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Land Bank of the Philippines

a banking corporation organized by original charter and existing under Philippine laws

₱200,000,000,000 Philippine Peso Bond Programme

Under this ₱200,000,000,000 Bond Programme (the “**Programme**”), Land Bank of the Philippines (“**LBP**”, “**LANDBANK**”, the “**Issuer**” or the “**Bank**”) may offer from time to time, in one or more series or tranches, Philippine Peso-denominated Fixed Rate Bonds (the “**Bonds**”), pursuant to Bangko Sentral ng Pilipinas (“**BSP**”) Circular No. 1010 (Series of 2018), BSP Circular No. 1062 (Series of 2019), and any other circulars and regulations as may be relevant for the Bonds and the Programme, as amended from time to time (the “**BSP Rules**”). The maximum aggregate nominal amount of all Bonds from time to time outstanding under the Programme will not exceed ₱200,000,000,000, subject to increase as described herein.

THE BONDS BEING OFFERED OR SOLD UNDER THIS OFFERING CIRCULAR WILL NOT BE REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) AS THE BONDS ARE EXEMPT SECURITIES UNDER SECTION 9.1(E) OF THE SECURITIES REGULATION CODE (THE “SRC”).

The Bonds may be issued by the Issuer on a continuing basis through the Issue Manager and the Selling Agents specified under “Summary of the Offering” and any additional Issue Manager (each an “**Issue Manager**”, and together the “**Issue Managers**”) or Selling Agent (each a “**Selling Agent**”, and together the “**Selling Agents**”) appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the relevant Issue Manager or the relevant Selling Agent shall, in the case of an issue of the Bonds being (or intended to be) issued through more than one Issue Manager and/or Selling Agent, be to all Issue Managers and/or Selling Agents appointed in relation to the particular tranche of such Bonds.

The Bonds will constitute the direct, unconditional, unsecured and unsubordinated obligations of the Bank, enforceable according to the terms and conditions of the Bonds, and shall at all times rank *pari passu* and without any preference or priority among themselves, and at least *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Bank, present and future, other than obligations enjoying a statutory preference or priority established under Philippine laws. See “*General Terms and Conditions of the Bonds*”.

The Bonds will be issued in scripless form. Each Series of the Bonds will be represented by a Master Certificate of Indebtedness which will be deposited with the Development Bank of the Philippines – Trust Banking Group in its capacity as the trustee (the “**Trustee**”). It is intended that, upon issuance, the Bonds will be immobilized and lodged with the Registrar. A Registry Confirmation will be issued by the Registrar in favor of the holders of the Bonds (the “**Bondholders**”) in accordance with the regulations of the BSP. Once lodged, the Bonds will be eligible for electronic book- entry transfers in the Registry Book without the issuance of other evidence of certificates, and any sale, transfer or conveyance of the Bonds shall be coursed through the exchange specified below.

Bonds issued under the Programme will be listed by the Bank in the Philippine Dealing & Exchange Corp. (“**PDEX**”) for secondary market trading pursuant to the BSP Rules. Upon listing of the Bonds in the PDEX, investors shall course their secondary market trades through the trading participants of the PDEX for execution in the PDEX Trading Platform in accordance with the PDEX Trading Rules, Conventions and Guidelines, as these may be amended or supplemented from time to time and shall settle such trades on a Delivery versus Payment (“**DvP**”) basis in accordance with PDEX Settlement Rules and Guidelines.

INVESTING IN THE BONDS INVOLVES CERTAIN RISKS. (SEE “INVESTMENT CONSIDERATIONS” FOR A DISCUSSION OF FACTORS TO BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE BONDS.)

Issue Manager



Selling Agents



This offering circular ("**Offering Circular**") has been prepared solely for the information of persons to whom it is transmitted by China Bank Capital Corporation ("**Chinabank Capital**" or the "**Issue Manager**") as the Issue Manager and Selling Agent, or the Bank, with respect to the Programme. This Offering Circular shall not be reproduced in any form, in whole or in part, for any purpose whatsoever nor shall it be transmitted to any other person.

The Bonds will be issued pursuant to the BSP Rules. The issuance of the Bonds is exempt from registration requirement under Section 9.1(e) of the SRC.

No offer or invitation or solicitation shall be made or received, and no agreement shall be made, on the basis of this document, to purchase or subscribe for any of the Bonds.

The Bank confirms that this document contains all information with respect to the Bank and its subsidiaries (collectively, the "**Group**"), the Programme and the Bonds which is material in the context of the issue and offering of the Bonds, that the information contained herein is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts, the omission of which would, in the context of the Programme and the issue and offering of the Bonds, make this document as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect, and that all reasonable enquiries have been made by the Bank to verify the accuracy of such information. The Bank accepts full and sole responsibility accordingly.

The Issue Manager and the Selling Agents have not independently verified the information contained or incorporated by reference herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Issue Manager or the Selling Agents as to the accuracy or completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Bank in connection with the offering of the Bonds. To the fullest extent permitted by law, each of the Issue Manager and Selling Agents assumes no liability in relation to the information provided by the Bank or any statement made or purported to be made by the Issue Manager and the Selling Agents or any of its affiliates, on their behalf in connection with the Bank, the Group, the Programme or the issue and offering of the Bonds. Each of the Issue Manager and the Selling Agents accordingly disclaims all and any liability, whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Offering Circular or any such statement. No person is or has been authorized by the Bank or the Issue Manager or Selling Agents to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorized by the Bank or the Issue Manager or Selling Agents. Neither the delivery of this Offering Circular nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluations or (b) should be considered as a recommendation by the Bank or the Issue Manager or the Selling Agents that any recipient of this Offering Circular, or any other information supplied in connection with the offering of the Bonds, should purchase the Bonds. Each investor contemplating to purchase any Bonds should rely on its own examination of the Bank and the terms of the offering of the Bonds, including the merits and risks involved. By receiving this Offering Circular, the prospective Bondholder acknowledges that (i) it has not relied on the Issue Manager or the Selling Agents or any person affiliated with them in connection with its investigation of the accuracy of any information in this Offering Circular or its investment decision, and (ii) no person has been authorized to give any information or to make any representation concerning the Bank, the Group or the Bonds and other than as contained in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Bank or the Issue Manager or the Selling Agents.

