscription	**(453,953,550)**	(1,000,000)
Acquisitions of:		
Financial assets at amortized cost (Note 8)	**(169,467,728)**	(70,000,000)
Property and equipment (Note 10)	**(58,008,393)**	(68,444,392)
Financial assets at FVOCI (Note 9)	**(3,000,000)**	–
Investment properties (Note 11)	**(2,431,173)**	(20,946,587)
Intangible assets (Note 12)	**(455,400)**	–
Proceeds from sale of:		
Financial assets at amortized cost (Note 8)	**152,393,749**	91,010,833
Investment properties (Note 11)	**9,730,000**	3,006,800
Property and equipment (Note 10)	**206,217**	90,692
Disposal of intangible assets	–	2,412,702
Net cash used in investing activities	**(524,986,278)**	(63,869,952)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availments of bills payable (Notes 15 and 25)	**1,704,568,591**	1,390,836,178
Settlement of bills payable (Notes 15 and 25)	**(843,188,776)**	(987,500,000)
Cash dividends paid (Note 18)	**(630,924,460)**	(478,893,757)
Payment of principal portion of lease liabilities (Notes 24 and 25)	**(109,120,077)**	(104,046,418)
Receipts of deposit for future stock subscription	**99,033,900**	(97,815,174)
Collections of subscriptions receivable (Note 18)	**71,729,600**	127,920,600
Issuance of new shares	–	124,061,300
Net cash provided by (used in) financing activities	**292,098,778**	(25,437,271)

(Forward)

	Years Ended December 31	
	2025	2024
NET INCREASE IN CASH AND CASH EQUIVALENTS	**₱395,702,160**	₱545,081,441
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	**77,900,386**	76,140,172
Due from Bangko Sentral ng Pilipinas	**1,303,141,157**	789,008,424
Due from other banks	**87,449,538**	58,261,044
	1,468,491,081	923,409,640
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)		
Cash and other cash items	**67,229,065**	77,900,386
Due from Bangko Sentral ng Pilipinas	**1,621,346,713**	1,303,141,157
Due from other banks	**175,617,463**	87,449,538
	₱1,864,193,241	₱1,468,491,081
OPERATIONAL CASH FLOWS FROM INTEREST		
Interest received	**₱4,240,727,487**	₱3,835,450,780
Interest paid	**275,716,112**	237,532,897

See accompanying Notes to Financial Statements.

1. **Corporate Information**

CARD SME Bank, Inc., A Thrift Bank (the Bank), formerly known as Rural Bank of Sto. Tomas (Batangas), Inc., was incorporated in the Philippines on October 4, 1961. The Bank was granted the authority to operate by the Bangko Sentral ng Pilipinas (BSP) on May 10, 1962 as a rural bank with principal office in General Malvar Avenue, Sto. Tomas, Batangas. The Bank was granted by the BSP the authority to operate as a thrift bank on June 15, 2011. On July 25, 2011, the Bank formally started its operations as a thrift bank. Currently, its principal place of business is at #120 M. Paulino St., Corner Burgos St., San Pablo City, Laguna. The Bank offers a wide range of products and services such as deposit and loan products mainly to the consumer market. As of December 31, 2025, the Bank has 41 branches.

In 2007, the Bank (with existing branches in Sto. Tomas and Lipa City, Batangas and Tagaytay City, Cavite) became a member of Center for Agriculture and Rural Development (CARD) - Mutually Reinforcing Institutions (MRI) when CARD, Inc. and CARD Employees Multi-Purpose Cooperative (EMPC) acquired the majority of its voting stock. The rehabilitation court approved the sale and transfer of shares of stock on September 5, 2007 and February 7, 2008, respectively. This strategic move supports the graduating microenterprise clients of CARD-MRI, by empowering them through continuous access to financial resources and non-financial services. CARD-MRI's social mission of poverty alleviation has been folded into Bank's operation through its microfinance operation.

On May 20, 2010, the Monetary Board of the BSP approved the increase in the authorized capital stock of the Bank from ₱20.00 million to ₱500.00 million and the number of Board of Directors (BOD) from five (5) to nine (9) members. Likewise, on December 9, 2010, the Monetary Board of the BSP through its Resolution No. 1757 approved the conversion of the operation of the Bank from rural bank category to a regular thrift bank.

The BSP and the Philippine Securities and Exchange Commission (SEC) approved on April 8, 2011 and May 11, 2011, respectively, the Bank's amended Articles of Incorporation (AOI) and new by-laws. The approved amendments to the Bank's AOI follow:

a. Change of the corporate name from 'Rural Bank of Sto. Tomas (Batangas), Inc.' to 'CARD SME Bank, Inc., A Thrift Bank';
b. Change of the primary and secondary purposes from that of rural banking to thrift banking; and
c. Change of the principal office address from 'General Malvar Avenue, Sto. Tomas, Batangas' to 'San Pablo City, Laguna'.

On December 7, 2017, the BSP approved the increase in the authorized capital stock of the Bank from ₱500.00 million to ₱1.00 billion and the change of principal office address from San Pablo City, Laguna to #120 M. Paulino St., corner Burgos St., San Pablo City, Laguna. On March 16, 2018, the SEC approved the changes in the AOI.

On February 13, 2020, the BSP approved the increase in the authorized capital stock of the Bank from ₱1.00 billion to ₱1.50 billion. On August 20, 2020, the SEC approved the changes in the AOI.

On October 28, 2022, the BSP approved the increase in the authorized capital stock of the Bank from ₱1.50 billion to ₱2.00 billion. On July 10, 2024, the SEC approved the changes in the AOI.

As a thrift bank, the Bank can (1) provide short-term working capital, medium, and long-term financing, to business engaged in agricultural services, industry, and housing; (2) provide diversified financial and allied services for its chosen market and constituents especially for small and medium enterprises, microfinance, and individuals; and (3) carry on activities specified under Section 10 of Republic Act (RA) No. 7906, otherwise known as *'Thrift Banks Act of 1995'*.

On January 10, 2025, the BSP approved the amended Articles of Incorporation of the Bank incorporating the additional primary purpose to engage in all activities necessary or incidental to the business of broker-dealer in securities including but not limited to the buying and selling, and trading of securities, and other related activities. This was subsequently approved by the SEC on June 26, 2025.

Based on the provisions of the Revised Corporation Code of the Philippines or RA No. 11232, the Bank has a perpetual existence.

As of December 31, 2025 and 2024, the Bank is 36.75% owned by CARD, Inc. (A Microfinance NGO) and 22.05% owned by CARD Employees Multi-Purpose Cooperative.

2. Material Accounting Policy Information

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The financial statements are presented in Philippine peso (₱), the Bank's functional currency, and all values are rounded to the nearest peso except when otherwise indicated.

Statement of Compliance

The financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Presentation of Financial Statements

The statements of financial position of the Bank are presented in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 17.

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

Income and expense are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation and as specifically disclosed in the accounting policies of the Bank. This is not generally the case with master netting agreements, where the related assets and liabilities are presented gross amounts in the statement of financial position.

New Standards, Interpretations and Amendments

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

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Bank.

- Amendments to PAS 21, *Lack of Exchangeability*

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

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

Future Changes in Accounting Standards

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Bank does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Bank intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2026

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

Effective beginning on or after January 1, 2027

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

Deferred effectivity

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

Material Accounting Policies

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from BSP and other banks that are highly liquid, readily convertible to known amounts of cash, with original maturities of three months or less from dates of placements and that are subject to an insignificant risk of changes in value.

Due from BSP includes amounts maintained by the Bank as a 1% statutory reserve buffer. While the BSP has reduced the reserve requirement for thrift banks from 1% to 0% effective 2025, the Bank continues to retain this balance as a liquidity buffer to support its cash management requirements. Such

balances are considered part of cash and cash equivalents, as these are readily available and may be drawn upon as needed. The components of cash and cash equivalents are presented in the statement of cash flows. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

Fair Value Measurement

The Bank measures assets and liabilities at fair value on initial recognition date. Also, fair values of financial instruments measured at amortized cost and investment properties are disclosed in Note 4.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer liability takes place either:

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

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

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

If an asset or a liability measured at fair value has a bid price and ask price, the price within the bid ask spread that is most representative of fair value in the circumstance shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

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

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

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

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

For assets and liabilities that are recognized in the financial statement at fair value on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Bank does not have assets and liabilities carried at fair value as of December 31, 2025 and 2024.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as disclosed above (Note 4).

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Regular way purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market, except for derivatives, are recognized on the settlement date. Settlement date is the date on which the transaction is settled by delivery of the assets that are the subject of the agreement. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Bank, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Bank.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Bank recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income under 'Miscellaneous' unless it qualifies for recognition as some other type of asset. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Bank determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification and measurement of financial assets

As part of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the 'solely payments of principal and interest' (SPPI) test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortization of the premium or discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at fair value through profit or loss (FVTPL).

Business model assessment

The Bank determines its business model at the level that best reflects how it manages banks of financial assets to achieve its business objective.

The Bank's business model is assessed on an instrument-by-instrument basis and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The solely payments of principal and interest (SPPI) test
As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets at amortized cost
Debt financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Bank's business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as 'Interest income' in the statement of income. The Bank classified 'Cash and other cash items', 'Due from BSP', 'Due from other banks', 'Loans and receivables', 'Financial assets at amortized cost' and cash collateral deposits and security deposits (included under 'Other assets') as financial assets at amortized cost.

The Bank may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the debt financial asset been measured at amortized cost. As of December 31, 2025 and 2024, the Bank has not made such designation.

Financial assets at FVOCI
The Bank applies the new category under PFRS 9 of debt and equity instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss for debt instruments.

As of December 31, 2025, the Bank has designated unquoted equity securities that meet the FVOCI criteria.

Financial Instrument – Impairment
ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Bank recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. A SICR is deemed present in SME loans with 1 day up to 89 days past due but does not demonstrate objective evidence of impairment as of reporting date. The Bank recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

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

The Bank recognizes lifetime ECL on all of its non-impaired financial instruments since the Bank assessed that the expected life of its financial assets does not exceed 12 months. As a result, the Bank considers these instruments under Stage 1, regardless of whether SICR already exists since initial recognition.

The Bank uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative and qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes past due on its contractual payments (day 1) in case of microfinance loans and at least 90 days past due in case of SME loans and other credit exposures. As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate an unlikeliness to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of 180 days (i.e. consecutive payments from the borrowers for 180 days).

Expected Credit Loss (ECL) is a function of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgement.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default. EAD represents an estimate of the outstanding amount of credit exposure at the time a default may occur. The amount and quality of any collateral held is considered in the computation. LGD is the amount that may not be recovered in the event of default.

Write-off
Financial assets are written off in their entirety when the Bank no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to miscellaneous income.

Restructured receivables
Where possible, the Bank seeks to restructure receivables, which may involve extending the payment arrangements and the agreement of new receivable conditions. Once the terms have been renegotiated, the receivable is no longer considered past due. Management continuously reviews restructured receivables to ensure that all criteria are met and that future payments are likely to occur.

If modifications are considered by the Bank as substantial based on qualitative factors, the loan is derecognized. If a receivable has been renegotiated or modified without this resulting in derecognition, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded, based on the change in cash flows discounted at the loan's original effective interest rate (EIR). Modification gain or loss is recognized in 'Provision for credit losses' in the statement of income. The Bank also assesses whether there has been a SICR by comparing the risk of default at reporting date based on modified terms, and the risk of default at initial recognition date based on original terms. Derecognition decisions and classification between Stages 2 and 3 are determined on a case-by-case basis.

<u>Modification</u>
In certain circumstances, the Bank modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges.

When the contractual terms of a financial asset are renegotiated or otherwise modified due to reasons other than impairment (i.e., statutory relief) and the renegotiation or modification does not result in the derecognition of that financial asset, the Bank shall recalculate the gross carrying amount of the financial asset and shall recognize the net modification gain or loss in the statements of income as a deduction in interest.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

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

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

Where the Bank has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

The transfer of risks and rewards is evaluated by comparing the Bank's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset. The Bank has retained substantially all the risks and rewards of ownership of a financial asset if its exposure to the variability in the present value of the future net cash flows from the financial asset does not change significantly as a result of the transfer (e.g., because the entity has sold a financial asset subject to an agreement to buy it back at a fixed price or the sole price plus a lender's return). The Bank has transferred substantially all the risks and rewards of ownership of a financial asset if its exposure to such variability is no longer significant in relation to the total variability in the present value of the future net cash flows associated with the financial asset (e.g., because the entity has sold a financial asset subject only to an option to buy it back at its fair value at the time of repurchase or has transferred fully proportionate share of the cash flows from a larger financial asset in an agreement).

Whether the Bank has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the entity has not retained control.

Financial liabilities

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

Prepayments

Prepayments are expenses paid in advance and recorded as asset before they are utilized. This account consists of prepaid rentals and prepaid expenses under 'Other assets' in the statement of financial position. Prepayments are apportioned over the period covered by the payments and charged to the appropriate accounts in the statements of income when incurred.

Property and Equipment

The Bank's property and equipment consist of land, building, equipment and right-of-use assets that do not qualify as investment properties.

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of property and equipment consists of its purchase price, including nonrefundable taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which 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 property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the respective assets. Leasehold improvements are amortized over lease term and the shorter of the terms of the covering leases and EUL of the improvements.

The range of the EULs of the property and equipment follows:

Building and improvements	5 to 15 years
Furniture, fixtures, and equipment	1 to 5 years
Transportation equipment	3 to 7 years
Leasehold improvements	3 to 5 years or term of the lease, whichever is shorter
ROU assets – office space	1.5 to 10 years or term of the lease, whichever is shorter
ROU assets – vehicles	1.5 to 2 years or term of the lease, whichever is shorter

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited against profit or loss.

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

The carrying values of the property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized under 'Provision for credit and impairment losses' in the statement of income.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up. Foreclosed properties are classified under 'Investment properties' upon either: a) entry of judgement in case of judicial foreclosure, b) execution of sheriff's certificate of sale in case of extra-judicial foreclosure; or c) notarization of the deed of dacion in case of payment in kind (dacion en pago).

The difference between the fair value of the asset acquired and the carrying amount of the asset given up is recognized under 'Other income' in the statement of income.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation (for depreciable investment properties) and accumulated impairment losses, if any.

Depreciation on buildings and improvements is calculated on a straight-line basis over the EUL of ten years from the time of acquisition of the depreciable investment properties.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the period of retirement or disposal. Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are charged against income in the period in which the costs are incurred.

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

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category that is consistent with the function of the intangible assets.

Intangible assets consist of software costs which are amortized on a straight-line basis over three years.

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

Impairment of Non-financial Assets

At each reporting date, the Bank assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the recoverable amount is assessed as part of the cash generating unit (CGU) to which it belongs.

Where the carrying amount of an asset exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged against operations in the period in which it arises. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation and amortization expense are adjusted in future period to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Retirement Benefits

Defined benefit plan

The Bank operates a defined benefit retirement plan and a hybrid retirement plan which require contribution to be made to a separately administered fund. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets and adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expenses in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the statement of financial position with a corresponding debit or credit to 'Changes in remeasurement gain (loss) on retirement liabilities' under other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to the statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Bank, nor can they be paid directly to the Bank. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Equity
Common stock
Common stock represents the aggregate amount of paid capital stock which is determined using the nominal or par value of shares that have been issued. When the shares are sold at a premium, the difference between the proceeds and par value is credited to 'Capital paid in excess of par value', net of direct costs incurred related to the equity issuance. If 'Capital paid in excess of par value' is not sufficient, the excess is charged against surplus.

Subscribed common stock is recognized at subscribed amount net of subscription receivable. This will be debited upon full payment of the subscription and issuance of the shares of stock. Subscriptions receivable pertains to uncollected portion of subscribed stocks. The subscription receivable is presented as asset when it is expected to be collected within 12 months or contra-equity when it is expected to be collected for more than 12 months.

Surplus
Surplus represents the accumulated earnings, dividend contributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Own equity instruments which are reacquired (treasury stocks) are recognized at cost and deducted from equity. No gain or loss is recognized in the statement of income on the purchase, sale, issue or cancellation of the Bank's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in 'Capital paid in excess of par value'. Voting rights related to treasury stocks are nullified for the Bank and no dividends are allocated to them. When the stocks are retired, the 'Common stock' account is reduced by its par value and the excess of cost over par value upon retirement is debited to 'Capital paid in excess of par value' at the time the stocks were retired and to surplus for the remaining balance.

Dividends
Dividend distributions are at the discretion of the Bank. A dividend distribution to the Bank's shareholders is accounted for as a deduction from retained earnings. A proposed cash or stock dividend is recognized as a liability in the period in which it is approved by the BOD or Stockholders.

Deposit for Future Stock Subscription
Deposit for future stock subscription pertains to total consideration received in excess of the authorized capital of the Bank with the purpose of applying the same as payment for future issuance of shares.

SEC Financial Reporting Bulletin No. 6 (as revised) provides that deposit for future stock subscription shall be classified under equity account if all of the following conditions are present as of reporting date:

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

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability.

Other Comprehensive Income
OCI comprises items of income and expenses that are recognized directly in equity. OCI items are either reclassified to profit or loss or directly within equity in subsequent periods.

Revenue Recognition
Under PFRS 15, *Revenue from Contracts with Customers*, revenue is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those services.

The following specific recognition criteria must also be met before the revenue is recognized:

Gain (loss) on sale of assets – net
Gain or loss from exchange or sale of assets is recognized upon completion of the earning process. For disposal of non-financial assets, this will include whether the collectability of the consideration is reasonably assured.

Loan fees, service fees and penalties
Loan fees are recognized over the term of the credit lines granted to each borrower. Service fees are accrued when earned. Penalties are recognized only upon collection or where there is a reasonable degree of certainty as to their collectability. These items are recognized under 'Miscellaneous income' in the statement of income.

Revenue outside the scope of PFRS 15
Interest income
For all financial assets measured at amortized cost, interest income is recorded at EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Under PFRS 9, when a financial asset becomes credit-impaired, the Bank calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Expense Recognition
Expense is recognized when it is probable that decrease in the future economic benefits related to decrease in an asset or an increase in liability has occurred and that the decrease in economic benefits can be measured reliably. Revenues and expenses that relate to the same transaction or other event are recognized simultaneously.

Expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Bank. Expenses are recognized when incurred.

Interest expense
Interest expense for all interest-bearing financial liabilities is recognized in 'Interest expense' in the statement of income using the EIR of the financial liabilities to which they relate.

Taxes and licenses
This includes all other taxes, local and national, including gross receipts taxes (GRT), documentary taxes, real estate taxes, licenses and permit fees that are recognized when incurred.

Leases
The Bank determines at contract inception whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

- Right-of-use assets
  At the commencement date of the lease (i.e., the date the underlying asset is available for use), the Bank recognizes right-of-use assets measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Subsequent to initial recognition, the Bank measures the right-of-use assets at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The Bank presents the right-of-use assets in 'Property and equipment' and subjects it to impairment in line with the Bank's policy on impairment of non-financial assets.