In making an investment decision, each prospective Bondholder must rely on its/his/her own examination of the Bank, the Programme and the terms of the offering of the Bonds, including the merits and risks involved. By receiving this Offering Circular, each prospective Bondholder acknowledges that (i) its/his/her has not relied on the Issue Manager nor the Selling Agents, nor the Trustee, nor any person affiliated with the Issue Manager, Selling Agents or the Trustee in connection with its/his/her investigation of the accuracy of any information in this Offering Circular or its/his/her investment decision, and (ii) no person has been authorized to give any information or to make any representation concerning the Bank, the Group, the Programme, or the Bonds other than as contained in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Bank, the Issue Manager, the Selling Agents or the Trustee.

Each of the Issue Manager and the Trustee is a third party that has no relationship and has no subsidiary or affiliate relationship with the Bank that would undermine its independence.

Neither the delivery of this Offering Circular nor the offer of Bonds shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Bank or the Group since the date of this Offering Circular or that any information contained herein is correct as at any date subsequent to the date hereof. Each of the Issue Manager and the Selling Agents expressly does not undertake to review the financial condition or affairs of the Bank during the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents

incorporated by reference into this Offering Circular when deciding whether or not to purchase any Bonds.

None of the Bank, the Issue Manager, the Selling Agents or the Trustee, or any of its respective affiliates or representatives is making any representation to any purchaser of the Bonds regarding the legality of an investment by such purchaser under applicable laws. In addition, you should not construe the contents of this Offering Circular as legal, business or tax advice. You should be aware that you may be required to bear the financial risks of an investment in the Bonds for an indefinite period. You should consult with your own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Bonds.

The Issue Manager and the Selling Agents and their respective affiliates may purchase the Bonds for their own account and enter into secondary market transactions or derivative transactions relating to the Bonds, including without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Bank or its subsidiaries at the same time as the offer and sale of the Bonds, or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). The Issue Manager and the Selling Agents or their respective affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer or its affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, the Issue Manager, the Selling Agents or their respective affiliates may, from time to time after completion of the offering of the Bonds, engage in other transactions with, and perform services for, the Bank or its subsidiaries in the ordinary course of their business. The Issue Manager, the Selling Agents or their respective affiliates may also purchase Bonds for asset management and/or proprietary purposes but not with a view to distribution or may hold Bonds on behalf of clients or in the capacity of investment advisors. While the Issue Manager, the Selling Agents and their respective affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause the Issue Manager, the Selling Agents or their respective or their clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Bonds. The Issue Manager or the Selling Agents may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Bonds.

This document does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make any such offer or solicitation. Each investor in the Bonds must comply with all applicable laws and BSP rules in force in the jurisdiction in which it purchases or offers to purchase such Bonds, and must obtain the necessary consent, approval, or permission for its purchase, or offer to purchase such Bonds under the laws and BSP rules in force in any jurisdiction to which it is subject or in which it makes such purchase or offer, and neither the Bank nor the Issue Manager and/or the Selling Agents shall have any responsibility thereof. Interested investors should inform themselves as to the applicable legal requirements under the laws and BSP rules of the countries of their nationality, residence, or domicile and as to any relevant tax or foreign exchange control laws and BSP rules that may affect them. See *"Distribution and Sale."*

CONVENTIONS THAT APPLY TO THIS OFFERING CIRCULAR

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "Philippines" are references to the Republic of the Philippines. All references to the "Government", "Philippine Government" or the "National Government" herein are references to the Government of the Philippines. All references to "United States" or "U.S." herein are to the United States of America. All references to "Peso", "Php" or "₱" herein are to the lawful currency of the Philippines and all references to "U.S. dollars" or "US\$" herein are to the lawful currency of the United States. Figures in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same item of information may vary and figures that are totals may not be an arithmetic aggregate of their components.

Unless otherwise indicated, the description of the Bank's business activities in this Offering Circular is presented on a consolidated basis. For further information on the Bank and its subsidiaries, see *"Description of the Bank - Subsidiaries and Associated Agencies"*.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes statements which contain words or phrases such as "will", "would", "aim", "aimed", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", "anticipate", "estimate", "estimating", "intend", "plan", "contemplate", "seek to", "seeking to", "trying to", "target", "propose to", "future", "objective", "goal", "project", "should", "can", "could", "may", "will pursue", "In management's judgment" and similar expressions or variations of such expressions that are forward-looking statements. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with management's expectations with respect to, but not limited to:

- the actual growth in demand for banking and other financial products and services;
- management's ability to successfully implement its strategy under the rehabilitation plan;
- future levels of non-performing assets;
- the Bank's growth and expansion;
- the adequacy of the Bank's allowance for credit and investment losses;
- technological change;
- the Bank's ability to market new products and services;
- the outcome of any legal or regulatory proceedings to which the Bank is or may become a party;
- the future impact of new accounting standards;
- the impact of Philippine banking regulations on the Bank;
- the Bank's ability to roll over its short-term funds on favorable terms; and
- the Bank's exposure to market risks.

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated. In addition, other factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this document include, but are not limited to: general economic and political conditions in the Philippines and the other countries which have an impact on the Bank's business activities or investments; the monetary and interest rate policies of the Government; inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices; the performance of the financial markets in the Philippines and globally; changes in Philippine and foreign laws and regulations, including tax, accounting and banking regulations; changes in competition and the pricing environment in the Philippines; and regional or general changes in asset valuations. For further discussion of the factors that could cause actual results to differ, see "*Investment Considerations*".

Any forward-looking statements contained in this Offering Circular speak only as at the date of this Offering Circular. Each of the Bank, the Issue Manager and the Selling Agents expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Bank's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any such statement was based.

INDUSTRY AND MARKET DATA

Unless otherwise indicated, all industry and market data with respect to the Philippine banking and financial services industries were derived from information compiled and made available by the BSP or other public sources. While the Bank has ensured that such information has been extracted accurately and is believed by the Bank to be reasonable and presented in its proper context, the Bank has not independently verified any of the data from third-party sources or ascertained the correctness of the underlying economic assumptions relied upon therein.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated into, and to form part of, this Offering Circular:

- (a) the most recently published audited non-consolidated and (if produced) consolidated annual financial statements and, if published later, the most recently published unaudited interim non-consolidated and (if produced) consolidated financial results of the Issuer;
- (b) disclosures made by the Bank with PDEX; and
- (c) all supplements or amendments to this Offering Circular prepared by the Issuer from time to time.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, to an extent that is material in the context of the Programme, a new offering circular will be prepared.

Capitalized terms used in this Offering Circular have the meanings given to them in this document or, as applicable, the Trust Agreement.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer, subject to compliance with all relevant laws, regulations, and directives, may from time to time, issue the Bonds, subject to conditions as set out herein. The general terms and conditions of the Bonds appear in the section “*General Terms and Conditions of the Bonds*” of this Offering Circular. The applicable specific terms of a Series of the Bonds will be agreed between the Issuer and the relevant Issue Manager prior to the issuance of such Series, will be set out in the applicable Pricing Supplement, and deemed incorporated by reference into such Series of the Bonds.

This Offering Circular and any supplement will only be valid for listing the Bonds in the PDEX in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Bonds previously or simultaneously issued under the Programme, does not exceed ₱200,000,000,000, unless increased pursuant to BSP Rules.

OFFERING CIRCULAR SUMMARY

This summary highlights information contained elsewhere in this Offering Circular. This summary is qualified by, and must be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Offering Circular. Prospective investors in the Bonds issued under the Programme should read this entire Offering Circular carefully, including “Investment Considerations” and the Bank’s audited financial statements. There is no assurance that all references to unaudited figures will have no material differences from the audited financial statements as of the same period, which may be attributed between accounting and regulatory reporting standards.

Overview

The Bank was established on 8 August 1963 under the Agricultural Land Reform Code (Republic Act No. 3844) to finance the acquisition and distribution of agricultural estates for division and re-sale to small landholders and the purchase of landholdings by agricultural land tenants.

In 1973, under Presidential Decree No. 251, the Bank became the first universal bank by charter and was granted expanded commercial banking powers to sustain its social mission of spurring countryside development. Presidential Decree No. 251 empowered the Bank to grant loans to agricultural, industrial, home-building or home financing projects and other productive enterprises and enabled the Bank to extend credit assistance to farmers’ co-operatives and associations to facilitate the production and marketing of crops and the acquisition of essential commodities.

In 1988, following the enactment of the Comprehensive Agrarian Reform Law (Republic Act No. 6657), the Bank became the financial intermediary of the Government’s Comprehensive Agrarian Reform Program (“**CARP**”). At that time, the Government established an Agrarian Reform Fund to fund payments, in cash and bonds, made by the Bank to landowners to compensate them for land compulsorily acquired under CARP. Interests in this land were then distributed to farmer beneficiaries, who were able to finance the acquisition of these interests by entering into long-term repayment arrangements with the Government, acting through the Bank. The Bank provided assistance to the landowners who gave up their land in exchange for cash and bonds by providing them with investment information and counseling, facilitating the conversion and/or exchange of agrarian reform bonds to or from government stocks and marketing the agrarian reform bonds.

In 1990, the Government accelerated and streamlined procedures on land valuation and landowners’ compensation processing and transferred to the Bank the primary responsibility of determining land valuation and compensation for land acquisition, which was previously the function of the Department of Agrarian Reform (“**DAR**”). The Bank maintains agrarian operations centers in various local regions to undertake these activities and collect land amortization payments by the farmer beneficiaries.

In 2013, Republic Act No. 10374 extended the legal existence of the Bank for another 50 years from the expiration of its original term. The extension of the LANDBANK Charter supported the Bank’s support of the Government’s socio-economic development agenda.

In 2016, Republic Act No. 10878 institutionalized the Bank’s support to agrarian reform beneficiaries (“**ARBs**”), and small farmers and fishers and their associations and cooperatives, setting a minimum 5% of its regular loan portfolio for socialized credit to these sectors.

LANDBANK was recognized as one of the top awardees at the 2025 Governance Commission for Government-Owned and Controlled Corporations (“**GCG**”). LANDBANK consistently earned distinct accolades under both the Performance Evaluation System and Corporate Governance Scorecard, underscoring the Bank’s unwavering commitment to good governance and exemplary public service.

The Bank’s capitalization increased to ₱293.13 billion as of 31 December 2024 based on the Bank’s audited financial statements. The Board of Directors has grown from the original five members to the current number of nine members. The Bank is currently the official depository bank of the National Government.