- Lease liabilities
  At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term discounted using the Bank's incremental borrowing rate with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The lease payments include fixed payments, any variable lease payments that depend on an index or a rate, and any amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

  After the commencement date of the lease, the Bank measures the lease liabilities by increasing the carrying amount to reflect interest on the lease liabilities (recorded in 'Interest expense on bills payable and other borrowings'), reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

- Short-term leases and leases of low-value assets
  The Bank applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, and the leases of low-value assets recognition exemption to its leases of office spaces and other equipment that are considered of low value (i.e., below ₱500,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense under 'Occupancy and equipment-related costs' on a straight-line basis over the lease term.

Bank as a lessor
For finance leases where the Bank transfers substantially all the risks and rewards incidental to ownership of the leased item, the Bank recognizes a lease receivable in the statement of financial position at an amount equivalent to the net investment (asset cost) in the lease. The Bank includes all income resulting from the receivable in 'Interest income on loans and receivables' in the statement of income.

The residual value of leased assets, which approximates the amount of guarantee deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the sale of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee when the lessee decides to buy the leased asset.

In operating leases where the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset, the Bank recognizes rental income on a straight-line basis over the lease terms. The Bank adds back the initial direct costs incurred in negotiating and arranging an operating lease to the carrying amount of the leased asset and recognizes them as rental income over the lease term on the same basis. The Bank recognizes contingent rents as revenue in the period in which they are earned.

Income Taxes
Income tax on profit or loss for the year comprises current and deferred taxes. Income tax is determined in accordance with tax laws and is recognized in the statement of income, except to the extent that it relates to items directly recognized in OCI.

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

Deferred tax
Deferred tax is provided, using the balance sheet method, on all temporary differences 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. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused excess MCIT over RCIT and unused NOLCO can be utilized.

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 future taxable income will be available to allow all or part of the deferred tax asset 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 the deferred tax asset to be recovered.

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

Current and deferred taxes relating to items recognized directly in equity are recognized in OCI, and not in the statement of income.

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

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

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

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

3. Significant Accounting Judgments and Estimates

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

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

Judgments

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recognized or disclosed in the statements of financial position cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These judgments may include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

(a) Expected credit losses on financial assets

The Bank reviews its financial assets and commitments at each reporting date to determine the amount of expected credit losses to be recognized in the balance sheet and any changes thereto in the statement of income. In particular, judgements and estimates by management are required in determining the following:

- whether a financial asset has had a significant increase in credit risk since initial recognition;
- whether default has taken place and what comprises a default;
- macro-economic factors that are relevant in measuring a financial asset's probability of default as well as the Bank's forecast of these macro-economic factors;

- probability weights applied over a range of possible outcomes; and
- sufficiency and appropriateness of data used, and relationships assumed in building the components of the Bank's expected credit loss models.

The related allowance for credit losses of financial assets is disclosed in Note 7.

(b) Present value of defined benefit obligation

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

In determining the appropriate discount rate, management considers the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout at reporting date, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases are based on expected future inflation rates for the specific country. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements.

The present value of the retirement liability and fair value of plan assets are disclosed in Note 21.

4. Fair Value Measurement and Fair Value Hierarchy

Fair Value Measurement

As of December 31, 2025, and 2024, except as discussed below, the carrying values of the Bank's financial assets and financial liabilities as reflected in the statements of financial position and related notes approximate their fair values.

Inputs used in estimating fair values of financial instruments carried at cost and categorized under Level 3 include risk-free rates and applicable risk premium.

The methods and assumptions used by the Bank in estimating fair values of financial instruments and non-financial asset for which fair value is disclosed are as follows:

Cash and other cash items, due from BSP, due from other banks, current portion of loans and receivables , refundable deposits, current portion of deposit liabilities, bills payable , deposits for future stock subscription, accrued other expenses, accrued interest payable, accounts payable and dividends payable

Carrying values of these financial instruments approximate their fair values in view of the short-term maturities of these instruments.

Accrued vacation leave credits

Carrying values of the accrued vacation leave credits approximate their fair values since these are recognized at discounted value.

Unquoted equity securities

Unquoted equity investments classified as financial assets at FVOCI are measured at fair value and categorized within Level 3 of the fair value hierarchy, due to the use of significant unobservable inputs. Fair value is determined using acceptable valuation methods such as the adjusted net asset value (NAV) approach.

Non-current portion of loans and receivables , financial assets at amortized cost, refundable deposits
Fair values of non-current portion of unquoted debt securities, financial assets at amortized cost, and refundable deposits were determined using the discounted cash flow method. The fair value of government securities and corporate bonds under financial assets at amortized cost is determined using quoted market prices based on observable market transactions.

Microfinance loans and other loan receivables with maturities of one year or less, the Bank considers that the carrying amount of the loans approximates their fair value due to the short-term nature of the microfinance and other loans.

Investment properties
Fair values of the Bank's investment properties have been determined based on valuations made by independent external appraiser based on the recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made, and comparability of similar properties sold with the property being valued.

The following table summarizes the valuation techniques used and the significant unobservable inputs valuation used by the Bank:

	Valuation Techniques	**Significant Unobservable inputs**
Investment properties – Land	Market data approach	Location, size, shape, utility/neighborhood, improvements and time element
Investment properties – Building	Modified quantity survey approach	Depreciated replacement cost
Non-current portion of unquoted debt securities and financial assets at amortized cost	Discounted cash flow method	Interpolated Philippine zero rates ranging from 4.61% to 6.09% and from 5.92% to 6.98% in 2025 and 2024, respectively
Financial assets at FVOCI	Adjusted net Asset	Book value per share in Bakawan Data Analytics at ₱127.51/share for the year 2025
Non-current portion of refundable deposits	Discounted cash flow method	Incremental borrowing rates ranging from 4.61% to 5.76% and from 6.24% to 6.55% in 2025 and 2024, respectively
Deposit liabilities	Discounted cash flow method	Interest rates ranging from 0.50% to 6.00% and from 0.50% to 6.75% in 2025 and 2024, respectively

Description of the valuation techniques, inputs and assumptions used to value the Bank's investment properties are as follows:

Valuation Techniques	**Description**
Market data approach	A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale
Modified quantity survey approach	A method wherein each building component is priced based on the current cost of materials and labor and indirect costs such as contractor's profits, overhead, taxes, fees and other related expenses are then added in lump sum

Fair Value Hierarchy

The following table summarizes the carrying values and the fair values by level of the fair value hierarchy of the Bank's assets and liabilities that are carried at fair value or for which fair values is disclosed as at December 31, 2025 and 2024:

	2025				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Recurring fair value measurements					
Financial Assets at FVOCI					
Unquoted equity securities	**₱5,663,228**	**₱–**	**₱–**	**₱5,663,228**	**₱5,663,228**
Assets and liabilities for which fair values are disclosed*:					
Financial assets					
Loans and receivables					
SME (Small and medium-sized enterprises) loans	**2,210,144,332**	**–**	**–**	**3,133,929,545**	**3,133,929,545**
Unquoted debt securities	**43,200,072**	**–**	**–**	**48,768,319**	**48,768,319**
Financial assets at amortized cost	**337,729,303**	**375,647,393**	**–**	**–**	**375,647,393**
Other asset - refundable deposits	**18,922,060**	**–**	**–**	**16,512,319**	**16,512,319**
Non-financial assets					
Investment properties	**17,066,029**	**–**	**–**	**17,962,000**	**17,962,000**
Financial liabilities					
Deposit liabilities	**1,045,522,738**	**–**	**–**	**1,339,037,704**	**1,339,037,704**

**Pertains to non-current assets and liabilities*

	2024				
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets and liabilities for which fair values are disclosed*:					
Financial assets					
Loans and receivables					
SME (Small and medium-sized enterprises) loans	₱2,082,511,983	₱–	₱–	₱1,584,639,576	₱1,584,639,576
Unquoted debt securities	67,349,495	–	–	56,056,242	56,056,242
Financial assets at amortized cost	320,655,324	337,121,323	–	–	337,121,323
Investment in equity securities	1,000,000	–	–	1,000,000	1,000,000
Other asset - refundable deposits	20,903,549	–	–	20,903,549	20,903,549
Non-financial assets					
Investment properties	22,294,976	–	–	25,759,200	25,759,200
Financial liabilities					
Deposit liabilities	235,514	–	–	221,784	221,784

**Pertains to non-current assets and liabilities*

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements in 2025 and 2024.

Impact of changes to key assumptions on fair value of level 3 financial instruments measured at fair value

The Bank estimates fair value of the unquoted equity securities using the adjusted net asset value approach. Below shows the sensitivity of the valuation to various changes in assumption.

	2025	2024
Fair value of financial assets at FVOCI	**₱5,663,228**	~~₱~~ –
Alternative scenarios:		
Increase/decrease in book value per share		
+10.00%	**566.323**	–
-10.00%	**(566.323)**	–

5. Financial and Operational Risk Management Policies and Procedures

Financial Risk Management Policies and Procedures

In the course of the business cycle, the Bank has exposure to the following risks from its use of financial instruments: (a) credit risk; (b) market risk; and (c) liquidity risk.

The Bank adheres to the proactive and prudent approach of managing the business that recognizes and manages risks to continuously provide quality financial services to clients and to protect shareholders' value.

Risk management process involves setting of revenue goals, definition of risk philosophy and creating risk culture, determining opportunities that would create risk in the future, identifying and assessing the risk, evaluating and defining risk tolerance, taking actions to mitigate and control the risks through defined roles and responsibilities, close monitoring of the scenarios, reporting of risk taking performance, revalidation of risk methodologies and adjustment of the systems and policies necessary to effectively minimize risk level.

The BOD through the Risk Oversight Committee (ROC) is responsible for the development and oversight of the Bank's risk management program, identification and evaluation of risk exposures, monitoring the Bank's implementation of risk management policies and procedures, and for reviewing and evaluating the adequacy of risk management framework in relation to the risks faced by the Bank. The ROC regularly reports to the BOD the results of reviews of actual implementation of risk management policies. Risk management of the Bank is strengthened in conjunction with Audit Committee (AC) and Compliance Committee (CC). Internal Audit and Compliance Unit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the AC and CC respectively.

Credit Risk

Credit risk is the risk of financial loss to the Bank if the counterparty to a financial instrument fails to meet its contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Management of credit risk

Credit risk is being managed by instilling credit discipline both among the Bank's staff and the borrowers. The Bank's staff performs its basic strategy such as in-depth credit evaluation and approval process, and close monitoring of accounts throughout the borrowing period; hence, on-time service delivery motivates the borrowers to fulfill their financial obligation to the highest standards. Borrowers are well-oriented on the credit repayment design they undertake.

For microfinance loans, loan portfolio is diversified in different economic activities or projects. There is geographical diversification to spread the risk brought about by natural calamities. Proper target, market selection, rigorous character and background investigation, members' or borrowers' education or training on credit discipline in microfinance and validation of utilization of loan proceeds are applied. Intensive monitoring of all units and branches is conducted by the Branch Head (BH), Area Manager (AM), Regional Director (RD), Assistant Vice President (AVP), Vice President (VP), and Executive Vice President (EVP). Staff skills and competencies are regularly updated. Strategies are identified to manage competitors. Development of new client or market-oriented loan or deposit products and enhancement of product design systems and procedures, monitoring of members without loans and motivating qualified members to borrow are regularly done. Stewardship is implemented aligned with its core values to achieve profitability. Financial ratios and evaluation of compliance with BSP standards are regularly monitored.

Furthermore, the Bank has a preventive delinquency management approach through proper and strict credit delivery, monitoring and collection. Close monitoring through conduct of weekly center meetings is being implemented allowing the early determination of early warning signals on each borrower-member. A daily monitoring of the number of defaulted members and intensive follow-up areas are strictly implemented. Various remedial measures are likewise being implemented to allow rehabilitation of defaulted borrowers. Defaulted borrowers which failed to cooperate despite remedial efforts are referred to the Bank's legal counsel for collection or filing of appropriate legal action.

In general, borrowers are also perpetual savers. Consequently, their Pledge Savings accounts are pledged and serve as guarantee to their loans, which increases their borrowing capacity. Each business unit has a Unit Manager who reports on all credit-related matters to the local management consisting of the AM, RD, AVP, VP and EVP.

Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolio. Regular audits and compliance testing of business units and credit processes are undertaken by Internal Auditors and Compliance Officers.

All past due or impaired accounts are reported on a daily, weekly, and monthly basis to the management and to the BOD, respectively. Consistent monitoring for this group of accounts is established by competent and diligent staff to maximize recovery. Incentives have been established and subjected to review and assessment periodically. These are given to staff to recover from the accounts and to fully instill credit discipline to borrowers. Restructuring of loan payments are done after full compliance of approved policies and procedures. Writing-off bad accounts is approved by the BOD and reported to the BSP in compliance with the Manual of Regulations for Banks.

Maximum exposure to credit risk

The tables below provide the analysis of the maximum exposure to credit risk of the Bank's financial instruments, excluding those where the carrying values as reflected in the statements of financial position and related notes already represent the financial instrument's maximum exposure to credit risk, before and after taking into account collateral held or other credit enhancements.

	2025			
	Maximum Exposure to Credit Risk*	**Fair Value of Collateral and Credit Enhancements**	**Financial Effect of Collateral or Credit Enhancements**	**Net Exposure to Credit Risk**
Loans and receivables:				
Microfinance loans	**₱9,312,104,011**	**₱2,212,499,989**	**₱2,053,894,870**	**₱7,258,209,141**
SME loans	**2,636,453,792**	**1,143,523,367**	**1,143,523,367**	**1,492,930,425**
	₱11,948,557,803	**₱3,356,023,356**	**₱3,197,418,237**	**₱8,751,139,566**

**Includes accrued interest receivable and net of unearned discount and allowance for credit losses.*

	2024			
	Maximum Exposure to Credit Risk*	Fair Value of Collateral and Credit Enhancements	Financial Effect of Collateral or Credit Enhancements	Net Exposure to Credit Risk
Loans and receivables:				
Microfinance loans	₱7,703,943,023	₱1,894,956,999	₱1,669,411,043	₱6,034,531,980
SME loans	2,472,709,359	1,024,954,546	1,024,954,546	1,447,754,813
	₱10,176,652,382	₱2,919,911,545	₱2,694,365,589	₱7,482,286,793

**Includes accrued interest receivable and net of unearned discount and allowance for credit losses.*

Credit enhancement for microfinance loans pertains to deposit hold-out from Pledge savings equivalent to 15.00% of the loaned amount of the member as of December 31, 2025 and 2024. For SME loans, collateral includes real estate and chattel mortgages while credit enhancement consists of deposit hold-out equivalent to 5.00% to 10.00% of the loaned amount or the related actual savings account balance in excess of the minimum maintaining balance, whichever is lower.

As of December 31, 2025 and 2024, the Bank has no financial assets with rights to offset in accordance with Amendments to PAS 32, *Financial Instruments - Offsetting Financial Assets and Financial Liabilities.* There are also no financial instruments that are subject to an enforceable master netting arrangements or similar agreements which require disclosure in the financial statements in accordance with PFRS Accounting Standards.

Additionally, the tables below show the distribution of maximum credit exposure by industry sector of the Bank as of December 31, 2025 and 2024:

	2025					
	Due from BSP and Other Banks	**Loans and Receivables**	**Financial assets at Amortized Cost**	**Financial Assets at FVOCI**	**Other Assets***	**Total**
Other community, social, and personal service activities	**₱–**	**₱3,623,344,742**	**₱–**	**₱–**	**₱–**	**₱3,623,344,742**
Restaurant and hotels	**–**	**2,156,256,265**	**–**	**–**	**–**	**2,156,256,265**
Wholesale and retail trade repair of motor vehicles, motorcycles, and personal and household goods	**–**	**2,211,232,600**	**–**	**–**	**–**	**2,211,232,600**
Government	**1,621,346,713**	**47,001,585**	**247,729,303**	**–**	**–**	**1,916,077,601**
Agriculture	**–**	**1,434,475,376**	**–**	**–**	**–**	**1,434,475,376**
Construction	**–**	**921,274,503**	**–**	**–**	**–**	**921,274,503**
Manufacturing	**–**	**746,405,736**	**–**	**–**	**–**	**746,405,736**

(*Forward*)

	2025					
	Due from BSP and Other Banks	**Loans and Receivables**	**Financial assets at Amortized Cost**	**Financial Assets at FVOCI**	**Other Assets***	**Total**
Financial intermediation	**₱175,617,463**	**₱6,262,369**	**₱90,000,000**	**₱5,663,228**	**₱456,952,550**	**₱734,495,610**
Health and social work	**–**	**318,078,620**	**–**	**–**	**–**	**318,078,620**
Real estate, renting and business activities	**–**	**253,944,896**	**–**	**–**	**18,922,060**	**272,866,956**
Education	**–**	**174,117,496**	**–**	**–**	**–**	**174,117,496**
Transport, storage, and communication	**–**	**116,224,536**	**–**	**–**	**–**	**116,224,536**
Water and electricity	**–**	**27,854,638**	**–**	**–**	**–**	**27,854,638**
	1,796,964,176	**12,036,473,362**	**337,729,303**	**5,663,228**	**475,874,610**	**14,652,704,679**
Allowance for credit losses	**–**	**(493,970,291)**	**–**	**–**	**–**	**(493,970,291)**
Unearned interest and discount	**–**	**(23,209,506)**	**–**	**–**	**–**	**(23,209,506)**
Total	**₱1,796,964,176**	**₱11,519,293,565**	**₱337,729,303**	**₱5,663,228**	**₱475,874,610**	**₱14,135,524,882**

**Included financial assets under 'Other assets' (Note 13)*

	2024					
	Due from BSP and Other Banks	Loans and Receivables	Financial assets at Amortized Cost	Financial Assets at FVOCI	Other Assets*	Total
Other community, social, and personal service activities	₱–	₱2,942,265,709	₱–	₱–	₱–	₱2,942,265,709
Restaurant and hotels	–	1,886,644,133	–	–	–	1,886,644,133
Wholesale and retail trade repair of motor vehicles, motorcycles, and personal and household goods	–	1,879,383,668	–	–	–	1,879,383,668
Government	1,303,141,157	6,439,413	300,655,324	–	–	1,610,235,894
Agriculture	–	1,177,509,715	–	–	–	1,177,509,715
Construction	–	860,632,068	–	–	–	860,632,068
Manufacturing	–	779,405,827	–	–	–	779,405,827
Financial intermediation	87,449,538	71,151,008	20,000,000	1,000,000	3,200,000	182,800,546
Health and social work	–	292,750,622	–	–	–	292,750,622
Real estate, renting and business activities	–	161,090,005	–	–	17,703,549	178,793,554
Education	–	148,510,367	–	–	–	148,510,367
Transport, storage, and communication	–	78,814,284	–	–	–	78,814,284
Water and electricity	–	8,782,630	–	–	–	8,782,630
	1,390,590,695	10,293,379,449	320,655,324	1,000,000	20,903,549	12,026,529,017
Allowance for credit losses	–	(450,102,406)	–	–	–	(450,102,406)
Unearned interest and discount	–	(13,623,996)	–	–	–	(13,623,996)
Total	₱1,390,590,695	₱9,829,653,047	₱320,655,324	₱1,000,000	₱20,903,549	₱11,562,802,615

**Included financial assets under 'Other assets' (Note 13)*

Credit quality per class of financial assets

In compliance to Section 143 of the Manual of Regulations for Banks (MORB), the Bank is implementing and continually reviews and calibrates its internal risk rating system for credit exposures aimed at uniformly assessing its credit portfolio in terms of risk profile. Where appropriate, it obtains security and limits the duration of exposures to maintain and even further enhance the quality of the Bank's credit exposures.