Principal Activities

Over the years, LANDBANK has evolved into a distinct institution within the country's financial landscape, steadily expanding its social mandate alongside its development role. Since its establishment, the Bank has empowered Filipinos by bridging economic growth with nation-building, delivering innovative and inclusive financial services that reach communities across the archipelago.

As the country's premier policy bank, LANDBANK advances the National Government's socio-economic agenda by financing the following priority sectors:

- I. Mandated Sector
 - Small farmers including agrarian reform beneficiaries and their associations
 - Small fishers and their associations
- II. Support for Agriculture and Fisheries
 - Agribusiness
 - Aqua-business
 - Agri-aqua related projects of Local Government Units ("LGUs") and government-owned and controlled corporations ("GOCCs")
- III. Support for Other National Government Priority Programs
 - Micro, small and medium enterprises ("MSMEs")
 - Communications
 - Transportation
 - Housing (socialized, low cost and medium cost)
 - Education
 - Health care
 - Environment-related projects
 - Tourism
 - Utilities
 - Others (livelihood / salary)

The Bank also extends credit facilities to non-agricultural development-oriented projects of local governmental units, GOCCs and other private or public institutions.

The Bank also offers full universal banking services to its customers, namely commercial and investment banking services, through its various business units and wholly-owned subsidiary, Overseas Filipino Bank, Inc. ("OFBank"), UCPB Savings Bank Inc. ("USB"), LANDBANK Securities, Incorporated ("LSI") and other non-banking services through its three operational subsidiaries: LBP Insurance Brokerage, Inc. ("LIBI"), LBP Leasing and Finance Corporation ("LLFC") and LBP Resources and Development Corporation ("LBRDC"). The non-banking services include insurance brokerage, leasing services, construction, property management and manpower services. The LANDBANK Countryside Development Foundation Inc. ("LCDFI"), on the other hand, extends development assistance support such as trainings and capacity-building activities to the lending conduits of the bank.

The Bank plays a key role in servicing the banking requirements of the Government and its various instrumentalities. The Bank assists through revenue collection and fund-raising, fund disbursement, the collection of loan amortizations, the collection of pension contributions from employees, and the distribution of benefits and salary payments to employees and pensioners.

The Bank also services the remittance requirements of overseas Filipino workers ("OFWs") and supports them through the offering of various credit and related programs.

Competitive Strengths

The Bank believes it is equipped with the following competitive advantages:

Pivotal Role in Advancing National Development through Priority Sector Financing

The Bank advances national development by directing its support programs toward the country's priority sectors, consistent with its mandate as a Government-owned and controlled financial institution. Foremost among these sectors are agriculture, fisheries, agrarian reform, infrastructure and rural communities, which form the backbone of inclusive and sustainable economic growth.

LANDBANK provides extensive financing across the agri-fishery value chain, supporting farmers, fishers, agrarian reform beneficiaries, cooperatives, and rural enterprises through loans for production, post-harvest facilities, processing, marketing, and infrastructure. These interventions enhance productivity, strengthen food security, and promote countryside development. Complementing financial support are capability-building initiatives that improve technical skills, financial literacy, and enterprise sustainability among sector participants.

Beyond agriculture, the Bank extends support to other national priority sectors, including MSMEs, transport cooperatives, and LGUs. Dedicated lending programs enable MSMEs to expand operations and generate employment, while financing for transport modernization contributes to safer, more efficient, and environmentally sustainable public transport systems. LANDBANK also partners closely with LGUs by funding infrastructure and social service projects that improve access to basic services and stimulate local economic activity.

Through these focused programs, LANDBANK reinforces its role as a key government financial partner—channeling resources to priority sectors that drive inclusive growth, reduce regional disparities, and support the country's long-term development objectives.

The Bank's credit assistance activities are focused on identified priority sectors. As of 30 September 2025, the Bank's exposure to its priority sectors¹ comprised ₱1,207.50 billion or 94.24% of sum of loans to all sectors of ₱1,281.36 billion².

Strong Balance Sheet and Stable Income

Since the 1990s, the Bank has consistently ranked among the top five commercial banks in the Philippines. As of 30 September 2025, based on the BSP Reporting Framework, the Bank was the 3rd largest bank in terms of assets (₱3,453.47 billion), the 3rd largest bank in terms of net loan portfolio (₱1,638.13 billion), the 2nd largest bank in terms of deposits (₱3,065.08 billion), and the 4th largest bank in terms of capital (₱268.53 billion). The Bank's growth has been sustained by long-term strategic positioning and efficient operations, supported by capital infusions and approved mergers backed by the National Government.

The Bank's net income (parent) for the years ended 31 December 2024 and 2023 were ₱38.64 billion and ₱41.70 billion, respectively, representing a return on equity of 13.53% and 16.74%, respectively. As of 31 December 2024, the Bank's capital adequacy ratio (parent) stood at 15.95% which compares favorably with the BSP standard of 10.0% and the Bank for International Settlements benchmark of 8.0%.

The Bank continues to have one of the highest loan loss coverage ratios (loan reserves/total loan portfolio) in the Philippine banking industry at 3.70% as of 30 September 2025, which is significantly higher than the average industry coverage ratio of 2.96% as of 30 September 2025.

Nationwide Presence through a Robust Branch Network

In line with the Bank's mandate of financial inclusion and accessibility, the Bank has established its presence in all of the 82 provinces of the Philippines. The Bank places great emphasis on its wide credit reach and quality of customer service. In order to enhance its services to its increasing customer base, the Bank has taken an aggressive stance in the development of its information technology and automated systems.