The credit quality of financial assets is monitored and managed using internal ratings.

For SME loan exposures, the credit quality is generally monitored using its internal borrower risk rating system. It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates management to focus on major potential risk and the comparison of credit exposures across all lines of business, demographics, and products. The rating system is supported by a variety of financial analytics, combined with assessment of qualitative factors such as management and market information to provide the main inputs for the measurement of credit or counterparty risk. All PD ratings are tailored with various categories and are derived in accordance with the Bank's rating policy. The attributable risk ratings are assessed and updated every time client will avail of loans.

The Bank uses PD Ratings to classify the credit quality of its portfolio. This is currently undergoing an upgrade to enhance credit evaluation parameters across different market segments and achieve a more sound and robust credit risk assessment. The description of the loan grades used by the Bank for SME loan receivables from customers are as follows:

The Bank has five (5) SME loan types, differentiated according to the purpose of loans. All loan types produce a 6-grade scale with each grade having a corresponding probability of default (PD).

High grade (PD rating of 0 to 1)
Accounts in this category have a low probability of defaulting on their obligations over the next 12 months. A comfortable degree of stability and diversity can be found in these borrowers.

Medium grade (PD rating of 2 to 3)
The probability of default (PD) of accounts in this category is slightly higher than high grade borrowers. Accounts whose financial ratios exhibit an amount of buffer though somewhat limited. These accounts can withstand minor economic weaknesses but may suffer if conditions deteriorate in a significant way and therefore, default risk is present under such adverse conditions. Repayment ability is more or less assured if economic and industry conditions remain stable.

Low grade (PD rating of 4 to 5)
Accounts for which default risk are very much present and those that have defaulted already are included in this category.

It is the Bank's policy to dispose repossessed properties in an orderly transaction. The proceeds are used to reduce or repay the outstanding claims. In general, the Bank does not occupy repossessed properties for business use. The Bank has a program of disposal of its investment properties to reduce the nonperforming assets in its books. Investment properties may be disposed through redemption, negotiated sale, or lease purchase.

For microfinance loan and other loan exposures, the credit rating for this type is still being developed, however continuous and extensive monitoring of past-due is being practiced by the management to ensure that past due rate will not exceed the 2.50% minimum threshold. However, PD ratings are already tailored depending on the days past due of Microfinance loan.

Loans and receivables rated as high and standard grades refer to those accounts that do not have greater than normal risk or have potential weaknesses only.

The following tables illustrate the Bank's credit exposures as at December 31, 2025 and 2024:

	2025			
	ECL Staging			
Microfinance Loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Neither past due nor impaired				
High grade	**₱–**	**₱–**	**₱–**	**₱–**
Standard grade	**8,864,943,239**	**–**	**–**	**8,864,943,239**
Past due but not impaired	**–**	**–**	**–**	**–**
Past due and impaired	**–**	**–**	**235,967,962**	**235,967,962**
	₱8,864,943,239	**₱–**	**₱235,967,962**	**₱9,100,911,201**

	2024			
	ECL Staging			
Microfinance Loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱–	₱–	₱–	₱–
Standard grade	7,338,208,927	–	–	7,338,208,927
Past due but not impaired	–	–	–	–
Past due and impaired	–	–	194,946,223	194,946,223
	₱7,338,208,927	₱–	₱194,946,223	₱7,533,155,150

	2025			
	ECL Staging			
SME Loans	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Neither past due nor impaired				
High grade	**₱–**	**₱–**	**₱–**	**₱–**
Standard grade	**2,497,194,102**	**–**	**–**	**2,497,194,102**
Past due but not impaired	**–**	**61,523,915**	**–**	**61,523,915**
Past due and impaired	**–**	**–**	**49,583,668**	**49,583,668**
	₱2,497,194,102	**₱61,523,915**	**₱49,583,668**	**₱2,608,301,685**

	2024			
	ECL Staging			
SME Loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱–	₱–	₱–	₱–
Standard grade	2,336,341,214	–	–	2,336,341,214
Past due but not impaired	–	13,902,683	–	13,902,683
Past due and impaired	–	–	93,608,240	93,608,240
	₱2,336,341,214	₱13,902,683	₱93,608,240	₱2,443,852,137

The tables below show the credit quality per class of financial assets (gross of allowance for credit losses and unearned interest income) as of December 31, 2025 and 2024:

	December 31, 2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Due from BSP (Note 6)	**₱67,229,065**	**₱–**	**₱–**	**₱67,229,065**
Due from other banks (Note 6)	**1,621,346,713**	**–**	**–**	**1,621,346,713**
Loans and receivables (Note 7):				
Loans and discounts:				
Microfinance	**8,864,943,239**	**–**	**235,967,962**	**9,100,911,201**
SME	**2,497,194,102**	**61,523,915**	**49,583,668**	**2,608,301,685**
Unquoted debt securities	**47,001,585**	**–**	**–**	**47,001,585**
Other receivables:				
Accrued interest receivable	**245,607,287**	**–**	**–**	**245,607,287**
Accounts receivable	**24,294,583**	**1,384,478**	**7,189,278**	**32,868,339**
Sales contract receivable	**–**	**–**		**1,783,265**
Financial assets at amortized cost (Note 8)	**337,729,303**	**–**	**–**	**337,729,303**
Other assets (Note 13):				
Application subscriptions and cash bonds	**475,874,610**	**–**	**–**	**475,874,610**
	₱14,356,837,950	**₱62,908,393**	**₱294,524,173**	**₱14,714,270,516**

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Due from BSP (Note 6)	₱1,303,141,157	₱–	₱–	₱1,303,141,157
Due from other banks (Note 6)	87,449,538	–	–	87,449,538
Loans and receivables:				
Loans and discounts:				
Microfinance	7,338,208,927	–	194,946,223	7,533,155,150
SME	2,336,341,214	13,902,683	93,608,240	2,443,852,137
Unquoted debt securities	71,151,008	–	–	71,151,008
Other receivables:				
Accrued interest receivable	206,084,507	–	–	206,084,507
Accounts receivable	26,605,486	5,098,056	5,649,840	37,353,382
Sales contract receivable	–	–	1,783,265	1,783,265
Financial assets at amortized cost (Note 8)	320,655,324	–	–	320,655,324
Other assets (Note 13):				
Application subscriptions and cash bonds	21,903,549	–	–	21,903,549
	₱11,711,540,710	₱19,000,739	₱295,987,568	₱12,026,529,017

Liquidity Risk

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

The Asset-Liability Management Committee is responsible in formulating the Bank's liquidity risk management policies. Liquidity management is among the most important activities conducted within the Bank. The Bank manages its liquidity risk through analyzing net funding requirements under alternative scenarios, diversification of funding sources and contingency planning.

Liquidity risk is managed by the Bank through holding sufficient liquid assets and appropriate assessment to ensure short-term funding requirements are met and by ensuring the high collection performance at all times.

The Finance Unit uses liquidity forecast models that estimate the Bank's cash flow needs based on the Bank's actual contractual obligations and under normal circumstances and extraordinary circumstances.

Analysis of financial assets and financial liabilities by remaining maturities

The table below shows the maturity profile of the Bank's financial assets and financial liabilities based on contractual undiscounted cash flows as of December 31, 2025 and 2024:

	2025				
	On demand and up to 1 month	**More than 1 month to 6 months**	**More than 6 months to 1 year**	**Beyond 1 year**	**Total**
Financial Assets					
Cash and other cash items	**₱67,229,065**	**₱–**	**₱–**	**₱–**	**₱67,229,065**
Due from BSP*	**1,621,723,276**	**–**	**–**	**–**	**1,621,723,276**
Due from other banks	**175,617,463**	**–**	**–**	**–**	**175,617,463**
Loans and receivables:					
Loans and discounts*	**335,255,708**	**5,303,497,570**	**4,776,714,316**	**3,438,744,890**	**13,854,212,484**
Unquoted debt securities*	**1,320,544**	**2,362,938**	**1,682,262**	**43,325,068**	**48,690,812**
Other receivables:					
Accounts receivable	**32,868,339**	**–**	**–**	**–**	**32,868,339**
Sales contract receivable	**–**	**–**	**–**	**1,783,265**	**1,783,265**
Financial assets at amortized cost*	**–**	**100,644,157**	**–**	**236,554,499**	**337,198,656**
Financial assets at FVOCI	**–**	**–**	**–**	**5,663,228**	**5,663,228**

(*Forward*)

	2025				
	On demand and up to 1 month	**More than 1 month to 6 months**	**More than 6 months to 1 year**	**Beyond 1 year**	**Total**
Other assets (Note 13):					
Advances for stock subscription	**₱–**	**₱–**	**₱–**	**₱453,952,550**	**₱453,952,550**
Refundable deposits	**–**	**–**	**1,870,682**	**17,051,378**	**18,922,060**
Application subscriptions and cash bonds	**–**	**–**	**–**	**3,000,000**	**3,000,000**
	2,234,014,395	**5,406,504,665**	**4,780,267,260**	**4,200,074,878**	**16,620,861,198**
Financial Liabilities					
Deposit liabilities:					
Demand	**135,572,168**	**–**	**–**	**–**	**135,572,168**
Savings* / **	**4,249,298,600**	**3,515,415,602**	**1,512,993,716**	**1,952,626,908**	**11,230,334,826**
Bills payable	**186,164,326**	**830,353,503**	**732,779,890**	**328,331,553**	**2,077,629,272**
Accrued expenses and other liabilities:					
Lease liabilities	**9,265,173**	**43,533,769**	**40,917,170**	**140,197,281**	**233,913,393**
Accrual for vacation leave credits	**–**	**–**	**–**	**23,834,116**	**23,834,116**
Accounts payable	**48,786,286**	**–**	**–**	**–**	**48,786,286**
Dividends payable	**427,235**	**–**	**–**	**–**	**427,235**
Accrued other expenses	**–**	**16,273,378**	**–**	**–**	**16,273,378**
	4,629,513,788	**4,405,576,252**	**2,286,690,776**	**2,444,989,858**	**13,766,770,674**
Net undiscounted financial assets (liabilities)	**(₱2,395,499,393)**	**₱1,000,928,413**	**₱2,493,576,484**	**₱1,755,085,020**	**₱2,854,090,524**

** Includes future interest*
*** Based on behavioral expectations*

	2024				
	On demand and up to 1 month	More than 1 month to 6 months	More than 6 months to 1 year	Beyond 1 year	Total
Financial Assets					
Cash and other cash items (Note 6)	₱77,900,386	₱–	₱–	₱–	₱77,900,386
Due from BSP (Note 6)*	1,105,448,725	199,805,180	–	–	1,305,253,905
Due from other Banks (Note 6)	87,449,538	–	–	–	87,449,538
Loans and receivables:					
Loans and discounts*	306,489,487	4,673,461,566	3,673,796,720	3,145,489,159	11,799,236,932
Unquoted debt securities*	434,490	5,574,075	3,539,730	70,105,515	79,653,810
Other receivables:					
Accounts receivable	37,353,382	–	–	–	37,353,382
Sales contract receivable	–	–	–	1,783,265	1,783,265
Financial assets at amortized cost*	–	101,145,139	50,828,016	204,125,896	356,099,051
Other assets (Note 13):					
Advances for stock subscription	–	–	–	1,000,000	1,000,000
Refundable deposits	–	–	–	17,703,549	17,703,549
Application subscriptions and cash bonds	–	–	–	3,200,000	3,200,000
	1,615,076,008	4,979,985,960	3,728,164,466	3,443,407,384	13,766,633,818
Financial Liabilities					
Deposit liabilities:					
Demand	107,566,472	–	–	–	107,566,472
Savings* / **	4,059,991,418	2,243,515,233	717,485,345	316,639,110	7,337,631,106
Bills payable	150,002,044	408,004,172	164,452,226	475,069,915	1,197,528,357
Accrued expenses and other liabilities:					
Lease liabilities	9,574,729	43,845,670	43,345,056	125,917,833	222,683,288
Accrual for vacation leave credits	–	–	–	20,817,280	20,817,280
Accounts payable	67,394,732	–	–	–	67,394,732
Dividends payable	1,351,695	–	–	–	1,351,695
Accrued other expenses	–	17,692,176	–	–	17,692,176
	4,395,881,090	2,713,057,251	925,282,627	938,444,138	8,972,665,106
Net undiscounted financial assets (liabilities)	(₱2,780,805,082)	₱2,266,928,709	₱2,802,881,839	₱2,504,963,246	₱4,793,968,712

** Includes future interest*
*** Based on behavioral expectations*

As of December 31, 2025 and 2024, the Bank had a total of ₱2.20 and ₱1.50 billion credit lines respectively with local banks, out of which, ₱1.97 billion and ₱1.11 billion had been drawn as of December 31, 2025 and 2024, respectively.

Market Risk

Market risk is the risk of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates. The financial instruments of the Bank have fixed interest rates, and therefore are not subject to any interest rate risk.

Interest rate risk

The Bank's nominal interest rate for Microfinance loans earn nominal interest rates ranging from 0.64% to 54.00% with equivalent effective interest rates ranging from 11.95% to 69.41% per annum in 2025 and 2024. For SME loans, interest rate charged to a borrower depends on the credit risk rating classification, the deposit level of the client as a percentage of the loan, and the internal basic interest rate.

As of December 31, 2025 and 2024, repricing debt instrument only comprise 2.00% of total loan, thus the effect of interest repricing on loans is immaterial to the Bank.

The Bank's savings deposit liabilities include compulsory and voluntary savings that earn 0.50% to 2.50% and 0.50% to 3.00% interest per annum in 2025 and 2024. Special savings deposits earn 3.00% to 6.00% and 3.00% to 6.75% interest per annum in 2025 and 2024, respectively. These special savings deposits are concentrated on 10 days to one year maturity.

The Bank pays fixed interest rates on bills payable from 4.85% to 6.00% and from 4.95% to 6.50% in 2025 and 2024, respectively.

In order to manage its interest rate risk, the Bank places its excess funds in high yield investments and other short-term time deposits and treasury notes. It also matches its interest rate and maturity to avoid negative gaps between the sources and applications.

Foreign currency risk

The Bank's principal transactions are carried out in Philippine peso, and its foreign exchange risk arises primarily with respect to U.S. dollars, in which some of its investments are denominated.

The following table shows the details of the Bank's foreign currency-denominated monetary asset deposited in the Bank of the Philippine Island Inc. (BPI) and its Philippine peso equivalent.

	2025		2024	
	U.S. Dollar[1]	**Peso Equivalent**	U.S. Dollar[1]	Peso Equivalent
Cash in bank	**$12,544**	**₱737,435**	$–	~~₱–~~
Total	**$12,544**	**₱737,435**	$–	~~₱–~~

[1]The exchange rate used was ₱58.79 to US$1.00 in 2025.

Sensitivity analysis
The following table demonstrates sensitivity to a reasonably possible change in the Philippine Peso exchange rate, with all other variables held constant, of the Bank's income before income tax (due to changes in the fair value of currency sensitive monetary assets).

	Currency	Increase (decrease) in Philippine Peso rate	Effect on Profit
2025	**USD**	**+0.10**	**₱1,254**
		-0.10	**(1,254)**

Operational Risk Management Policies and Procedures
Operational risk is the probability of risk to capital or earnings, or potential loss arising from fraud, unauthorized activities, errors, omissions, system failures or from external events. This is the broadest risk type encompassing product development and delivery, operational processing, systems development, computing systems, complexity of products and services, and the internal control environment.

Operational risk management is considered a critical element in the Bank's commitment to sound management and corporate governance. Under the Bank's operational risk management framework and operational risk manual, a risk-based approach is used in mapping operational risks along critical/key business processes, addressing any deficiencies/weaknesses through the proactive process of identifying, assessing and limiting impact of risk in every business/operational area.

Bank policies on internal control, information security, and other operational risk aspects have been established. Key risk indicators and risk assessment guidelines have been implemented and disseminated to different sectors of the Bank to provide alerts for operational risk vulnerabilities. The Bank has instituted a risk and control assessment process, as well as an issue escalation procedure to ensure that issues or incidents where lapses in controls occur are captured, evaluated and elevated for correction. The bank has established a business continuity plan to ensure continued bank operations in the face of potential disruptions to operations as well as fraud management framework for the prevention, detection, investigation and recovery strategies to manage fraud, both internal and external.

6. Cash and Cash Equivalents

The composition of this account follows:

	2025	2024
Cash and other cash items	**₱67,229,065**	₱77,900,386
Due from BSP	**1,621,346,713**	1,303,141,157
Due from other banks	**175,617,463**	87,449,538
	₱1,864,193,241	₱1,468,491,081

Cash and other cash items includes cash in vault, in automated teller machines, and in digital cash machines.

Due from BSP
Due from BSP consists of:

	2025	2024
Time deposit facility	**₱800,000,000**	₱350,000,000
Overnight deposit facility	**630,000,000**	82,000,000
Settlement account	**100,831,256**	115,827,889
Securities facility	**49,854,465**	₱571,086,264
Demand deposit	**40,660,992**	42,227,004
Overnight reverse repurchase facility	–	142,000,000
	₱1,621,346,713	₱1,303,141,157

Due from BSP includes the aggregate balance of non-interest-bearing peso savings and demand deposit accounts which the Bank maintains in compliance with the BSP requirements to meet regular and liquidity reserves on deposits. As of December 31, 2025 and 2024, the Bank is compliant with the applicable reserve requirements (Note 14).

Time deposit facility is a key liquidity absorption facility used by the BSP for active liquidity management. Time deposit facilities earn interests ranging from 4.50% to 6.06% and from 6.00% to 6.64% in 2025 and 2024, respectively, with maturities ranging from 7 to 14 days.

Overnight deposit facility is a standing liquidity window that absorbs residual or leftover liquidity from BSP operations. Overnight deposit facilities earn an interest ranging from 4.00% to 5.25% and 5.25% to 6.00% in 2025 and 2024, respectively, with a maturity of one day.

Overnight reverse repurchase facility is a placement made by the Bank to BSP. The reverse purchase facility of the BSP is an overnight facility where BSP acts as a seller of government securities. The securities are offered using a fixed-rate and full-allotment method, where individual bidders are awarded a portion of the total offer depending in their bid size. Overnight reverse repurchase facility earn an interest ranging from 4.95% to 6.00% and 5.70% to 6.55% in 2025 and 2024, respectively, with a maturity of one day.

Securities facility is one of BSP's liquidity mopping tool to manage inflation which is offered only under a 28-day tenor. Securities facility earns interests ranging from 4.95% to 6.35% and from 5.75% to 6.15% in 2025 and 2024, respectively, with a maturity of 28 to 56 days.

Interest income on BSP placements amounted to ₱100.53 million and ₱82.19 million in 2025 and 2024, respectively.

Due from other Banks
Due from other banks consists of:

	2025	2024
Demand deposit	**₱51,207,058**	₱81,517,513
Savings deposit	**24,410,405**	5,932,025
Time deposit	**100,000,000**	–
	₱175,617,463	₱87,449,538

Due from other banks consists of funds deposited in domestic banks which are used as part of the Bank's working capital. Demand and savings deposits bear annual interest rates ranging from 0.05% to 1.00% for the years ended December 31, 2025, and 2024.

Interest income on due from other banks amounted to ₱0.59 million and ₱0.09 million in 2025 and 2024, respectively.

7. Loans and Receivables

This account consists of:

	2025	2024
Loans and discounts:		
Microfinance* (Note 15)	**₱9,100,911,201**	₱7,533,155,150
SME	**2,608,301,685**	2,443,852,137
	11,709,212,886	9,977,007,287
Unquoted debt securities	**47,001,585**	71,151,008
	11,756,214,471	10,048,158,295
Unearned interest income	**(23,209,506)**	(13,623,996)
	11,733,004,965	10,034,534,299
Other receivables:		
Accrued interest receivable	**245,607,287**	206,084,507
Accounts receivable (Note 23)	**32,868,339**	37,353,382
Sales contract receivable	**1,783,265**	1,783,265
	12,013,263,856	10,279,755,453
Less allowance for credit and impairment losses	**493,970,291**	450,102,406
	₱11,519,293,565	₱9,829,653,047

**Include microfinance loans amounting to ₱2.12 billion and ₱1.50 billion used to secure bills payable as of December 31, 2025 and 2024, respectively*

Loans and discounts earn the following interest rates:

	2025	2024
Loans and discounts:		
Microfinance	**12.00% - 51.00%**	12.00% - 51.00%
SME	**5.00% - 47.72%**	2.67% - 43.39%

Unquoted debt securities include Micro, Small and Medium Enterprise Notes and Agrarian Reform Bonds with maturities ranging from one to ten years and interest ranging from 2.75% to 3.95% and from 3.79% to 6.68% in 2025 and 2024, respectively.

The following table shows the interest income per class of loans and receivables:

	2025	2024
Loans and discounts:		
Microfinance	**₱3,897,723,875**	₱3,543,855,120
SME	**245,529,240**	199,651,899
Service fee on loans	**14,682,730**	8,732,922
	₱4,157,935,845	₱3,752,239,941

The following table shows the breakdown of the allowance for credit and impairment losses:

	2025	2024
Loans and discounts plus accrued interest receivable		
Microfinance	**₱399,099,500**	₱343,603,078
SME	**81,242,003**	94,439,846
Accounts receivable	**8,044,010**	6,474,704
Sales contract receivable	**1,783,265**	1,783,265
Unquoted debt securities	**3,801,513**	3,801,513
	₱493,970,291	₱450,102,406

The tables below illustrate the movements of the allowance for credit losses on microfinance loans during the year (effect of movements in ECL due to transfers between stages are shown in the total column):

	2025			
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2025	**₱199,710,015**	**₱–**	**₱143,893,063**	**₱343,603,078**
Movements with P&L impact				
New financial assets originated or purchased	**254,767,841**	**–**	**–**	**254,767,841**
Transfers:				
Transfer from Stage 1 to Stage 3	**(4,307,676)**	**–**	**4,307,676**	**–**
Transfer from Stage 3 to Stage 1	**167,233**	**–**	**(167,233)**	**–**
Changes in PDs/LGDs/EADs	**(41,756,306)**	**–**	**104,601,023**	**62,844,717**
Financial assets derecognized during the period	**(190,959,644)**	**–**	**(8,565,112)**	**(199,524,756)**
Total net P&L charge during the period	**17,911,448**	**–**	**100,176,354**	**118,087,802**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**–**	**(62,591,380)**	**(62,591,380)**
Total movements without P&L impact	**–**	**–**	**(62,591,380)**	**(62,591,380)**
Loss allowance at December 31, 2025	**₱217,621,463**	**₱–**	**₱181,478,037**	**₱399,099,500**

	2024			
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2024	₱142,512,547	₱–	₱116,257,080	₱258,769,627
Movements with P&L impact				
New financial assets originated or purchased	282,183,162	–	–	282,183,162
Transfers:				
Transfer from Stage 1 to Stage 3	(85,690,485)	–	85,690,485	–
Changes in PDs/LGDs/EADs	(1,500,658)	–	28,440,062	26,939,404
Financial assets derecognized during the period	(137,794,551)	–	(9,464,488)	(147,259,039)
Total net P&L charge during the period	57,197,468	–	104,666,059	161,863,527
Other movements without P&L impact				
Write-offs, foreclosures and other movements	–	–	(77,030,076)	(77,030,076)
Total movements without P&L impact	–	–	(77,030,076)	(77,030,076)
Loss allowance at December 31, 2024	₱199,710,015	₱–	₱143,893,063	₱343,603,078

The tables below illustrate the movements of the allowance for credit losses of SME loans during the year (effect of movements in ECL due to transfers between stages are shown in the total column):

	2025			
	ECL Staging			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Loss allowance at January 1, 2025	**₱53,151,641**	**₱356,567**	**₱40,931,638**	**₱94,439,846**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	**(1,693,495)**	**1,693,495**	–	–
Transfer from Stage 1 to Stage 3	**(309,547)**	–	**309,547**	–
Transfer from Stage 2 to Stage 1	**31,942**	**(31,942)**	–	–
Transfer from Stage 2 to Stage 3	–	**(184,708)**	**184,708**	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased	**46,612,843**	**–**	**–**	**46,612,843**
Changes in PDs/LGDs/EADs	**(38,920,127)**	**(375,679)**	**51,717,563**	**12,421,757**
Financial assets derecognized during the period	**(25,372,511)**	**(45,810)**	**(1,465,847)**	**(26,884,168)**
Total net P&L charge during the period	**(19,650,895)**	**1,055,356**	**50,745,971**	**32,150,432**
Other movements without P&L impact				
Write-offs, foreclosures and other movements	**–**	**–**	**(45,348,275)**	**(45,348,275)**
Total movements without P&L impact	**–**	**–**	**(45,348,275)**	**(45,348,275)**
Loss allowance at December 31, 2025	**₱33,500,746**	**₱1,411,923**	**₱46,329,334**	**₱81,242,003**

	2024			
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Loss allowance at January 1, 2024	₱94,890,014	₱863,207	₱58,608,966	₱154,362,187
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(653,628)	653,628	–	–
Transfer from Stage 1 to Stage 3	(3,763,704)	–	3,763,704	–
Transfer from Stage 2 to Stage 1	97,664	(97,664)	–	–
Transfer from Stage 2 to Stage 3	–	(351,379)	351,379	–
Transfer from Stage 3 to Stage 2	–	32,385	(32,385)	–
Transfer from Stage 3 to Stage 1	–	–	–	–
New financial assets originated or purchased	39,161,743	–	–	39,161,743
Changes in PDs/LGDs/EADs	(60,070,260)	(672,595)	(2,999,832)	(63,742,687)
Financial assets derecognized during the period	(16,502,564)	(71,015)	(8,209,779)	(24,783,358)
Total net P&L charge during the period	(41,730,749)	(506,640)	(7,126,913)	(49,364,302)
Other movements without P&L impact				
Write-offs, foreclosures and other movements	(7,624)	–	(10,550,415)	(10,558,039)
Total movements without P&L impact	(7,624)	–	(10,550,415)	(10,558,039)
Loss allowance at December 31, 2024	₱53,151,641	₱356,567	₱40,931,638	₱94,439,846

The movements in microfinance loans (gross of allowance for credit losses) and corresponding accrued interest receivable between stages follow:

	2025			
	ECL Staging			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount and accrued interest receivables as at January 1, 2025	**₱7,508,996,800**	**₱–**	**₱194,946,223**	**₱7,703,943,023**
New financial assets originated or purchased	**9,135,379,912**	**–**	**–**	**9,135,379,912**
Transfers:				**–**
Transfer from Stage 1 to Stage 3	**(171,059,805)**	**–**	**171,059,805**	**–**
Transfer from Stage 3 to Stage 1	**454,852**	**–**	**(454,852)**	**–**
Collections of principal and interest	**(129,046,489)**	**–**	**(27,418,221)**	**(156,464,710)**
Financial assets derecognized during the period	**(7,268,589,222)**	**–**	**(39,573,612)**	**(7,308,162,834)**
Financial assets written-off during the period	**–**	**–**	**(62,591,380)**	**(62,591,380)**
Gross carrying amount and accrued interest receivables as at December 31, 2025	**₱9,076,136,048**	**₱–**	**₱235,967,963**	**₱9,312,104,011**

	2024			
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount and accrued interest receivables as at January 1, 2024	₱6,598,372,093	₱–	₱159,208,813	₱6,757,580,906
New financial assets originated or purchased	7,601,760,012	–	–	7,601,760,012
Transfers:				
Transfer from Stage 1 to Stage 3	(196,404,139)	–	196,404,139	–
Collections of principal and interest	(22,558,421)	–	(49,957,681)	(72,516,102)
Financial assets derecognized during the period	(6,472,172,745)	–	(33,678,972)	(6,505,851,717)
Financial assets written-off during the period	–	–	(77,030,076)	(77,030,076)
Gross carrying amount and accrued interest receivables as at December 31, 2024	₱7,508,996,800	₱–	₱194,946,223	₱7,703,943,023

The movements in SME loans (gross of allowance for credit losses) and corresponding accrued interest receivable between stages follow:

	2025			
	ECL Staging			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Gross carrying amount and accrued interest receivables as at January 1, 2025	**₱2,365,198,434**	**₱13,902,683**	**₱93,608,240**	**₱2,472,709,357**
New financial assets originated or purchased	**1,283,129,966**	**–**	**–**	**1,283,129,966**
Transfers:				
Transfer from Stage 1 to Stage 2	**(75,809,210)**	**75,809,210**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(9,389,449)**	**–**	**9,389,449**	**–**
Transfer from Stage 2 to Stage 1	**1,372,873**	**(1,372,873)**	**–**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(9,372,298)**	**9,372,298**	**–**
Transfer from Stage 3 to Stage 2	**–**	**–**	**–**	**–**
Transfer from Stage 3 to Stage 1	**108,122**	**–**	**(108,122)**	**–**
Collections of principal and interest	**(447,542,139)**	**(47,283,833)**	**(10,461,381)**	**(505,287,353)**
Financial assets derecognized during the period	**(560,110,823)**	**(1,770,539)**	**(6,868,541)**	**(568,749,903)**
Financial assets written-off during the period	**–**	**–**	**(45,348,275)**	**(45,348,275)**
Gross carrying amount and accrued interest receivables as at December 31, 2025	**₱2,556,457,774**	**₱29,912,350**	**₱49,583,668**	**₱2,636,453,792**

	2024			
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Gross carrying amount and accrued interest receivables as at January 1, 2024	₱1,602,092,394	₱22,361,581	₱106,500,515	₱1,730,954,490
New financial assets originated or purchased	1,489,803,327	–	–	1,489,803,327
Transfers:				
Transfer from Stage 1 to Stage 2	(15,867,658)	15,867,658	–	–
Transfer from Stage 1 to Stage 3	(32,093,527)	–	32,093,527	–
Transfer from Stage 2 to Stage 1	3,413,851	(3,413,851)	–	–
Transfer from Stage 2 to Stage 3	–	(9,684,516)	9,684,516	–
Transfer from Stage 3 to Stage 2	–	319,043	(319,043)	–
Transfer from Stage 3 to Stage 1	–	–	–	–
Collections of principal and interest	(352,995,378)	(6,326,878)	(19,586,700)	(378,908,956)
Financial assets derecognized during the period	(329,154,575)	(5,220,354)	(24,206,536)	(358,581,465)
Financial assets written-off during the period	–	–	(10,558,039)	(10,558,039)
Gross carrying amount and accrued interest receivables as at December 31, 2024	₱2,365,198,434	₱13,902,683	₱93,608,240	₱2,472,709,357

While the Bank recognizes in the statements of income the movements in the expected credit losses computed using the models, the Bank also complies with BSP's regulatory requirement to appropriate a portion of its surplus at an amount necessary to bring at least the allowance for credit losses to 1.00% of all outstanding Stage 1 loan accounts. In 2025 and 2024, the amount of surplus reserve for this purpose is nil.

8. Financial Assets at Amortized Cost

This account consists of:

	2025	2024
Investments in:		
Government securities	**₱247,729,303**	₱300,655,324
Private corporate bonds	**90,000,000**	20,000,000
	₱337,729,303	₱320,655,324

This account represents investments in government securities acquired through Land Bank of the Philippines and Bank of the Philippine Islands, bearing coupon rates and effective rates ranging from 2.63% to 6.38% with terms of three (3) to five (5) years and from 2.77% to 6.25% with terms of three (3) to five (5) years in 2025 and 2024, respectively. Additionally, the Bank invested in corporate bonds acquired from SM Prime Holdings and Filinvest, bearing coupon rates ranging from 6.03% to 6.29% with terms ranging from three (3) to five (5) years in 2025 and 6.13% to 6.93% with terms of ten (10) years in 2024. The Bank's purpose for the investment is for compliance with the 20.00% minimum liquidity ratio requirement by the BSP (see Note 18).

Financial assets at amortized cost earned interest income amounting to ₱20.25 million and ₱21.18 million in 2025 and 2024, respectively.

9. Financial Assets at FVOCI

The account consists of:

	2025	2024
Unquoted equity securities	**₱5,663,228**	₱–

Unquoted equity securities represent the Bank's 15.81% ownership interest in Bakawan Data Analytics Inc. in 2025.

The movements in the investment in equity securities are as follows:

	2025	2024
Beginning Balance	**₱–**	₱–
Investments during the year	**3,000,000**	–
Fair value changes during the year	**1,663,228**	–
Reclassification of investment to FVOCI	**1,000,000**	–
Ending balance	**₱5,663,228**	₱–

The movement in the net unrealized gain on financial investment at FVOCI of the Bank as follows:

	2025	2024
Beginning balance	**₱–**	₱–
Market-to-market fair value changes	**1,663,228**	–
Income tax effect	**(415,807)**	–
Ending balance	**₱1,247,421**	₱–

10. Property and Equipment

The composition of and movements in this account follow:

	2025								
	Land	**Building and improvements**	**Leasehold improvements**	**Furniture, fixtures and equipment**	**Transportation equipment**	**Construction in progress**	**ROU assets - Office space**	**ROU assets - Vehicles and IT equipment**	**Total**
Cost									
Balance at beginning of year	**₱46,915,616**	**₱54,464,165**	**₱134,951,402**	**₱170,329,966**	**₱23,629,274**	**₱9,303,624**	**₱317,909,426**	**₱17,027,792**	**₱774,531,265**
Additions	**–**	**–**	**9,153,269**	**20,609,304**	**7,317,041**	**20,928,779**	**98,634,428**	**26,313,484**	**182,956,305**
Disposals/Derecognition	**–**	**–**	**–**	**(14,514,559)**	**(643,667)**	**–**	**(75,463,545)**	**(8,168,707)**	**(98,790,478)**
Reclassifications/lease modifications	**–**	**–**	**27,556,425**	**–**	**–**	**(27,556,425)**	**(13,586,741)**	**(689,606)**	**(14,276,347)**
Balance at end of year	**46,915,616**	**54,464,165**	**171,661,096**	**176,424,711**	**30,302,648**	**2,675,978**	**327,493,568**	**34,482,963**	**844,420,745**
Accumulated depreciation									
Balance at beginning of year	**–**	**48,333,801**	**104,115,256**	**122,798,200**	**13,244,897**	**–**	**137,397,441**	**7,200,497**	**433,090,092**
Depreciation	**–**	**4,054,661**	**11,008,353**	**30,820,775**	**7,509,358**	**–**	**90,613,300**	**11,862,991**	**155,869,438**
Disposals/Derecognition	**–**	**–**	**–**	**(14,309,242)**	**(642,767)**	**–**	**(75,463,545)**	**(8,168,707)**	**(98,584,261)**
Reclassifications/lease modifications	**–**	**–**	**–**	**–**	**–**	**–**	**(6,977,470)**	**(268,180)**	**(7,245,650)**
Balance at end of year	**–**	**52,388,462**	**115,123,609**	**139,309,733**	**20,111,488**	**–**	**145,569,726**	**10,626,601**	**483,129,619**
Net book value	**₱46,915,616**	**₱2,075,703**	**₱56,537,487**	**₱37,114,978**	**₱10,191,160**	**₱2,675,978**	**₱181,923,842**	**₱23,856,362**	**₱361,291,126**

	2024								
	Land	Building and improvements	Leasehold improvements	Furniture, fixtures and equipment	Transportation equipment	Construction in progress	ROU assets - Office space	ROU assets - Vehicles and IT equipment	Total
Cost									
Balance at beginning of year	₱46,915,616	₱54,464,165	₱114,679,380	₱142,643,394	₱18,484,808	₱8,668,192	₱287,644,828	₱8,870,313	₱682,370,696
Additions	–	–	20,272,022	28,431,834	5,357,566	14,382,970	133,137,581	16,033,110	217,615,083
Disposals/Derecognition	–	–	–	(745,262)	(213,100)	–	(102,872,983)	(7,875,631)	(111,706,976)
Transfers	–	–	–	–	–	(13,747,538)	–	–	(13,747,538)
Balance at end of year	46,915,616	54,464,165	134,951,402	170,329,966	23,629,274	9,303,624	317,909,426	17,027,792	774,531,265
Accumulated depreciation									
Balance at beginning of year	–	43,449,154	91,222,947	101,839,374	9,809,873	–	149,297,455	5,428,057	401,046,860
Depreciation	–	4,884,647	12,892,309	21,702,888	3,558,632	–	89,202,935	9,648,071	141,889,482
Disposals/Derecognition	–	–	–	(744,062)	(123,608)	–	(101,102,949)	(7,875,631)	(109,846,250)
Balance at end of year	–	48,333,801	104,115,256	122,798,200	13,244,897	–	137,397,441	7,200,497	433,090,092
Net book value	₱46,915,616	₱6,130,364	₱30,836,146	₱47,531,766	₱10,384,377	₱9,303,624	₱180,511,985	₱9,827,295	₱341,441,173

Depreciation and amortization charged to the statements of income is presented under 'Depreciation and amortization' which consists of:

	2025	2024
Property and equipment	**₱155,869,438**	₱141,889,482
Investment properties (Note 11)	**479,147**	199,644
Intangible assets (Note 12)	**409,366**	73,160
	₱156,757,951	₱142,162,286

Construction in progress represents the cost of materials, labor, and other capitalizable expenditures incurred in connection with leasehold improvements of bank premises under establishment or renovation. Ongoing constructions during 2024 were completed in 2025.

No gain or loss were recognized for the disposal of property and equipment in 2025 and 2024. Any gains or loss were included in the Net gain (loss) on sale of fixed assets and investment properties.

There are no restrictions on the titles of the Bank's property and equipment and the Bank does not have any contractual commitments for the acquisition of property and equipment as of December 31, 2025 and 2024.