As of 30 September 2025, the Bank's domestic banking network comprised 609 branches, 3,244 automated teller machines ("ATMs"), 236 cash deposit machines ("CDMs"), and 10 mobile ATMs all over the country. In order to further enhance customer service, the Bank launched its phone banking facility in 2003, introduced internet banking in 2007, and rolled out an upgraded Mobile Banking Application in 2020, which was later recognized as the Most Reliable Mobile Banking Application by the World Business Outlook in 2025.

Strong Government Partnership

LANDBANK operates as a GOCC with a deep and sustained partnership with the Philippine government, positioning it as a key instrument in advancing national development priorities. As the country's largest state bank, LANDBANK plays a central role in supporting the Government's socio-economic programs, especially in agriculture, rural development, and inclusive financing, aligning its functions closely with the National Government's development agenda. Its mandate explicitly emphasizes support for the underserved and priority sectors, reflecting a strategic affiliation that extends beyond commercial banking to public service and nation-building.

¹ These priority sectors include: (i) small farmers including ARBs and their associations and small fishers and their associations; (ii) agricultural businesses; (iii) aqua-businesses; (iv) agri-aqua related projects of LGUs and GOCCs; (v) micro, small and medium enterprises; (vi) communications; (vii) transportation; (viii) socialized, low cost and medium cost housing; (ix) education; (x) health care; (xi) environment-related projects; (xii) tourism; (xiii) utilities; and (xiv) others (livelihood/salary).

² Excludes Interbank Term Loans Receivable (Foreign Regular & FCDU/EFCDU), Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse/Securities Lending and Borrowing Transactions, and Domestic Bills Purchased Lines; includes Unsecured Subordinated Debt Facility on Rural Banks.

The Bank's financial contributions to the National Government underline this robust support framework. For the past two years, LANDBANK has remitted a total of ₱65.65 billion in dividends to the National Government, maintaining its standing as the top dividend contributor among GOCCs. This demonstrates LANDBANK's unwavering support for government priorities and reflects its strong capacity to generate value for public funding while fulfilling its developmental mandate. Moreover, the Bank's strong capital position and healthy regulatory metrics further enhance its ability to serve as a reliable partner in executing government policies and programs.

Through these enduring ties, LANDBANK continues to translate government priorities into impactful financing, capacity-building initiatives, and expanded access to financial services nationwide, reinforcing its role as a trusted partner of the state in promoting inclusive and sustainable growth.

Proven and Highly Experienced Management Team

The Bank is led by a seasoned and accomplished management team with extensive expertise across national development and agricultural lending, alongside corporate banking, branch-based banking operations and service delivery, treasury and investment banking, digital banking, and corporate services. These front-line and delivery functions are supported by strong enterprise-wide capabilities in operations, risk management, compliance, and strategic planning, ensuring sound governance and disciplined execution of the Bank's mandate. Collectively, senior management brings decades of leadership experience in policy-oriented banking and finance, supporting the Bank's role in advancing inclusive growth, strengthening the agriculture and fisheries sectors, and expanding financial access nationwide through its extensive branch network and digital platforms.

Strategy of the Bank

With its mandate as the country's premier policy bank and a universal bank, LANDBANK's strategy is anchored on advancing the National Government's socio-economic agenda while ensuring long-term institutional stability and financial sustainability. The Bank focuses on financing priority sectors—including small farmers and fishers, LGUs, MSMEs, and other growth-generating industries—while delivering accessible, innovative, and responsive financial services nationwide.

Guided by its Promise, Purpose, and Goal, the Bank operationalizes its strategy through a balanced scorecard framework that integrates financial performance, stakeholder outcomes, socio-economic impact, internal processes, and learning and growth. This approach ensures that value creation, public mandate delivery, and institutional resilience are pursued in a coherent and disciplined manner.

The Bank's strategy is guided by the following institutional anchors:

- Promise – Empowering Filipinos for a better future
- Purpose – To provide responsive financial solutions and services for all Filipinos, from countryside to countrywide
- Goal – To be the premier financial institution that leads innovation in pursuit of development, inclusion, and sustainability
- Core Values (LEAD)
 - Love for Country – Social responsibility and citizen-centricity
 - Embody Excellence and Ethical Standards – Integrity and professionalism
 - Adopt Disruptive Innovations – Innovative mindset and collaboration
 - Delight Customers – Proactive service and citizen-centricity

LANDBANK's strategic objectives are articulated across the following five perspectives:

- Financial – The Bank aims to strengthen capital and institutional stability by improving profitability through diversified income sources and the prudent optimization of resources. This enables LANDBANK to sustain its policy-driven mandate while continuing to support national, green, and local government development programs.
- Stakeholders – The Bank cultivates enduring relationships with customers and stakeholders by delivering timely, appropriate, and accessible financial products and services across various touchpoints and platforms. These efforts are designed to address the evolving needs of a diverse customer base and enhance overall service experience.
- Socio-Economic Impact – Central to the Bank's strategy is the acceleration of financial inclusion and the advancement of sustainable development. LANDBANK supports the National Government's socio-economic priorities by expanding access to financial services, strengthening food security, financing infrastructure, and facilitating the transition to a green and blue economy.
- Process – The Bank continuously enhances productivity, efficiency, and service delivery through process innovation and the adoption of unified digital platforms. A data-informed and proactive organizational culture enables LANDBANK to respond effectively to emerging needs and opportunities.

- **Learning and Growth** – LANDBANK invests in acquiring, developing, and engaging talent critical to future-ready organizational capabilities. The Bank fosters a culture of collaboration that aligns policies, processes, and practices into cohesive systems and data flows, while strengthening governance and information security.

Through this integrated strategic framework, LANDBANK ensures it remains resilient, future-ready, and well-positioned to deliver its mandate in an increasingly complex financial and economic environment.

Operational Highlights

Executive Order No. 198, Series of 2016 approved the increase in the authorized capital stock of the Bank to ₱200 billion divided into 2 billion common shares with par value of ₱100.00 per share. Furthermore, it directed the Department of Finance (“DOF”) and the Department of Budget and Management (“DBM”) to provide a capital infusion to the Bank of at least ₱30,000,000,000.00, to be sourced from existing funds if allowed by law, or to be included in the General Appropriations Act for the succeeding years to allow the Bank to continue supporting the Government’s sustainable and inclusive growth agenda.

Republic Act No. 10878, which was signed into law in 2016, directed the Bank to allocate at least 5% of its regular loan portfolio for socialized credit to qualified small farmers, fisherfolk and agrarian reform beneficiaries.

Memorandum Order No. 85, Series of 2015 directed the abolition of the National Livelihood Development Corporation (“NLDC”), wherein its assets and liabilities would be transferred to LANDBANK. Thus, the net assets of NLDC were transferred to LANDBANK in 2018 as capital infusion by the National Government. The net assets of People’s Credit and Finance Corporation (“PCFC”), as a wholly-owned subsidiary of NLDC, were also transferred to LANDBANK in compliance with the GCG letter dated 18 September 2015.

Executive Order No. 142, series of 2021 approved the merger of LANDBANK and the United Coconut Planters Bank (“UCPB”) by LANDBANK’s acquisition of the Special Preferred Shares of the Philippine Deposit Insurance Corporation (“PDIC”) in UCPB. The legal merger of LANDBANK and UCPB took effect on 1 March 2022.

In accordance with the Office of the President Memorandum from the Executive Secretary dated 14 February 2022, LANDBANK’s authorized capital stock was increased from ₱200 billion to ₱800 billion, divided into 8 billion common shares with par value of ₱100.00 per share.

Selected Financial Information

The following tables set forth selected consolidated and non-consolidated year-end audited financial information and non-consolidated interim unaudited financial information of the Bank as at and for the periods indicated. This information has been derived from the Bank’s audited financial statements and non-consolidated unaudited financial statements appearing elsewhere in this Offering Circular and is qualified in its entirety by reference to such financial statements, including the Bonds thereto. The Bank’s consolidated audited financial statements have been prepared in accordance with Philippine Financial Reporting Standards (“PFRS”), while the unaudited financial statements have been prepared in accordance with BSP prudential financial reporting requirements.

The following selected audited financial information should be read together with “*Investment Considerations Relating to the Bank*” and the financial statements included elsewhere in this Offering Circular.

STATEMENTS OF COMPREHENSIVE INCOME

In ₱ millions	GROUP For the year ended 31 December (Audited)		
	2024	2023 (As Restated)	2022 (As Restated)
Interest income	142,556	125,800	93,945
Interest expense	43,892	34,791	15,567
Net interest income	98,664	91,009	78,378
Provision for credit and impairment losses	20,565	7,760	20,248
Net interest income after provision	78,099	83,249	58,130
Other operating income	16,980	12,714	21,899
Other operating expenses	56,102	55,189	56,135
Income before income tax	38,977	40,774	23,894
Provision for income tax	1,092	2,525	722
Income tax benefit	1,205	3,826	3,161
Net income	39,090	42,075	26,333
Attributable to:			
Equity of the Parent Bank	39,088	42,074	26,332
Non-controlling Interest	2	1	1
Net income	39,090	42,075	26,333

In ₱ millions	PARENT				
	For the nine months ended 30 September (Unaudited)		For the year ended 31 December (Audited)		
	2025 (As Restated)	2024	2024	2023 (As Restated)	2022 (As Restated)
Interest income	113,218	102,899	140,608	124,147	92,463
Interest expense	31,809	31,929	43,424	34,546	15,499
Net interest income	81,409	70,970	97,184	89,601	76,964
Provision for credit and impairment losses	8,339	14,042	20,519	7,626	20,038
Net interest income after provision	73,070	56,928	76,665	81,975	56,926
Other operating income	8,528	8,515	15,467	11,166	23,498
Other operating expenses	45,649	39,490	53,738	52,841	53,692
Income before income tax	35,949	25,953	38,394	40,300	26,732
Provision for income tax	1,270	812	955	2,401	574
Income tax benefit	(186)	3	(1,205)	(3,799)	(3,147)
Net income	34,865	25,138	38,644	41,698	29,305

STATEMENTS OF FINANCIAL POSITION

In ₱ millions	GROUP For the year ended 31 December (Audited)		
	2024	2023 (As Restated)	2022 (As Restated)
ASSETS			
Cash and Cash Equivalents	417,190	467,707	638,627
Trading and Investment Securities	1,319,660	1,254,722	1,310,143
Loans and Other Receivables	1,585,755	1,463,179	1,148,359
Investment in Associates	50,000	-	-
Inventories	387	342	231
Investment Property	17,220	14,212	13,708
Property and equipment	13,005	11,379	10,712
Right-of-Use Assets	3,105	2,942	3,453
Non-current assets held for sale	927	945	938
Other intangible assets	1,270	1,472	1,992
Other assets	36,865	67,078	17,448
Deferred Tax Assets	18,721	17,516	13,631
Total Assets	3,464,105	3,301,494	3,159,242
LIABILITIES AND EQUITY			
Liabilities			
Deposit liabilities	3,013,468	2,896,748	2,767,321
Financial liabilities	69,736	58,855	100,513
Inter-Agency Payables	10,196	7,443	2,617
Deferred Credits/Unearned Income	6,705	5,341	4,622
Provisions	716	677	624
Other Payables	66,318	50,521	59,725
Total Liabilities	3,167,139	3,019,585	2,935,422
Equity	296,966	281,909	223,820
Total Liabilities and Equity	3,464,105	3,301,493	3,159,241