11. Investment Properties

The composition of and movements in this account follow:

	2025				
	Land	**Building**	**Asset Held by SPV**	**Transportation Vehicle**	**Total**
Cost					
Balance at beginning of year	**₱15,578,526**	**₱5,022,468**	**₱376,625**	**₱1,748,001**	**₱22,725,620**
Additions	**2,064,781**	**–**	**–**	**366,392**	**2,431,173**
Disposals	**(5,066,580)**	**–**	**–**	**(2,114,393)**	**(7,180,973)**
Balance at end of year	**12,576,727**	**5,022,468**	**376,625**	**–**	**17,975,820**
Accumulated depreciation					
Balance at beginning of year	**–**	**430,644**	**–**	**–**	**430,644**
Depreciation	**–**	**479,147**	**–**	**–**	**479,147**
Balance at end of year	**–**	**909,791**	**–**	**–**	**909,791**
Net book value	**₱12,576,727**	**₱4,112,677**	**₱376,625**	**₱–**	**₱17,066,029**

	2024				
	Land	Building	Asset Held by SPV	Transportation Vehicle	Total
Cost					
Balance at beginning of year	₱3,102,941	₱231,001	₱376,625	₱2,558,070	₱6,268,637
Additions	13,316,500	4,791,467	–	2,838,620	20,946,587
Disposals	(840,915)	–	–	(3,648,689)	(4,489,604)
Balance at end of year	15,578,526	5,022,468	376,625	1,748,001	22,725,620
Accumulated depreciation	–	430,644	–	–	430,644
Net book value	₱15,578,526	₱4,591,824	₱376,625	₱1,748,001	₱22,294,976

Direct operating expenses on investment properties amounting to ₱1.08 million and ₱0.40 million in 2025 and 2024 are included under 'Taxes and licenses". In 2025 and 2024, all of the Bank's investment properties are non-revenue-generating. The fair values of investment properties are disclosed in Note 4.

The Bank received ₱9.70 million and ₱3.01 million in 2025 and 2024, respectively, for the sale of investment properties which resulted in a gain of ₱2.55 million and loss of ₱1.48 million in 2025 and 2024, respectively. It is included under other income – net gain (loss) on sale of fixed and investment properties.

Assets held by a Special Purpose Vehicle
Assets held by a Special Purpose Vehicle (SPV) represent foreclosed properties (land) which have been specifically identified for sale under a sale and purchase agreement (SPA) with an SPV.

Under RA No. 9182, *The Special Purpose Vehicle Act of 2002*, the sale of assets to the SPV under the SPA is a true sale, as approved by the BSP. However, under PFRSs, the assets sold remain to be recognized by the Bank since the risks and rewards of ownership over the assets are not yet transferred to the SPV.

Major provisions of the SPA follow:

- The proceeds of the sale shall be paid by the buyer to the Bank and the payment shall not be subject to any interest;
- The buyer covenants and undertakes that any and all proceeds from any subsequent sale, disposition or settlement of any asset shall be earmarked for the payment of the purchase price; and
- If on the due date, the amount of the net proceeds is less than the purchase price, the difference between the net proceeds and purchase price shall be applied against the unpaid balance.

12. Intangible Assets

The composition of and movements in this account follow:

	2025	2024
Cost		
Balance at beginning of year	**₱18,403,252**	₱37,704,869
Additions	**455,400**	–
Disposal	**–**	(19,301,617)
Balance at end of year	**18,858,652**	18,403,252
Accumulated amortization		
Balance at beginning of year	**18,373,231**	35,188,985
Amortization (Note 10)	**409,366**	73,160
Disposal	**–**	(16,888,914)
Balance at end of year	**18,782,597**	18,373,231
Net book value	**₱76,055**	₱30,021

The account consists of software costs such as Microsoft license and system customization.

A loss of nil and ₱2.41 million from the disposal of intangible assets has been recorded as an Information Technology expense in year 2025 and 2024, respectively.

13. Other Assets

This account consists of

	2025	2024
Financial assets		
Advances for stock subscription	**₱453,952,550**	₱1,000,000
Refundable deposits	**18,922,060**	17,703,549
Application subscriptions and cash bonds	**3,000,000**	3,200,000
	₱475,874,610	₱21,903,549
Non-financial assets		
Prepaid expenses (Note 23)	**15,455,009**	33,755,055
Stationaries and supplies	**24,885,795**	25,014,292
Cash bonds	**150,000**	150,000
Creditable withholding tax	**202,440**	–
	40,693,244	58,919,347
	₱516,567,854	₱80,822,896

Advances for stock subscription pertains to additional investments in CARD Bank Inc and Bakawan Data Analytics.

Application subscriptions are membership fees to the Philippine Clearing House Corporation and Bayad Center, while cash bonds are with Bancnet for its ATM operations.

Prepaid expenses include vehicle insurance, and the annual fee paid for Temenos and FDS solutions.

14. Deposit Liabilities

The Bank's deposit liabilities follow:

	2025	2024
Savings deposit (Note 23)		
Regular savings	**₱1,911,338,416**	₱1,737,475,252
Special savings	**2,342,501,636**	1,647,704,857
Basic deposit account	**4,105,776,954**	3,791,886,469
Demand deposit	**135,572,168**	107,566,472
	₱8,495,189,174	₱7,284,633,050

Regular savings deposit liabilities include the aggregate pledge savings of ₱50.00 per week collected from each microfinance member in 2025 and 2024. Under an assignment agreement, the pledge savings earn annual interest of 2.00% in 2025 and 2024. Pledge savings equivalent to 15.00% of the principal loan amount serves as guarantee fund of outstanding receivables from members (Note 7).

Basic deposit liabilities refer to an interest- or non-interest-bearing account designed to promote financial inclusion. This account will enable clients, especially the unserved and underserved, to receive and make payments and have a facility for a store of value. It has basic functionalities that characterize ease, accessibility, convenience, and reasonable cost for both banks and customers. A Pledge Savings Account with a maximum monthly average daily balance not exceeding ₱50,000.00 computed every week shall be classified as a basic deposit account.

Demand deposit liabilities are non-interest-earning deposit account.

Savings deposits include regular and special savings deposits. Regular savings deposits earn annual interest ranging from 0.50% to 2.50% in 2025 and 2024. Special savings deposits earn interest ranging from 3.00% to 6.00% and from 3.00% to 6.75% in 2025 and 2024, respectively.

Details of interest expense on deposit liabilities follow:

	2025	2024
Regular savings	**₱133,512,974**	₱103,659,663
Special savings	**87,077,947**	70,865,782
	₱220,590,921	₱174,525,445

BSP requires 0.00% and 1.00% reserve requirement for thrift banks for 2025 and 2024, respectively. Effective March 28, 2025, the BSP's reserve requirement for thrift banks was reduced from 1.00% to 0.00%. Available reserves as of December 31, 2025, and 2024 amounted to nil and ₱158.05 million, respectively (Note 6). As of December 31, 2025, and 2024, the Bank is compliant with the applicable reserve requirements.

15. Bills Payable

The composition of and movements in this account follow:

	2025	2024
Face value		
Balance at beginning of year	**₱1,112,500,000**	₱700,000,000
Availments	**1,725,000,000**	1,400,000,000
Principal payments	**(843,188,776)**	(987,500,000)
Balance at end of year	**1,994,311,224**	1,112,500,000
Unamortized transaction cost		
Balance at beginning of year	**6,212,224**	4,059,247
Availments	**20,431,409**	9,163,822
Amortization	**(6,587,409)**	(7,010,845)
Balance at end of year	**20,056,224**	6,212,224
Carrying value	**₱1,974,255,000**	₱1,106,287,776

Local Banks

These are promissory notes from various local banks with terms of one month to five years obtained for working capital requirement of the Bank with annual interest rates ranging from 4.85% to 6.00% and 4.95% to 6.50% in years 2025 and 2024, respectively.

Receivables from borrowers, particularly microfinance loans amounting to ₱2.12 billion and ₱1.50 billion, secure the above borrowings as at December 31, 2025 and 2024, respectively.

Interest expense on bills payable in 2025 and 2024 amounted to ₱57.63 million and ₱42.67 million, respectively. Amortization of unamortized transaction costs amounted to ₱6.59 million and ₱7.01 million in 2025 and 2024, respectively.

16. Accrued Expenses and Other Liabilities

Accrued Expenses
Accrued expenses include:

	2025	2024
Financial liabilities		
Accrued interest payable	**₱33,351,842**	₱37,433,034
Accrued other expenses	**16,273,378**	17,692,176
	49,625,220	55,125,210
Non-financial liabilities		
Accrual for vacation leave credits	**23,834,116**	20,817,280
	₱73,459,336	₱75,942,490

Accrued other expenses include employee benefits, professional service engagements, and semi-annual assessment of Philippine Deposit Insurance Corporation pursuant to Regulatory Issuance No. 2017-01.

Other Liabilities
Other liabilities include:

	2025	2024
Financial liabilities		
Lease liabilities (Note 24)	**₱210,648,982**	₱193,428,410
Deposits for future stock subscription	**99,033,900**	–
Accounts payable (Note 23)	**48,786,286**	67,394,732
Dividends payable	**427,235**	1,351,695
	358,896,403	262,174,837
Non-financial liabilities		
Gross receipts tax	**61,078,169**	53,604,016
Withholding taxes	**17,526,161**	14,709,175
Others	**13,755,197**	11,595,582
	92,359,527	79,908,773
	₱451,255,930	₱342,083,610

Deposits for future stock subscription
The Bank's application was submitted to the BSP on November 21, 2025 and still waiting for approval as of December 31, 2025. The BSP approved the increase and the Bank received the approval letter on March 10, 2026. The application for increase in capital stock was submitted to the SEC on March 13, 2026.

Other liabilities pertain to obligations arising from statutory payments on employee benefits which include Social Security System, Home Development Mutual Fund and Philippine Health Insurance Corporation.

17. Maturity Analysis of Assets and Liabilities

The following table shows an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond from reporting date:

	2025			2024		
	Less than Twelve Months	**Over Twelve Months**	**Total**	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	**₱67,229,065**	**₱–**	**₱67,229,065**	₱77,900,386	₱–	₱77,900,386
Due from BSP	**1,621,346,713**	**–**	**1,621,346,713**	1,303,141,157	–	1,303,141,157
Due from other banks	**175,617,463**	**–**	**175,617,463**	87,449,538	–	87,449,538
Loans and receivables - gross	**9,564,882,044**	**2,471,591,318**	**12,036,473,362**	7,838,803,448	2,454,576,001	10,293,379,449
Financial assets at amortized cost	**148,360,210**	**189,369,093**	**337,729,303**	150,011,167	170,644,157	320,655,324
Financial assets at FVOCI	**–**	**5,663,228**	**5,663,228**	–	1,000,000	1,000,000
Other assets – advance subscription	**–**	**3,000,000**	**3,000,000**	–	–	–
Other assets – advances for stock subscription	**–**	**453,952,550**	**453,952,550**	–	3,000,000	3,000,000
Other assets - refundable deposits	**1,949,307**	**16,972,753**	**18,922,060**	–	17,703,549	17,703,549
	11,579,384,802	**3,140,548,942**	**14,719,933,744**	9,457,305,696	2,646,923,707	12,104,229,403
Non-financial Assets						
Property and equipment - gross	**–**	**844,420,747**	**844,420,747**	–	774,531,265	774,531,265
Investment properties - gross	**–**	**17,975,820**	**17,975,820**	–	22,725,620	22,725,620
Intangible assets - gross	**–**	**18,858,652**	**18,858,652**	–	18,403,252	18,403,252
Retirement asset	**–**	**35,668,971**	**35,668,971**	–	64,649,732	64,649,732
Deferred tax asset	**–**	**120,215,674**	**120,215,674**	–	102,579,792	102,579,792
Other assets	**40,543,242**	**150,000**	**40,693,242**	58,769,347	350,000	59,119,347
	40,543,242	**1,037,289,864**	**1,077,833,106**	58,769,347	983,239,661	1,042,009,008
	₱11,619,928,044	**₱4,177,838,806**	**15,797,766,850**	₱9,516,075,043	₱3,630,163,368	13,146,238,411
Less: Allowance for credit and impairment losses			**493,970,291**			450,102,406
Accumulated depreciation and amortization			**502,822,007**			451,893,967
Unearned interest			**23,209,506**			13,623,996
			₱14,777,765,046			₱12,230,618,042
Financial Liabilities						
Deposit liabilities						
Demand	**₱135,572,168**	**₱–**	**₱135,572,168**	₱107,566,472	₱–	₱107,566,472
Savings	**7,303,033,274**	**1,056,583,732**	**8,359,617,006**	6,660,339,658	516,726,920	7,177,066,578
Bills payable	**1,674,836,958**	**299,418,042**	**1,974,255,000**	706,234,626	400,053,150	1,106,287,776
Accrued expenses and other liabilities						
Lease liabilities	**81,245,178**	**129,403,804**	**210,648,982**	81,016,302	112,412,108	193,428,410
Deposit for stock subscription	**99,033,900**	**–**	**99,033,900**	–	–	–
Accounts payable	**48,786,286**	**–**	**48,786,286**	67,394,732	–	67,394,732
Accrued interest payable	**33,351,842**	**–**	**33,351,842**	37,433,034	–	37,433,034
Accrued vacation leave credits	**–**	**23,834,116**	**23,834,116**	–	20,817,280	20,817,280
Accrued expenses	**16,273,378**	**–**	**16,273,378**	17,692,176	–	17,692,176
Dividends payable	**427,235**	**–**	**427,235**	1,351,695	–	1,351,695
	9,392,560,219	**1,509,239,694**	**10,901,799,913**	7,679,028,695	1,050,009,458	8,729,038,153
Non-financial Liabilities						
Income tax payable	**171,586,333**	**–**	**171,586,333**	211,850,863	–	211,850,863
Other liabilities						
Accrued taxes	**78,604,330**	**–**	**78,604,330**	68,313,191	–	68,313,191
Others	**13,755,197**	**–**	**13,755,197**	11,595,582	–	11,595,582
	263,945,860	**–**	**263,945,860**	291,759,636	–	291,759,636
	₱9,656,506,079	**₱1,509,239,694**	**₱11,165,745,773**	₱7,970,788,331	₱1,050,009,458	₱9,020,797,789

18. **Equity**

Capital Stock

As of December 31, 2025, and 2024, the Bank's capital stock consists of:

	2025		2024	
	Shares	**Amount**	Shares	Amount
Par value – ₱100.00 per share				
Authorized	**20,000,000**	**₱2,000,000,000**	20,000,000	₱2,000,000,000
Issued and outstanding				
Beginning balance	**19,274,782**	**₱1,927,478,200**	14,955,010	₱1,495,501,000
Issuance of capital stock from settlement of subscriptions receivable	**717,296**	**71,729,600**	2,519,819	251,981,900
Issuance of capital stock from increase in capitalization	**–**	**–**	–	–
Issuance of stock dividends	–	–	1,799,953	179,995,300
	19,992,078	**₱1,999,207,800**	19,274,782	₱1,927,478,200

Dividends

Dividends declared by the Bank in 2025 and 2024 are the following:

Date of declaration	Type of Dividends	Per share	Total amount	Record date
November 8, 2025	Cash dividends	₱1.50	₱30.00 million	November 14, 2025
May 10, 2025	Cash dividends	30.00	600.00 million	May 13, 2025
November 9, 2024	Cash dividends	12.00	180.00 million	November 19, 2024
August 10, 2024	Stock dividends	12.00	180.00 million	August 15, 2024
April 13, 2024	Cash dividends	20.00	300.00 million	May 2, 2024

Capital Management

The Bank's capital management aims to ensure that it complies with regulatory capital requirements, and it maintains strong credit ratings and healthy capital ratios in order to support and sustain its business growth towards maximizing the shareholders' value.

The Bank manages its capital structure and appropriately effect adjustment according to the changes in economic conditions and the risk level it recognizes at every point of time in the course of its business operations. In order to maintain or adjust for good capital structure, the Bank carefully measures the amount of dividend payment to shareholders, call payment due from the capital subscribers or issue capital securities as necessary. No changes were made in the objectives, policies, and processes from the previous years.

Regulatory Qualifying Capital

Under the existing BSP regulations, the determination of the Bank's compliance with the regulatory requirements and ratios is based on the amount of the Bank's unimpaired capital (regulatory net worth) reported to the BSP, determined on the basis of regulatory accounting policies which differ from PFRSs in some respects. The amount of surplus funds available for dividend declaration is determined also on the basis of regulatory net worth after considering certain adjustments.

Under current Banking regulations, the combined capital accounts of each Bank should not be less than an amount equal to ten percent (10.00%) of its risk assets. Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits,

loans or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the Monetary Board of the BSP.

The CAR of the Bank as of December 31, 2025 and 2024, as reported to the BSP, is shown in the table below:

	2025	2024
Common Equity Tier 1 (CET1)	**₱3,532,109,349**	₱3,116,030,315
Tier 1	**3,532,109,349**	3,116,030,315
Tier 2	**106,284,195**	90,833,171
Total qualifying capital	**3,638,393,544**	3,206,863,486
Risk-weighted assets	**₱15,230,269,284**	₱12,880,337,464
CET1	**23.16%**	24.19%
Tier 1 capital ratio	**23.16%**	24.19%
Tier 2 capital ratio	**0.70%**	0.71%
CAR	**23.85%**	24.90%

As of December 31, 2025 and 2024, the Bank's CAR and capital are in compliance with the regulatory capital requirements.

As of December 31, 2025 and 2024, the Bank's minimum liquidity ratio is 33.75% and 32.41%, respectively. The Bank is compliant with the applicable BSP requirement.

The Bank has no contingencies and commitments arising from off-balance sheet items as of December 31, 2025 and 2024.

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios adopted by the BSP in supervising the Bank.

19. Miscellaneous Income

This account consists of:

	2025	2024
Fees from remittances	**₱129,977,976**	₱105,065,501
Recoveries from written-off accounts	**20,044,356**	29,442,706
Loan-related fees and other charges	**11,009,433**	8,997,458
Deposit-related fees and other charges	**3,744,591**	3,255,563
Overages	**572,027**	160,429
Others	**8,267,573**	9,124,483
	₱173,615,956	₱156,046,140

Others include appraisal and processing fees, gain from disposal of fixed assets, investment properties and supplies, income from ATM replacement and rental income.

20. Miscellaneous Expenses

This account consists of:

	2025	2024
Insurance	**₱23,144,000**	₱18,377,100
Honorarium and director's fees	**13,499,343**	12,395,406
Advertising and publicity	**12,033,925**	6,887,479
Donations and charitable institutions	**10,000,000**	14,538,500
Periodicals and magazines	**4,003,890**	3,264,852
Health and medical expenses	**3,396,565**	2,641,022
Supervision and examination fee	**3,260,846**	2,656,057
Fines, penalties, and other charges	**2,304,419**	28,000
Community development	**1,412,263**	657,566
Write-off collection expense	**999,546**	1,927,763
Membership fees and dues	**567,641**	1,489,742
Waived client penalties	**301,858**	2,257,389
Litigation expense	**115,799**	1,254,173
Others	**8,243,943**	8,787,411
	₱83,284,038	₱77,162,460

Others include expenses related to overtime meals, scholarship allowance, visitor accommodation expenses and subdivision dues.

21. Retirement Benefits

The Bank, CARD MRI Development Institute, Inc., CARD Mutual Benefit Association, Inc., CARD Bank, Inc., CARD MRI Insurance Agency, Inc., CARD Business Development Service Foundation, Inc., CARD MRI Information Technology, Inc., CARD Employees Multi-Purpose Cooperative, BotiCARD, Inc., CARD Leasing and Finance Corporation, CARD MRI Rizal Bank, Inc., CARD, Inc., FDS Asya Philippines, Inc., CARD MRI Property Management, Inc. CARD MRI Hijos Tours, Inc., CARD MRI Publishing House, Inc., CARD MRI Astro Laboratories Inc. and Mga Likha ni Inay, Inc., maintain a funded and formal noncontributory defined benefit retirement plan - the CARD MRI Multi-Employer Retirement Plan (MERP) - covering all of their regular employees and CARD Group Employees' Retirement Plan (Hybrid Plan) applicable to employees hired on or after July 1, 2017. MERP is valued using the projected unit cost method and is financed solely by the Bank and its related parties.