In ₱ millions	PARENT				
	For the nine months ended 30 September (Unaudited)		For the year ended 31 December (Audited)		
	2025 (As Restated)	2024	2024	2023 (As Restated)	2022 (As Restated)
ASSETS					
Cash and Cash Equivalents	277,497	400,717	415,885	466,669	637,582
Trading and Investment Securities	1,395,254	1,339,929	1,314,216	1,249,785	1,305,937
Loans and Other Receivables	1,638,132	1,532,590	1,566,310	1,444,423	1,130,011
Investment in Subsidiaries	8,758	8,758	5,654	5,654	5,654
Investment in Associates	50,000	-	50,000	-	-
Inventories	278	307	297	286	228
Investment Property	13,418	11,229	16,141	13,047	12,537
Property and equipment	14,213	12,536	11,842	10,467	10,105
Right-of-Use Assets	-	-	2,393	2,261	2,780
Non-current assets held for sale	473	602	876	930	916
Other intangible assets	1,294	1,504	1,214	1,409	1,928
Other assets	50,685	97,584	36,726	67,325	17,395
Deferred Tax Assets	3,467	3,470	17,764	16,555	12,754
Total Assets	3,453,469	3,409,226	3,439,318	3,278,811	3,137,827
LIABILITIES AND EQUITY					
Liabilities					
Deposit liabilities	3,065,081	3,021,144	2,998,890	2,882,399	2,753,619
Financial liabilities	18,511	17,515	64,848	55,518	97,767
Inter-Agency Payables	-	-	10,807	8,166	2,547
Deferred Credits/Unearned Income	-	-	4,991	3,871	3,640
Provisions	-	-	652	589	571
Other Payables	101,344	99,134	65,998	50,13	59,526
Total Liabilities	3,184,936	3,137,793	3,146,186	3,000,656	2,917,670
Equity	268,533	271,433	293,132	278,155	220,157
Total Liabilities and Equity	3,453,469	3,409,226	3,439,138	3,278,811	3,137,827

Notes:

1. The right-of-use asset is included within Property and Equipment in the unaudited (or prudential) figures.
2. The unaudited figures for "Other Payables" include Inter-Agency Payables, Deferred Credits, and Provisions.

FINANCIAL RATIOS

	GROUP For the year ended 31 December (Audited)		
	2024	2023 (As Restated)	2022 (As Restated)
ROE	13.50%	16.64%	11.46%
ROA	1.16%	1.30%	0.86%
Tier 1 CAR	15.11%	15.54%	13.93%
CAR	15.19%	16.43%	14.46%
Loans-to-Deposit Ratio (LDR)	53.93%	51.55%	43.11%

	PARENT				
	For the nine months ended 30 September (Unaudited)		For the year ended 31 December (Audited)		
	2025 (As Restated)	2024	2024	2023 (As Restated)	2022 (As Restated)
ROE	16.70%	12.89%	13.53%	16.74%	13.35%
ROA	1.31%	1.03%	1.15%	1.30%	1.30%
Net Interest Margin Ratio	3.47%	3.29%	3.37%	3.14%	2.96%
Tier 1 CAR	16.12%	15.43%	15.06%	15.46%	13.90%
CAR	16.99%	16.31%	15.95%	16.35%	14.44%
NPL	4.94%	6.42%	5.65%	4.65%	5.00%
Loans-to-Deposit Ratio (LDR)	55.50%	53.08%	53.61%	51.21%	42.69%

Recent Developments

Social Protection and Amelioration Programs

As a key partner of the National Government in implementing various Social Protection and Amelioration Programs, LANDBANK has successfully facilitated the delivery and disbursement of cash grants to beneficiaries under several important initiatives. Through these efforts, the Bank has played a pivotal role in ensuring that assistance reaches those in need, supporting the Government's mission to uplift vulnerable communities and promote inclusive development. Included in these programs are the Conditional Cash Transfer ("CCT") program, which is a joint program with the DSWD and the Fuel Subsidy Program of the Department of Transportation and Land Transportation Franchising and Regulatory Board.

The CCT program aims to support poor households with children aged 18 years old and below. LANDBANK continues to deliver timely financial assistance as it released ₱98.93 billion in cash grants that benefited 4.4 million low-income families in 2024 and ₱70.33 billion as of 30 September 2025.

The Fuel Subsidy Program is a program that aims to support eligible PUV franchise holders/drivers. Under this program, LANDBANK has released a total of ₱1.97 billion released to more than 800,000 beneficiaries nationwide and ₱831.46 million to more than 540,000 beneficiaries as of 30 September 2025.

Intensifying support to the agri-sector

LANDBANK is committed to the Agriculture, Fisheries, and Rural Development ("AFRD") Financing Enhancement Act of 2022. As of 30 September 2025, LANDBANK has extended ₱812.74 billion in loans for agriculture and rural development, making up 48% of its total loan portfolio of ₱1.70 trillion. This financing supports productivity, income growth, and sustainable development in agriculture and rural communities. LANDBANK AFRD loans include ₱390.61 billion for rural development infrastructure such as construction, acquisition and repair of facilities for production, processing, storage, transportation, communication, marketing and such other facilities in support of agriculture and fisheries. Additionally, ₱229.68 billion has been allocated for agri-value chain and marketing, while ₱133.89 billion backs sustainable and agri-business projects. The Bank also supports entrepreneurial activities, mechanization, and projects benefiting farmers, fishers, and ARBs.