MERP and Hybrid Plan comply with the requirements of RA No. 7641 (Retirement Law). MERP provides lump sum benefits equivalent to up to 120.00% of final salary for every year of credited service, a fraction of at least six months being considered as one whole year, upon retirement, death, total and permanent disability, or voluntary separation after completion of at least one year of service with the participating companies.

Hybrid Plan provides a retirement benefit equal to 100.00% of the member's employer accumulated value (the Bank's contributions of 8.00% plan salary to Fund A plus credited earnings) and 100.00% of the Member's Employee accumulated value (member's own contributions up to 10.00% of plan salary to Fund B plus credited earnings), if any. Provided that in no case shall 100.00% of the Employee Accumulated Value in Fund A be less than 100.00% of plan salary for every year of credited service. Total retirement expense in 2025 and 2024 related to Hybrid Plan amounted to ₱16.43 million and ₱16.43 million, respectively. The latest actuarial valuation report covers reporting period as of December 31, 2025.

Changes in retirement asset are as follows:

	2025													
		Net benefit cost recognized in the statement of income					Remeasurements in other comprehensive income (loss)							
	January 1	Current service cost	Net interest	Net pension expense*	Benefits paid	Transfer from plan assets	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in experience	Changes in the effect of limiting net defined benefit asset to the asset ceiling	Subtotal	Contribution by employer	December 31
Fair value of plan assets	₱387,344,525	₱–	₱24,100,954	₱24,100,954	(₱6,802,814)	₱433,114	(₱6,284,202)	₱–	₱–	₱–	₱–	(₱6,284,202)	₱23,173,396	₱421,964,973
Present value of defined benefit obligation	(314,996,780)	(25,586,267)	(19,183,304)	(44,769,571)	6,802,814	(433,114)	–	3,109,201	13,057,000	(46,314,777)	–	(30,148,576)	–	(383,545,227)
Effect of asset ceiling	(7,698,013)	–	(468,809)	(468,809)	–	–	–	–	–	–	5,416,047	5,416,047	–	(2,750,775)
Net defined benefit asset	₱64,649,732	(₱25,586,267)	₱4,448,841	(₱21,137,426)	₱–	₱–	(₱6,284,202)	₱3,109,201	₱13,057,000	(₱46,314,777)	₱5,416,047	(₱31,016,731)	₱23,173,396	₱35,668,971

** Included in Compensation and fringe benefits' in the statements of income.*

	2024													
		Net benefit cost recognized in the statement of income					Remeasurements in other comprehensive income (loss)							
	January 1	Current service cost	Net interest	Net pension expense*	Benefits paid	Transfer from plan assets	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from changes in experience	Changes in the effect of limiting net defined benefit asset to the asset ceiling	Subtotal	Contribution by employer	December 31
Fair value of plan assets	₱364,097,480	₱–	₱ 22,491,497	₱22,491,497	(₱13,153,894))	₱881,941	(₱6,065,720)	₱–	₱–	₱–	₱–	(₱6,065,720)	₱ 19,093,221	₱387,344,525
Present value of defined benefit obligation	(271,181,751)	(21,533,588)	(16,596,323)	(38,129,911)	13,153,894	(881,941)	–	2,313,118	(999,161)	(19,271,028)	–	(17,957,071)	–	(314,996,780)
Effect of asset ceiling	(12,948,004)	–	(792,418)	(792,418)	–	–	–	–	–	–	6,042,409	6,042,409	–	(7,698,013)
Net defined benefit asset	₱79,967,725	(₱21,533,588)	₱5,102,756	(₱16,430,832)	₱–	₱–	(₱6,065,720)	₱ 2,313,118	(₱999,161)	(₱19,271,028)	₱6,042,409	(₱17,980,382)	₱19,093,221	₱64,649,732

** Included in Compensation and fringe benefits' in the statements of income.*

Transfer from (to) plan assets represent transfer of obligation and plan assets to the respective CARD-MRI entity as a result of movements in employees among the CARD-MRI entities.

The maximum economic benefit of plan assets available is a combination of expected refunds from the plan and a reduction in future contributions. The fair values of plan assets by each class as at the end of the reporting period follows:

	2025	2024
Cash and cash equivalents	**₱64,434,051**	₱46,326,405
Receivables	**169,081,365**	91,064,698
Investments		
Government securities	**171,064,600**	230,237,586
Private bonds	**12,827,735**	15,455,047
Others	**4,557,222**	4,260,789
Fair value of plan assets	**₱421,964,973**	₱387,344,525

All plan assets do not have quoted prices in an active market except for government securities. Cash and cash equivalents are deposited in reputable financial institutions and related parties and are deemed to be standard grade. Accrued interest receivables pertain to accruals of interest from time deposits and debt securities.

The plan assets have diverse investments and do not have any concentration risk other than those in government securities which are of low risk.

The overall investment policy and strategy of the Bank's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans.

The cost of defined retirement plan as well as the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for the defined benefit plans are shown below:

	2025	2024
Discount rates		
January 1	**6.09%**	6.12%
December 31	**6.42%**	6.09%
Future salary increases		
January 1	**5.00%**	5.00%
December 31	**5.00%**	5.00%

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

	2025		2024	
	+100bps	**−100bps**	+100bps	−100bps
Discount rates	**(₱35,698,673)**	**₱41,786,681**	(₱30,815,202)	₱36,334,109
Salary rates	**41,966,004**	**(36,465,897)**	36,367,596	(31,385,182)

As of December 31, 2025 and 2024, the average duration of the defined benefit obligation is 10.10 years and 10.70 years, respectively.

The Bank plans to contribute ₱26.70 million to the defined benefit retirement plan in 2026.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2025	2024
Less than one year	**₱31,823,260**	₱24,573,987
More than 1 year to 5 years	**132,525,759**	109,953,673
More than 5 years to 10 years	**233,717,915**	154,363,342
More than 10 years to 15 years	**332,571,062**	265,940,644
More than 15 years to 20 years	**381,440,817**	332,312,590
More than 20 years to 25 years	**373,336,810**	334,289,269
More than 25 years	**514,221,188**	480,208,581

22. Income Taxes

Under Philippine tax laws, the Bank is subject to percentage and other taxes as well as income taxes. Percentage and other taxes paid consist principally of GRT and documentary stamp taxes presented as 'Taxes and licenses' in the statement of income.

Income taxes include final income tax which is paid at the rate of 20.00%. This is generally withheld on gross interest income from government securities and other deposit substitutes.

Tax regulations provide that RCIT rate shall be 25.00% in 2025 and 2024 and MCIT rate of 2.00 in 2025 and 2024, respectively. It further states that nondeductible interest expense shall likewise be reduced to 20.00% of interest income subjected to final tax in 2025 and 2024, respectively.

The excess of the MCIT over the RCIT can be carried over and applied against the RCIT liability for the next three years.

CREATE Act provides that the MCIT and net operating loss carryover (NOLCO) may be applied against the Bank's income tax liability and taxable income, respectively, over a three-year period from the year of inception. However, on September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover as One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Tax regulations also provide for the ceiling on the amount of entertainment, amusement and representation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Bank is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. EAR expenses of the Bank amounted to ₱2.43 million and ₱4.17 million in 2025 and 2024, respectively.

Provision for (benefit from) income tax consists of:

	2025	2024
RCIT	**₱314,114,555**	₱318,697,762
Final tax	**24,254,664**	20,285,142
	338,369,219	338,982,904
Deferred	**(10,297,506)**	(6,321,615)
	₱328,071,713	₱332,661,289

Deferred tax recognized in other comprehensive income amounted to ₱7.33 million and ₱4.50 million expense for the years ended December 31, 2025 and 2024, respectively.

Components of deferred tax assets - net are as follows:

	2025	2024
Deferred tax assets on:		
Allowance for credit and impairment losses	**₱123,492,573**	₱112,525,602
Accrued vacation leave credits	**5,958,529**	5,204,320
Unamortized past service cost	**97,622**	1,012,304
	129,548,724	118,742,226
Deferred tax liabilities on:		
Retirement asset	**8,917,243**	16,162,434
Unrealized Gain on FVOCI	**415,807**	–
	9,333,050	16,162,434
	₱120,215,674	₱102,579,792

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

	2025	2024
Statutory income tax	**₱326,130,647**	₱331,933,014
Income tax effects of:		
Non-deductible operating expenses	**8,282,352**	6,325,435
Interest income subject to final tax	**(6,323,901)**	(5,580,496)
Unrealized foreign exchange gain	**(17,385)**	(16,664)
Provision for income tax	**₱328,071,713**	₱332,661,289

23. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Bank's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;
- post-employment benefit plans for the benefit of the Bank's employees; and
- entities under common significant influence (CARD-MRI entities).

The Bank has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

Transactions with Retirement Plans
Under PFRSs, certain post-employment benefit plans are considered as related parties. CARD-MRI's MERP is a stand-alone entity assigned to facilitate the contributions to retirement starting 2015. The plan assets are mostly invested in time deposits and special savings of related party banks and government bonds (Note 20). As of December 31, 2025 and 2024, the retirement funds do not hold or trade the Bank's shares of stock.

Remunerations of Directors and Other Key Management Personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The Bank considers the members of the BOD and senior management to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures.*

The compensation of key management personnel included under 'Compensation and fringe benefits' in the statement of income follows:

	2025	2024
Short-term employee benefits	**₱25,636,375**	₱21,667,385
Post-employment benefits	**19,679,981**	16,770,848
	₱45,316,356	₱38,438,233

The Bank also provides banking services to directors and other key management personnel and persons connected to them.

Other Related Party Transactions
Transactions between the Bank and its key management personnel meet the definition of related party transactions. Transactions between the Bank and its affiliates within the CARD-MRI, also qualify as related party transactions. These transactions will be settled in cash.

Following the BSP regulations these transactions are carried out on terms and conditions that are substantially similar to those offered to non-related parties, including interest rates, collateral requirements, and other credit terms, and are subject to the Bank's standard credit evaluation and approval processes. Further details on the Bank's related party loans are disclosed in Note 27.

Deposit liabilities, accounts receivable and accounts payable

The table below shows deposit liabilities, accounts receivable and accounts payable held by the Bank for key management personnel and affiliates as of December 31, 2025 and 2024:

	December 31, 2025		
Category	**Amount/Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Key Management Personnel			
Deposit liabilities		**₱18,663,915**	These are savings accounts with annual interest rates ranging from 0.50% to 6.75%.
Deposits	**₱47,908,552**		
Withdrawals	**51,784,024**		
Shareholders			
Deposit liabilities		**913,156,449**	These are savings accounts with annual interest rates ranging from 0.50% to 3.50%.
Deposits	**882,933,336**		
Withdrawals	**901,865,113**		
Interest expense/payable		**17,355,349**	Pertains to interest on deposit liabilities.
Accounts receivable			Share on expenses of transferred staff.
Charges	**131,563**		
Collections	**(131,563)**		
Accounts payable		**2,175**	Pertains to share on various expenses.
Charges	**4,376,268**		
Payments	**(4,374,093)**		
Information technology	**112,589,443**	–	This pertains to the CMIT's rendered services in relation to the system maintenance agreement.
Employee trainings	**40,694,760**	–	These training and development costs for the members and employees are conducted by CMDI. Related seminars and training expenses incurred are shown as part of 'Staff training and development' and 'Members training and development' in the statement of comprehensive income.
Occupancy and equipment-related cost	**539,830**	–	These are cost of rental of office premises to CARD Inc.

	December 31, 2024		
Category	Amount/Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Deposit liabilities		₱22,539,387	These are savings accounts with annual interest rates ranging from 0.50% to 3.00%.
Deposits	₱101,599,374		
Withdrawals	95,376,418		
Shareholders			
Deposit liabilities		932,088,226	These are savings accounts with annual interest rates ranging from 0.50% to 3.00%.
Deposits	5,730,509,361		
Withdrawals	5,652,835,710		
Interest expense/payable		28,138,028	Pertains to interest on deposit liabilities.
Accounts receivable		–	Share on expenses of transferred staff.
Charges	139,938		These are expected to be collected on January 2024.
Collections	(139,938)		
Accounts payable		–	Pertains to share on various expenses.
Charges	139,668,399		
Payments	(139,668,399)		
Information technology	83,879,379	–	This pertains to the CMIT's rendered services in relation to the system maintenance agreement.

(Forward)

	December 31, 2024		
Category	Amount/Volume	Outstanding Balance	Nature, Terms and Conditions
Employee trainings	₱54,512,605	—	These training and development costs for the members and employees are conducted by CMDI. Related seminars and training expenses incurred are shown as part of 'Staff training and development' and 'Members training and development' in the statement of comprehensive income.
Occupancy and equipment-related cost	7,698,495	–	These are cost of rental of office premises to CARD Inc.

Below is the percentage of total exposures to related parties as against capital:

	2025		2024	
Category	**Net exposure**	**Ratio**	Net exposure	Ratio
Key management personnel	**₱18,663,915**	**0.52%**	₱22,539,387	0.70%
Shareholders	**913,156,449**	**25.28%**	932,088,226	29.04%

24. Lease Contracts

The Bank leases the premises occupied by some of its branches in which lease payments are subjected to escalation clauses ranging from 3.80% to 13.91%. The lease contracts are for the periods ranging from one to ten years and are renewable upon mutual agreement between the Bank and the lessors such as CARD, Inc., CARD MRI Property Holdings, CARD MBA and third-party lessors.

The following are the amounts recognized in statements of income:

	2025	2024
Depreciation expense of ROU assets included in property and equipment (Note 9)	**₱102,476,291**	₱98,851,006
Lease payments relating to short-term leases and leases with low value assets	**55,629,317**	51,237,751
Interest expense on lease liabilities	**12,932,582**	9,443,353
Total amount recognized in the statements of income	**₱171,038,190**	₱159,532,110

Rent expense in 2025 and 2024 pertains to expenses from short-term leases and leases of low-value assets. As of December 31, 2025 and 2024, the Bank has no contingent rent payable.

As of December 31, 2025 and 2024, the carrying amounts of 'Lease liabilities' are as follows:

	2025	2024
Balance at beginning of year	**₱193,428,410**	₱145,541,820
Additions	**113,408,067**	142,489,655
Interest expense	**12,932,582**	9,443,353
Payments	**(109,120,077)**	(104,046,418)
Balance at end of year	**₱210,648,982**	₱193,428,410

Shown below is the maturity analysis of the undiscounted lease payments:

	2025	2024
Within one year	**₱93,716,112**	₱96,765,455
Beyond one year	**140,197,281**	125,917,833
	₱233,913,393	₱222,683,288

25. Notes to Statements of Cash Flows

Non-cash investing activities of the Bank consist of the following:

	2025	2024
Additions to property and equipment through lease contracts (Note 10)	**₱124,947,912**	₱149,170,691

The following table shows the reconciliation analysis of liabilities arising from financing activities for the year ended December 31, 2025 and 2024.

	2025				
	Bills payable (Note 14)	**Lease liabilities** (Notes 15 and 23)	**Deposit for future stock subscription** (Note 16)	**Dividends payable** (Notes 15 and 17)	**Total liabilities from financing activities**
Beginning balances as at January 1, 2025	**₱1,106,287,776**	**₱193,428,410**	**₱–**	**₱1,351,695**	**₱1,301,067,881**
Cash inflows	**1,704,568,591**	**–**	**99,033,900**	**–**	**1,803,602,492**
Cash outflows	**(836,601,367)**	**(109,120,077)**	**–**	**(630,924,460)**	**(1,576,645,905)**
Net cash flows	**1,974,255,000**	**84,308,333**	**99,033,900**	**(629,572,765)**	**1,528,024,468**
Non-cash items					
New lease contracts entered during the year	**–**	**113,408,067**	**–**	**–**	**113,408,067**
Accretion of interest expenses of lease liabilities	**–**	**12,932,582**	**–**	**–**	**12,932,582**
Issuance of stocks	**–**	**–**	**–**	**–**	**–**
Declaration of dividends	**–**	**–**	**–**	**630,000,000**	**630,000,000**
Ending balances as of December 31, 2025	**₱1,974,255,000**	**₱210,648,982**	**₱99,033,900**	**₱427,235**	**₱2,284,365,117**

	2024				
	Bills payable (Note 14)	Lease liabilities (Notes 15 and 23)	Deposit for future stock subscription (Note 17)	Dividends payable (Notes 15 and 17)	Total liabilities from financing activities
Beginning balances as at January 1, 2024	₱695,940,753	₱145,541,820	₱97,815,174	₱240,752	₱939,538,499
Cash inflows	1,390,836,178	–	154,166,726	–	1,545,002,904
Cash outflows	(980,489,155)	(104,046,418)	–	(478,893,757)	(1,563,429,330)
Net cash flows	1,106,287,776	41,495,402	251,981,900	(478,653,005)	921,112,073
Non-cash items					
New lease contracts entered during the year	–	142,489,655	–	–	142,489,655
Accretion of interest expenses of lease liabilities	–	9,443,353	–	–	9,443,353
Issuance of stocks	–	–	(251,981,900)	(179,995,300)	(431,977,200)
Declaration of dividends	–	–	–	660,000,000	660,000,000
Ending balances as of December 31, 2024	₱1,106,287,776	₱193,428,410	₱–	₱1,351,695	₱1,301,067,881

26. Approval of the Release of Financial Statements

The accompanying financial statements were approved and authorized for issue by the Bank's BOD on April 11, 2026.

27. Supplementary Information Required under Section 174 of the MORB

Presented below is the supplementary information required by BSP under Section 174 of the MORB to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

Basic qualitative indicators of financial performance
The following basic ratios measure the financial performance of the Bank:

	2025	2024
Return on average equity	**29.79%**	35.12%
Return on average assets	**7.23%**	8.95%
Net interest margin	**35.88%**	35.23%

Description of capital instruments issued
As of December 31, 2025 and 2024, the Bank has one class of capital stock (common stock).

Significant credit exposures
The BSP considers that loan concentration exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio. Identified concentration of credit risks are managed and controlled.

Information on the concentration of credit as to industry of loans (gross of unearned discounts and allowance for impairment and credit losses) follows:

	2025		2024	
	Amount	**%**	Amount	%
Accommodation and food service activities	**₱2,108,206,635**	**18.00**	₱1,845,912,399	18.50
Wholesale and retail trade; repair of motor vehicles, and motorcycles	**2,165,081,406**	**18.49**	1,839,718,044	18.44
Agriculture, forestry and fishing	**1,402,192,058**	**11.98**	1,151,832,604	11.54
Construction	**904,660,329**	**7.73**	848,048,867	8.50
Manufacturing	**736,851,377**	**6.29**	769,953,331	7.72
Human health and social work activities	**310,884,362**	**2.66**	286,274,565	2.87
Real estate activities	**249,506,259**	**2.13**	158,845,409	1.59
Administrative and support service activities	**173,737,181**	**1.48**	153,115,354	1.53
Education	**170,207,685**	**1.45**	145,223,905	1.46
Transportation and storage	**113,702,447**	**0.97**	77,170,466	0.77
Arts, entertainment and recreation	**16,524,679**	**0.14**	15,145,783	0.15
Information and communication	**11,288,511**	**0.10**	6,659,491	0.07
Electricity, gas, steam and air-conditioning supply	**21,769,167**	**0.18**	6,371,261	0.06
Water supply, sewage, waste management and remediation activities	**5,391,903**	**0.05**	2,158,397	0.02
Professional, scientific and technical activities	**2,997,959**	**0.03**	2,821,633	0.03
Other service activities	**3,316,210,928**	**28.32**	2,667,755,778	26.74
	₱11,709,212,886		₱9,977,007,287	

The BSP considers that loan concentration exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio. Identified concentrations of credit risks are controlled and managed accordingly through regular assessment and monitoring of the management and the Risk Oversight Committee.

The following table shows the secured and unsecured portions of loans and discounts as of December 31, 2025 and 2024:

	2025	2024
Secured portion		
Deposit hold-out (Note 14)	**₱1,911,338,416**	₱1,753,986,622
Chattel and real estate mortgage	**1,733,673,327**	940,378,966
	3,645,011,743	2,694,365,588
Unsecured portion	**8,064,201,143**	7,282,641,699
	₱11,709,212,886	₱9,977,007,287

Portfolio at risk (PAR)
In accordance with BSP regulations, the Bank considers loans with one-day past due as part of its portfolio-at-risk (PAR). As of December 31, 2025, and 2024, the Bank's PAR amounted to ₱347.08 million and ₱302.46 million, respectively. The allowance for credit losses recognized for past due loans amounted to ₱227.81 million and ₱184.82 million as of December 31, 2025, and 2024, respectively.

As of December 31, 2025, and 2024, performing and non-performing loans (NPLs) based on Circular No. 772 and as reported to the BSP amounted as follows:

	2025	2024
Microfinance Loans		
Performing loans		
Business	**₱5,836,941,769**	₱4,792,676,963
Educational	**158,679,739**	136,001,811
Others	**2,869,321,730**	2,409,530,153
	8,864,943,238	7,338,208,927
Non-performing loans		
Business	**195,801,390**	167,338,471
Educational	**2,993,663**	2,060,798
Others	**37,172,910**	25,546,954
	235,967,963	194,946,223
Balance at end of year	**₱9,100,911,201**	₱7,533,155,150
SME Loans		
Performing loans		
Business	**₱2,055,975,292**	₱1,857,939,063
Housing	**346,109,283**	357,436,722
Car	**87,023,586**	94,856,751
Agricultural	**5,712,572**	21,609,817
Fringe	**2,373,369**	4,498,861
	2,497,194,102	2,336,341,214

(Forward)

	2025	2024
Past due but not impaired		
Business	**₱59,391,828**	₱4,757,611
Housing	**1,170,112**	5,869,565
Car	**673,396**	2,320,551
Agricultural	**168,579**	822,209
Fringe	**120,000**	132,747
	61,523,915	13,902,683
Non-performing loans		
Business	**23,214,022**	60,016,075
Housing	**20,556,833**	18,324,882
Car	**2,719,561**	1,781,418
Agricultural	**2,111,446**	12,723,468
Fringe	**981,806**	762,396
	49,583,668	93,608,240
Balance at end of year	**₱2,608,301,685**	₱2,443,852,137

Loans are classified as nonperforming in accordance with BSP regulations, or when, in the opinion of management, collection of interest is doubtful. Loans are not reclassified as performing until interest and principal payments are brought current or the loans are restructured in accordance with existing BSP regulations, and future payments appear assured.

Generally, NPLs refer to loans whose principal and/or interest is unpaid for thirty days or more after due date or after they have become past due in accordance with existing BSP rules and regulations. This shall apply to loans that are payable in lump sum and loans that are payable in quarterly, semi-annual, or annual installments, in which case, the total outstanding balance thereof shall be considered nonperforming.

In the case of loans that are payable in monthly installments, the total outstanding balance thereof shall be considered nonperforming when three or more installments are in arrears.

In the case of loans that are payable in daily, weekly, or semi-monthly installments, the total outstanding balance thereof shall be considered nonperforming at the same time that they become past due in accordance with existing BSP regulations, i.e., the entire outstanding balance of the receivable shall be considered as past due when the total amount of arrearages reaches ten percent (10.00%) of the total receivable balance.

In the case of microfinance loans, past due/PAR accounts shall be considered as NPLs.

Related party loans
As required by BSP, the Bank discloses loan transactions with investees and with certain DOSRI. Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective unencumbered deposits and book value of their paid-in capital within the lending Bank.

As of December 31, 2025, and 2024, the balance of the secured loans to DOSRI are ₱300.44 million and ₱75.50 million, respectively. The unsecured loan to DOSRI as of December 31, 2025, and 2024 amounted to nil. For the RPT loans the balance of the secured loans amounted to ₱57.17 million and ₱59.36 million as of December 31, 2025, and 2024, respectively. The unsecured loan to RPT as of December 31, 2025, and 2024 amounted to ₱3.41 million and ₱3.57 million. In the aggregate, loans to DOSRI generally should not exceed total equity or 15.00% of total loan portfolio, whichever is lower. As of December 31, 2025, and 2024, the Bank is in compliance with the regulatory requirements.

Section 341 to 345 of the Manual of Regulations for Banks provide the rules and regulations governing credit exposures to DOSRI. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under existing regulations of the BSP as of December 31, 2025 and 2024:

	2025		2024	
Particulars	**DOSRI Loans**	**Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	Related Party Loans (inclusive of DOSRI Loans)
Outstanding loans	**₱300,440,002**	**₱300,440,002**	₱75,501,565	₱75,501,565
Percent of DOSRI/ Related Party loans to total loan portfolio	**2.57%**	**2.57%**	0.76%	0.76%
Percent of unsecured DOSRI/ Related Party loans to total DOSRI/Related Party loans	**0.00%**	**0.00%**	0.00%	0.00%
Percent of past due DOSRI/ Related Party loans to total DOSRI/ Related Party loans	**0.00%**	**0.00%**	0.00%	0.00%
Percent of non-performing DOSRI/ Related Party loans to total DOSRI/ Related Party loans	**0.00%**	**0.00%**	0.00%	0.00%

There are 0.95% unsecured and 0.04% past due accounts in the total outstanding DOSRI and RPT loans.

Secured liability and assets pledged as security
The Bank has ₱1.97 billion and ₱1.11 billion bills payable that are secured by loans receivable amounting to ₱2.12 billion and ₱1.50 billion as of December 31, 2025 and 2024, respectively.

Commitments and contingencies
There are no commitments and contingencies as at December 31, 2025, and 2024.

28. Supplementary Information Required under Revenue Regulations 15-2010

On November 25, 2010, the BIR issued RR 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes, duties and licenses paid or accrued during the year.

The components of 'Taxes and licenses' in 2025 follow:

Gross receipts tax	₱227,501,484
Documentary stamp tax	78,365,798
Business permits and licenses	27,524,629
Real property tax	1,085,910
Other taxes	10,816,331
	₱345,294,152

In 2025, withholding taxes remittances and withholding taxes lodged under 'Other liabilities -Accrued taxes' account follow:

Remittances:	
Gross receipt tax	₱166,216,209
Documentary stamp tax	75,955,482
Final withholding tax on interest expense and dividends	54,250,176
Expanded withholding tax	18,108,294
Withholding taxes on compensation and benefits	11,823,300
	₱326,353,461
Accrued:	
Gross Receipt Tax	₱61,078,169
Documentary stamp tax	7,629,452
Final withholding tax on interest expense	6,534,377
Expanded withholding tax	2,042,631
Withholding taxes on compensation and benefits	1,319,701
	₱78,604,330

Tax Cases and Assessment

On October 10, 2023, the Bank received an additional letter of authority for the taxable year ended December 31, 2022. This was settled by the Bank with the BIR on September 18, 2025 amounting to ₱9.06 million.



CARD SME Bank, Inc.

Appendices

~~₱150.00 PHP~~ ₱40.00 PHP Sale

Taxes included

Quantity

- 1 +

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CARD SME Bank is the thrift bank of CARD MRI. It fills the financial needs of microfinance graduates from CARD, Inc. (A Microfinance NGO), CARD Bank and CARD MRI Rizal Bank who are poised to venture into small and medium enterprises (SMEs). The bank specializes in loan and savings products and services for these entrepreneurs engaging in SMEs.

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AWARDS



Outstanding BSP Stakeholders (2025)

CARD SME Bank Recognized as One of the Bangko Sentral ng Pilipinas' 2025 Outstanding BSP Stakeholders.

PRODUCTS & SERVICES

SAVINGS

Maagap Savings

- A savings account for children specially designed to teach them the value of savings in a fun and easy way. We provide each child a piggy bank where they will save their coins and every time they fill it up, they will deposit the coins to their accounts. Maagap savings earns high interest with very minimal ADB requirement.

iSave

- A regular passbook savings account that earns high interest with low initial deposit and maintaining balance required. ADB required is just PhP 2,000.00 to earn interest. Ideal for those who want to save up for the future expenses but can withdraw anytime. Minimal ADB requirement to earn high interest.

EarnMore

- Special savings or time deposit account which earns high interest based on a fixed term, the longer the term, the higher the rate. Perfect for those who want higher returns on their funds.

My BizCheck

- A checking account designed for business owners (individual account as well) to provide them convenience in paying their suppliers and utilities.

My A Account

- An ATM based account which provides account holders the convenience to access their accounts anytime.

My Life

- Exclusively for senior citizens, this passbook savings account offers enhanced interest rates compared to iSave, with minimal initial deposit and maintaining balance requirements.

My Wealth

- A special savings or time deposit account for senior citizens, earning higher interest rates compared to Earn More, based on a fixed term.

LOANS

Microfinance Loans

- A loan program exclusively for CARD SME Bank members, providing accessible and affordable financing for small businesses, livelihood activities, agriculture, housing improvements, and other essential needs to help improve income and quality of life.

Quick SME Loan

- Designed to support your small business with a loanable amount ranging form P30,000 up to P300,000.

Quick SME Loan Plus

- Designed for your growing business, offering a loanable amount from P101,000 up to P1,000,000.

SME BizLoan Access
- From our specialized business loan products, you can choose the most suitable loan for your business requirements.

AgriBusiness Loan
- Financing producers in the rural sector to support expansion plans.

Bahay Katuparan Loan
- Intended to finance purchase of house and lot, condominium, townhouses, house construction and renovation and multiple purpose.

Drive Ur Wheels
- A car loan offered to individuals and business entities who would want to purchase a brand new car for either private or public use.

Motorcycle Loan
- Designed for acquisition of brand new motorcycle for personal or business use. Loanable amount up to P200,000.

SAVINGS

konek2CARD
- A mobile banking app that allows savers to conveniently manage their accounts, check balances, transfer funds, pay loans and bills, and perform banking transactions anytime, anywhere using their smartphones.

CARD Sulit Padala
- A mobile banking app that allows savers to conveniently manage their accounts, check balances, transfer funds, pay loans and bills, and perform banking transactions anytime, anywhere using their smartphones.

PARTNERSHIPS

Partnerships/Collaboration
- Agricultural Guarantee Fund Pool
- Banco de Oro
- Bank of the Philippine Islands
- Bellavita Land Corporation
- ChinaBank Savings
- Development Bank of the Philippines (DBP)
- German Savings Bank Foundation, Germany
- International Finance Corporation
- Landbank of the Philippines
- Maybank
- Metro Commercial and Industrial Services Corporation
- Metropolitan Bank and Trust Corporation
- PS Bank
- Rizal Commercial Banking Corporation
- Rocking Moon Foundation
- Rural Bank of Talisay, Inc.
- Savings Bank Foundation for International Cooperation,

Germany
- Security Bank
- SGV & Co.
- Small Business Corporation
- Social Security System
- Sparkasse Essen, Germany
- Sparkasse Rothenburg
- Sparkassen International Development Trust
- Union Bank of the Philippines
- United Coconut Planters Bank

Regulatory Bodies
- Bangko Sentral ng Pilipinas (BSP)
- Philippine Deposit Insurance Corporation (PDIC)
- Securities and Exchange Commission (SEC)

Affiliations
- Bankers Institute of the Philippines, Inc.
- BancNet, Inc.
- BAP Credit Bureau
- Chamber of Commerce, San Pablo Chapter
- Chambers of Thrift Bank
- Microfinance Data Sharing (MiDAS)
- San Pablo Bankers' Association
- Philippine Chamber of Commerce and Industries (PCCI) Batangas

List of Major Stockholders

NAME OF STOCKHOLDER	NATIONALITY	%
Center for Agriculture and Rural Development (CARD), Inc.	FILIPINO	36.75%
CARD EMPC	FILIPINO	22.045%

DIRECTORY

HEAD OFFICE
120 M.Paulino corner Burgos St., San Pablo City, Laguna, Philippines

BRANCH & BRANCH-LITE UNITS

BACOOR

Imus 1	66 Gen. E. Topacio St., Poblacion IV-D, City of Imus, Cavite
Imus 2	30 Bucandala I, Imus, Cavite
Bacoor 1	82 Ligas II, Bacoor City, Cavite
Bacoor 3	Blk 8 Lot 25 Progressive Village 15, Molino II, Cavite 4102
Bacoor 4	Camella Springville West, Molino III, Bacoor, Cavite

BALANGA	
Orion	216 Alvares St., Daan Bilolo, Orion, Bataan
Orani	Bernadette Subd., Mulawin, Orani, Bataan
Mariveles	National Road Hi-Way 54, 718 Townsite Mariveles, Bataan
Bagac	Overland Subd., Brgy. A. Ricardo, Bagac, Bataan
Morong	Rizal St., Morong, Bataan
Samal	276 Eskina St., Lalawigan, Samal, Bataan
Hermosa	Centro 2, Brgy. Culis, Hermosa, Bataan
Limay	0616 Sampaguita St., Bernabe Subd., St. Francis I, Limay, Bataan
Dinalupihan 3	70-A Burgos St., Burgos, Dinalupihan, Bataan
BALAYAN	
Calatagan	H. Cueto St., Barangay 4, Calatagan, Batangas
Calaca	512 Marasigan St., Barangay 5, Calaca City, Batangas
Tuy	Rizal St., Tuy, Batangas
Balayan 2	Brgy. Sampaga, Balayan, Batangas
Calatagan 2	402 Ilaya St., Lucsuhin, Calatagan, Batangas
BATANGAS	
Bauan 1	Carolina Building, Ilagan St., Poblacion 4, Bauan, Batangas
Lobo	Babao St., Poblacion, Lobo, Batangas
San Pascual	F. Sebastian, San Antonio, San Pascual, Batangas
Bauan 2	Brgy. AS IS, Bauan, Batangas
Batangas City 2	Unit 7, BSC Bldg., National Road Libjo Central, Batangas City
Batangas City 4	Brgy. Pinamucan Proper, Batangas City
Mabini 1	119 Calangi St., cor. Arguilles St., Poblacion, Mabini, Batangas
Lobo 2	Bonifacio St., Poblacion, Lobo, Batangas
Batangas City 6	Gulod Itaas, Batangas City
San Pascual 2	Zone 4, Poblacion, San Pascual, Batangas
CAGAYAN DE ORO	
Cagayan De Oro 1	219 20th – 21st St., Nazareth, Cagayan De Oro City, Misamis Oriental
Cagayan De Oro 2	150 Paclar, Zone 12, Patag, Cagayan de Oro City, Misamis Oriental
Bulua	Zone 4, Bulua, Cagayan de Oro City, Misamis Oriental
El Salvador	Zone 8, Poblacion, El Salvador City, Misamis Oriental
Laguindingan	Zone 01, Poblacion, Laguindingan, Misamis Oriental
Tagoloan 1	Zone 12, Poblacion, Tagoloan, Misamis Oriental
Gusa	#7 Hercules St., Villa Ernesto Subd., Gusa, Cagayan De Oro City, Misamis Oriental
Jasaan 1	P-6 San Jose St., Upper Jasaan, Misamis Oriental
Jasaan 2	Bobontugan Jasaan, Misamis Oriental
Tablon	Palma Bldg., Purok 1A, Tablon, Cagayan De Oro City, Misamis Oriental
Tagoloan 3	Poblacion 1, Villanueva, Misamis Oriental
CALAMBA	
Calamba 3	#174 Brgy. San Jose, Calamba City
Calamba 4	B2- L64 Ma. Leonora Subd., Brgy. Mayapa, Calamba City, Laguna

Calamba 5	G-10 1/F Daniel Commercial Complex 1, Parian, Calamba City, Laguna
Calamba 7	Blk 4 Lot 22 MCDC Kapayapaan Ville, Brgy. Canlubang, Calamba City, Laguna
Calamba 6	Lot 1 Blk 14 Southern Crest, Brgy. Lawa, Calamba City, Laguna
Calamba 9	Purok 3, Brgy. Makiling, Calamba City, Laguna
CALOOCAN	
Malabon 1	18 A. Adante St., Tanong, Malabon City
Navotas 2	47 F Pascual St., San Jose, District II, Navotas City
Valenzuela 2	117 Atis St., Antonio Subdivision, Brgy. Dalandanan, Dist. 1, Valenzuela City
Caloocan East	146 Magdalena St., Sta. Quiteria, Brgy. 163 District 1, Caloocan City Metro Manila
Valenzuela 1	30 Pinagpala St., Serrano Subdivision, Brgy. Marulas, District 2, Valenzuela City
Navotas 1	35 A. Santiago St., Brgy. Sipac Almacen, Navotas City, Metro Manila
Del Monte 2	#6 Congressional Avenue, Brgy. Ramon Magsaysay, Quezon City
CAVITE	
Kawit	#785 -B Gahak St., Gahak, Kawit, Cavite
Noveleta	#924 G. Luna St., Sta. Rosa II, Noveleta, Cavite
Cavite City 2	125 J. Miranda St., Sta Cruz, Cavite City
Rosario 2	0177 Domingo St., Greenfields Subd., Bagbag I, Rosario, Cavite
Kawit 2	Unit 103, Ribas Bldg., Gahak, Kawit, Cavite
CEBU	
Cebu 2	Labra St., Guadalupe, Cebu City
Mabolo	H. Joaquino St., Mabolo, Cebu City
Busay	Sitio Hoyohoy, Busay, Cebu City
Cebu 4	Ligaya Homes, Bacayan, Cebu City
Cebu 1	Naya Village, Tisa, Cebu City
Minglanilla 1	Countryside Village, Lower Lipata, Minglanilla, Cebu
Talisay 3	Talisay Town Center, Victoria Street, Tabunok, Talisay City, Cebu
Talisay 4	Z-3 828 Cañizares St., Dumlog, Talisay City, Cebu
Cebu 5	Block 7 Lot 35 Middle Nivel Hills, Brgy. Apas, Cebu City, Cebu
Cebu 3	495 Kinasang-an, Pardo, Cebu City
DAGUPAN	
Sta. Barbara	Blk 6, Lot 1, Carolina Homes, Maningding, Sta. Barbara, Pangasinan
Dagupan 2	Highlander St., Mayombo District, Dagupan City
Calasiao	Brgy. Gabon, Calasiao, Pangasinan
Binmaley	261 San Isidro Sur, Binmaley, Pangasinan
Mangaldan 1	Salay, Mangaldan, Pangasinan
Mangaldan 2	Salay, Mangaldan, Pangasinan
San Fabian 1	Tempra, Guilig, San Fabian, Pangasinan
San Fabian 2	Unit 2, Ulanday St., Tempra Guilig, San Fabian, Pangasinan
Sta. Barbara 2	377 Zone 6, Maningding, Santa Barbara, Pangasinan
Binmaley 2	#217 San Isidro Sur, Binmaley, Pangasinan
Mangaldan 3	Salay, Mangaldan, Pangasinan
Mangaldan 4	02 Dama de Noche St., Brgy. Poblacion, Mapandan, Pangasinan

DASMARIÑAS	
Dasmariñas 4	Blk 38 Lot 15 Phase 3, Mabuhay City, Brgy. Paliparan 3, Dasmariñas Cavite
Dasmariñas 6	# 47 Salawag Crossing, Dasmariñas City, Cavite
Dasmariñas 1	Blk E-11 Lot 4, Brgy. San Mateo, Dasmariñas, Cavite
Dasmariñas 2	Blk 15, Lot 19, Mla. Avenue, Summerwind Village 4, Burol Main, Dasmariñas, Cavite
Dasmariñas 7	176 Governor's Drive, Purok 3 Langkaan 1, Dasmariñas City, Cavite
Dasmariñas 8	Sarreal Compound, Aguinaldo Hi-way, Salitran II, Dasmariñas City, Cavite
Dasmariñas 5	Blk 121, Lot 4, Sta. Lucia, Dasmariñas City, Cavite
Dasmariñas 9	Blk 46 Lot 6 Victoria Reyes Dasmariñas City Cavite
Dasmariñas 10	124 Sabang, Dasmariñas City, Cavite
GENERAL SANTOS	
General Santos 4	Zone 7 Blk 9, Fatima, General Santos City
Polomolok 2	Zenia Street, Brgy. Poblacion, Polomolok, South Cotabato
General Santos 7	1st Floor Dealing Building, Lagao, General Santos City
Polomolok 1	Kaunlaran Subd., Brgy. Poblacion, Polomolok, South Cotabato
GMA	
GMA 1	Blk 5 Lot 2, Brgy. Maderan, General Mariano Alvarez, Cavite
Carmona	11308 Mapalad St., Mabuhay, Carmona, Cavite
GMA 3	Blk 5 Lot 9 Bermuda Street, Casa De Monteverde F. De Castro, General Mariano Alvarez, Cavite
GMA 4	Lot 15, Blk 8, Nicolasa Virata (San Jose), General Mariano Alvarez, (GMA), Cavite
ILIGAN	
Iligan 2	G/F Dumaloan Residence, 4th East Ext., Purok Madasigon Heights, Tubod, Iligan City
Manticao	Purok 10, Brgy. Poblacion, Manticao, Misamis Oriental
Lugait	Purok 2, Masilakon Poblacion, Lugait, Misamis Oriental
Linamon	Purok 1, Magoong, Linamon, Lanao del Norte
IPIL	
Titay	Poblacion, Titay, Zamboanga Sibugay
KORONADAL	
Koronadal 3	Tandang Sora St., Brgy. Zone IV, Koronadal City
Tampakan 1	Purok Maligaya, Poblacion, Tampakan, South Cotabato
Tupi	Purok 14, Poblacion 9505, Tupi, South Cotabato
Banga	Purok Katipunan Barangay Reyes, Banga, South Cotabato
LAGAO	
Malungon 1	Purok Dama De Noche, Malandag, Malungon, Sarangani
Malungon 2	Purok Cebuano, Poblacion Malungon, Sarangani
Malungon 3	Purok 1, Brgy. Banate, Malungon, Sarangani
Alabel	Lot 25, Block 5, Alpha Village, Poblacion, Alabel, Sarangani
Malapatan	Purok 8B, Brgy. Poblacion Malapatan, Sarangani
General Santos 2	092 Laurel Ave., cor. Macopa St., Dad North, General Santos City
General Santos 3	Lot 18, Blk 15, Susana Homes II Subdivision, Barangay Lagao, General Santos City
Gensan 6	Tiongson St., corner Ventilacion St., Lagao, General Santos City

LAPU-LAPU	
Lapu-Lapu 2	Mahayahay, Bankal, Lapu-Lapu City, Cebu
Cordova	Poblacion, Cordova, Cebu
Sta. Rosa	Tam-isan, Sta. Rosa, Lapu-Lapu City, Cebu
Mandaue 2	Fatima Valley, Pagsabungan, Mandaue City
Mandaue 1	749 Quezon St., Cabancalan, Mandaue City, Cebu
Talamban	Borbajo St., Talamban, Cebu City
Lilo-An	Mabini Street, Poblacion, Lilo-An, Cebu
Lapu-Lapu 3	Tumulak Village, Sangi New Road, Lapu-Lapu City, Cebu
Consolacion	Poblacion, Oriental, Consolacion, Cebu
LEMERY	
Lemery 1	Brgy. Payapa Ibaba, Lemery, Batangas
San Luis 2	Poblacion, San Luis, Batangas
Agoncillo	Poblacion Agoncillo, Batangas
San Luis	Poblacion, San Luis, Batangas
San Nicolas	A. Mabini St., Poblacion, San Nicolas, Batangas
Alitagtag	Pinagkrusan, Alitagtag, Batangas
Taal 2	Zone 8, Taal, Batangas
San Luis 3	Poblacion, San Luis, Batangas
Lemery 5	Mataas na Bayan, Lemery, Batangas
Lemery 3	Brgy. Mahayahay, Lemery, Batangas
LIPA	
Lipa 8	Poblacion 1, Balete, Batangas
Lipa 6	#417 Purok 4, Inusloban, Lipa City, Batangas
Lipa 7	749 Brgy. Banay Banay, Lipa City, Batangas
Lipa 3	#156 R. Lubis St., Brgy. 4, Mataas na Kahoy, Batangas
San Jose	#3A Quezon St., Don Luis, San Jose, Batangas
Lipa 4	Brgy. 6, Obispo Oviar St., Lipa City, Batangas
Cuenca	C & A Bldg. Greenview Homes, Brgy. 1, National Highway, Cuenca, Batangas
Lipa 9	Brgy. Sampaguita, Lipa City, Batangas
Lipa 10	084 Zone 2, Pinagtungulan, Lipa City, Batangas
Lipa 15	Brgy. Maraouy, Lipa City, Batangas
Lipa 16	Brgy. Bolbok, Lipa City
MANAOAG	
San Jacinto	68 Salcedo St., Capaoay, San Jacinto, Pangasinan
Pozorrubio 1	Alipangpang, Pozorrubio, Pangasinan
Pozorrubio 2	Palguyod, Pozorrubio, Pangasinan
San Manuel	Osmeña St., Guiset Sur, San Manuel, Pangasinan
Binalonan	#26 Mendoza St., Poblacion, Binalonan, Pangasinan
Sison 1	Poblacion Sur, Sison, Pangasinan
Sison 2	108 Cauringan, Sison, Pangasinan
NARRA	
Narra 2	Antipuluan Narra, Palawan

NASUGBU	
Lian	Malaruhatan, Lian, Batangas
PAGADIAN	
Dumalinao 1	Pag-Asa, Dumalinao, Zamboanga del Sur
Pagadian 1	Salazar St., Sta Maria District, Pagadian City
Aurora	Purok Rosas, San Jose, Aurora, Zamboanga del Sur
Lakewood	Tubod Lakewood, Zamboanga del Sur
Ramon Magsaysay	Poblacion, Ramon Magsaysay, Zamboanga del Sur
Kumalarang	Poblacion, Kumalarang, Zamboanga del Sur
Molave	Abad Santos St., Madasigon, Molave, Zamboanga del Sur
Kapatagan 2	Castillano Bldg., P12 Banana Village, Poblacion, Kapatagan, Lanao del Norte
Maranding	1 Overseas Realty, Purok Pomelo, Maranding Lala, Lanao del Norte
PANABO CITY BRANCH	
Panabo 1	Door #1, JA Apartment, Narra St., New Pandan, Panabo City
Carmen 1	Prk 7, Ising, Carmen, Davao del Norte
Sto. Tomas 1	Manlupig Bldg., Purok 2, Fdr. 1, Tibal-og (Poblacion), Sto. Tomas, Davao del Norte
Kapalong 1	Purok 9A, Poblacion, Maniki, Kapalong, Davao del Norte
Kapalong 2	Purok 9A, Gomez St., Maniki, Kapalong, Davao del Norte
Sto. Tomas 2	Mugas Building, Purok 8, FDR. 3, Tibal-og (Poblacion) 8112 Santo Sto Tomas, Davao del Norte
Panabo 2	Tampos Bldg., Prk. Sibuyas, Gredu, Panabo City, Davao del Norte
Asuncion	Prk 1, Cambanogoy, Asuncion, Davao del Norte
Carmen 2	Prk. 8A, Ising, Carmen, Davao del Norte
Dujali	Purok 1, Dujali, Braulio E. Dujali, Davao del Norte
PUERTO PRINCESA	
Puerto Princesa 4	Purok Masagana, Salvacion, Puerto Princesa City, Palawan
Puerto Princesa 5	Purok Lanzones, Sicsican, Puerto Princesa City, Palawan
Puerto Princesa 2	Brgy. San Jose, Puerto Princesa City, Palawan
Puerto 3	Libis Road, San Pedro, Puerto Princesa, Palawan
ROSARIO	
Rosario	Brgy. Baybayin, Rosario, Batangas
Padre Garcia	201 Brgy. San Felipe, Padre Garcia, Batangas
Ibaan	Talaibon, Ibaan, Batangas
Lipa 12	Purok 2, Pinagkawitan, Lipa City, Batangas
Padre Garcia 2	No.212, Sto. Rosario Heights Subdivision, Brgy. San Miguel, Padre Garcia, Batangas
SAN JOSE DEL MONTE	
Sta. Maria	53 Jose Corazon de Jesus St., Poblacion, Sta. Maria, Bulacan
Marilao	Hulo Loma De Gato, Marilao, Bulacan
Norzagaray	543 Sapang A. Partida, Norzagaray, Bulacan
Meycauayan	67 A. Malhacan St., Malhacan, Meycauayan, Bulacan
Sta. Maria 1	Km 40 Pulong Buhangin, Sta. Maria, Bulacan
Marilao 2	#91 Gonzales Village, Abangan Sur, Marilao Bulacan
Sta. Maria 2	442 Gov. F. Halili Ave., Bagbaguin, Sta. Maria, Bulacan

San Jose Del Monte 3	Blk 31 Lot 7, Melody Plains Avenue, Muzon, City of San Jose Del Monte, Bulacan
Novaliches 1	Lapu-Lapu St., Nagkaisang Nayon, Novaliches, Quezon City
Caloocan North 2	Ph 3 Pkg. 2 Blk 53 Lot 7, Bagong Silang, Brgy. 176, Caloocan City
San Jose Del Monte 2	Lot 5 Blk 28, Area 1, Brgy. Assumption, San Jose Del Monte City, Bulacan
Novaliches 2	77 Banlat Road, Tandang Sora, Quezon City
Caloocan North 1	Lot 29 Block 7, Gumamela St. Brgy. 177, Caloocan City
SAN PABLO	#120 M. Paulino St., corner Burgos St., San Pablo City, Laguna
SAN PEDRO	
San Pedro 1	Yakal St., Brgy. Narra, San Pedro, Laguna
San Pedro 2	Blk 11 Lot 13 United Bayanihan, San Pedro City, Laguna
San Pedro 3	Blk 8 Lot 3 Phase 1A, 5th St., Pacita Complex 1, Pacita 1, San Pedro. Laguna
Biñan 1	#38 J. Gonzales St., Pasong Kabayo, Barangay San Vicente, Biñan City, Laguna
Biñan 2	127 A. Gonzales St., San Jose, Biñan, Laguna
Biñan 3	2456 P. Paterno St., Almeda Dela Paz, Biñan, Laguna
Biñan 5	Unit 3 Blk 1, Acacia Estate Homes, Timbao, Biñan, Laguna
STA. ROSA	
Cabuyao 2	Felecias Village, Banlic, Cabuyao, Laguna
Cabuyao 1	Blk 12 Lot 14 J.P Rizal St. Brgy. Sala, Cabuyao, Laguna
Sta. Rosa 2	Lot 114 Aguirre Bldg., Zavalla St., Brgy. Kanluran, Sta. Rosa City, Laguna
Cabuyao 3	Blk 3 Lot 10, Value Homes 3, Brgy. Mamatid, City of Cabuyao, Laguna
Cabuyao 4	Blk 7 Lot 58 Kaimito corner Durian St., Brgy. Pulo, Millewood Ville, Cabuyao, Laguna
Sta. Rosa 3	Blk 27 Lot 29-B, Mercado Village, Pulong Sta. Cruz, Sta. Rosa, Laguna
Sta. Rosa 5	736 A-Brgy. Pooc, Sta Rosa, Laguna
STO TOMAS	
Sto Tomas 2	San Felix, Sto Tomas, Batangas
Talisay	152 A. Mabini St., Poblacion 2, Talisay, Batangas
Laurel	Poblacion 4, Laurel, Batangas
Laurel 2	Poblacion 1, Laurel, Batangas
Talisay 2	Brgy. Sampaloc, Talisay, Batangas
Sto. Tomas 6	San Agustin Sto. Tomas , Batangas
Sto. Tomas 4	San Pedro, Sto. Tomas, Batangas
Sto. Tomas 9	San Isidro Sur, Sto. Tomas, Batangas
SUBIC	
San Narciso	Four Maria's Nagma Apartelle National Highway cor. Cayabat, San Jose, San Narciso, Zambales
San Marcelino	Brgy. Burgos, San Marcelino, Zambales
Castillejos	Del Pilar, Castillejos, Zambales
Olongapo 1	20 Elicaño East, Bajac-Bajac, Olongapo City

TAGAYTAY	
Silang 3	#101 Brgy Iba, Silang, Cavite
Silang 4	Purok 2, Brgy. Lumil, Silang, Cavite
Silang 1	Blumentritt St., Tubuan I, Silang, Cavite
Tagaytay 2	Brgy. 8-3, Payapa Subdivision, Mendez, Cavite
Silang 2	9585 ME GE Emilio Aguinaldo Highway, Lalaan II, Silang, Cavite
Alfonso	Sulsugin Road, Luksuhin Ibaba, Alfonso, Cavite
Silang 5	364 Brgy. Pooc II, Silang, Cavite
Silang 6	Sitio Muzon, Brgy. Putingkahoy, Silang, Cavite
Silang 8	9005 Purok 1, Gov. Camerino Drive, Malabag, Silang, Cavite
Alfonso 2	Kaytitinga I, Alfonso, Cavite
Silang 9	Ibayong Ilog, Brgy. Kaong, Silang, Cavite
Tagaytay 3	Lot 5C Mendez Crossing East, Tagaytay City, Cavite
TANAUAN	
Tanauan 1	Door 1, Blk. 4 Lot 1, San Sebastian Village, Tanauan City, Batangas
Tanauan 2	Door 2, Blk. 4 Lot 1, San Sebastian Village, Tanauan City, Batangas
Tanauan 3	5th St. Gloria Compound, Tanauan City, Batangas
Malvar	#6 Brgy. San Fernando, Malvar, Batangas
Malvar 2	#452 Poblacion, Malvar, Batangas
Tanauan 5	No. 0178 Brgy. Talaga, Tanauan City, Batangas
Tanauan 6	219 Trapiche Road,Gloria Compound Poblacion, Barangay 6, 3rd, Tanauan City, Batangas
TOLEDO	
Pinamungajan 1	Poblacion, Pinamungajan, Cebu
Asturias	Poblacion, Asturias, Cebu
Toledo 2	Poog, Toledo, Cebu
Balamban 1	Abucayan, Balamban, Cebu
Toledo 3	Dumlog, Toledo City , Cebu
TRECE MARTIRES CITY	
Maragondon	6695D Nr Governor's Drive Garita 1-B, Maragondon, Cavite
Naic	Diosomito, Ibayong, Silangan Naic, Cavite
Indang 1	0080 ME Kaytapos, Barangay Kaytapos, Indang, Cavite
Indang 2	350 Lopez Jaena Street, Barangay 2, Indang, Cavite
Naic 2	2195 Brgy. Sabang, Naic, Cavite
Maragondon 2	Pugad Lawin, Garita B, Maragondon, Cavite
Tanza 1	Daang Amaya 3, Tanza, Cavite
Tanza 2	20 Devorah Ville Subd., Amaya I, Tanza, Cavite
Tanza 3	487 D., Daang Amaya III, Tanza, Cavite
Trece Martires	Purok 1, Brgy. Hugo Perez, Trece Martires City, Cavite
General Trias	Gentri Townhomes, Manggahan, General Trias, Cavite

VALENCIA	
Valencia 2	Purok 16, Poblacion, Valencia City, Bukidnon
Maramag 1	P-1 South Poblacion, Maramag, Bukidnon
Maramag 2	P-5 South Poblacion, Maramag, Bukidnon
Malaybalay 1	Purok 2, Blk 1 Lot 10 NHA 4, Casisang, Malaybalay, Bukidnon
Aglayan	Purok 6B, Brgy. Aglayan, Malaybalay City, Bukidnon
VIGAN	
Caoayan	Don Dimas Querubin, Caoayan, Ilocos Sur
Sinait	Macabiag, Sinait, Ilocos Sur
San Juan 1	Pandayan, San Juan, Ilocos Sur
Magsingal	San Lucas, Magsingal, Ilocos Sur
Sto. Domingo	Poblacion, Sto. Domingo, Ilocos Sur
Bantay	National Highway,Brgy. Balaleng Centro, Bantay, Ilocos Sur
Badoc 1	Brgy. 2, Garreta, Badoc, Ilocos Norte
Sta. Catalina	Cabaroan, Santa Catalina, Ilocos Sur
Pinili	Barangay Pagdilao, Pinili, Ilocos Norte
ZAMBOANGA	
Mercedes	Zone 2, San Isidro Street, Mercedes, Zamboanga City
Sangali	Purok 3, MCLL Highway, Sangali, Zamboanga City
Curuan	Brgy.Curuan, Zamboanga City, Zamboanga del Sur
Ayala	Calle San Miguel, Zone 7, Ayala, Zamboanga City
Vitali	Poblacion, Vitali, Zamboanga City

CONTACT US

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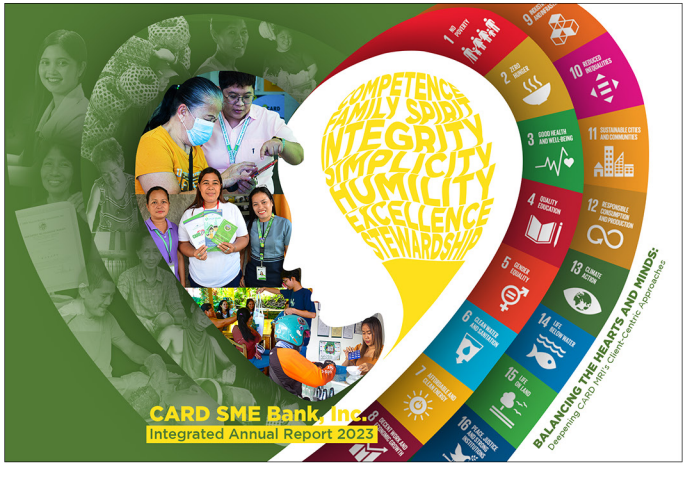
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