Under the LANDBANK's flagship AGRISENSO Plus Lending Program, the Bank has extended ₱1.95 billion in loans as of September 2025 to over 12,300 borrowers since its launch in 2024, most of whom are small farmers and fishers. Through the Program's capacity-building component, a total of 25,296 small farmers and fishers have been trained.

Inclusive Banking

LANDBANK continues to expand its reach through its "phygital" strategy, seamlessly integrating its physical

presence with advanced digital channels. This approach ensures a secure and convenient banking experience while serving the underserved and unbanked.

As of 30 September 2025, the Bank maintains a nationwide network of 10,582 customer touchpoints, including 609 branches, 60 lending centers, 3,244 ATMs, 236 CDMs, and 1,091 LANDBANKasama partners, ensuring financial access even in the most remote communities. Customers can also transact free of charge at over 3,800 7-Eleven ATMs nationwide through the Bank's partnership with Pito AxM Platform, Inc.

Digital Banking

LANDBANK is also setting the pace for digital banking in the Philippines, powering an impressive ₱3.14 trillion in digital transactions in the first nine months of 2025. This marks a 36% increase in value and a 27% rise in volume year-on-year, with over 550 million transactions processed.

The LANDBANK Mobile Banking App continued to drive client adoption, accounting for the majority of transaction volume with over 492.44 million transactions valued at ₱418.40 billion, representing increases of 26% in volume and 38% in value, respectively, compared to the previous year.

Support to the MSME sector

LANDBANK formally launched in December 2025 the LANDBANK's Innovative Financing Thrust Towards Inclusive National Growth thru Micro, Small, and Medium Enterprises (LIFTING MSMEs) Lending Program ("**LIFTING MSMEs Program**"), a comprehensive financing initiative aimed at strengthening support for MSMEs across the Philippines. The LIFTING MSMEs Program consolidates all existing MSME lending initiatives of LANDBANK into a unified streamlined platform.

INVESTMENT CONSIDERATIONS

An investment in the Bonds involves a number of investment considerations. Prospective investors in the Bonds should carefully consider all of the information contained in this Offering Circular, including the investment considerations described below, before making an investment decision. The business, financial condition, liquidity and results of operations of the Bank could be adversely affected materially by any of these investment considerations. The market price of the Bonds could decline due to any one of these risks, and all or part of an investment in the Bonds could be lost.

Considerations Relating to the Bank

The Bank is wholly-owned by the Government.

The Government currently owns all of the shares in the Bank, which, in turn, derives substantial benefit from such relationship. By virtue of its relationship with the Government, the funding needs of the Bank are met through access to funding from multilateral and bilateral agencies and Government deposits. In addition, the DOF, by charging a fee, assumes the foreign exchange risk of the Bank's foreign currency borrowings from multilateral and bilateral agencies. The Government may opt to privatize or merge the Bank with other Government banks in the future. The benefits that the Bank presently enjoys may possibly be discontinued and any change in the Bank's relationship with the Government could have an adverse effect on the Bank's business, financial condition and results of operations.

Prospective Bondholders should be aware that the Bonds are not guaranteed by, nor do they constitute an obligation of, the Government or any instrumentality of the Government (other than the Bank).

The Bank has significant exposures to debt papers issued by the Republic of the Philippines and deposits to the BSP, as part of its regular banking operations that may or may not be construed by the BSP as non-compliance with regulatory limits on Directors, Officers, Stockholders and Related Interest ("DOSRI") considering the 100.0% stake of the Philippine Government in the Bank.

The Bank may face increasing levels of doubtful and non-performing loans and provisioning expense for impairment of assets.

The Bank's results of operations have been, and continue to be, affected by the level of its non-performing loans ("NPLs"). For the quarter ended 30 September 2025 and years ended 31 December 2024, 2023, and 2022, the Bank's provisioning for impairment losses amounted to ₱8.32 billion, ₱18.46 billion, ₱7.60 billion, and ₱20.00 billion, respectively. As of the quarter ended 30 September 2025 and years ended 31 December 2024, 2023, and 2022, the Bank's non-performing loans, net of specific allowances for credit losses, were ₱44.02 billion, ₱44.34 billion, ₱38.75 billion, and ₱40.20 billion, respectively (representing 2.59%, 2.76%, 2.63%, and 3.42%, respectively, of the Bank's total gross loans as of those dates). On a percentage basis, as of the quarter ended 30 September 2025 and years ended 31 December 2024, 2023, and 2022, the Bank's non-performing loan levels were higher than the industry average of 1.92%, 1.49%, 1.28%, and 2.11%, respectively. Volatile economic conditions in the Philippines, including volatile exchange and interest rates, continue to adversely affect many of the Bank's customers, causing uncertainty regarding their ability to fulfill obligations under the Bank's loans and significantly increasing the Bank's exposure to credit risk. These and other factors could result in an increased number of doubtful and non-performing loans in the future. Any significant increase in the Bank's doubtful or non-performing loans may have a material adverse effect on the financial condition, capital adequacy and results of operations of the Bank.

Increased enforcement by the BSP related to priority lending for the agrarian reform and agricultural sectors could adversely affect the Bank's business, financial condition and results of operations.

In support of government initiatives to strengthen rural development, Philippine banks are required under Republic Act No. 11901 ("RA 11901") or the Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022 to allocate 25% of their total loanable funds to borrowers in the agriculture, fisheries, and rural development sectors. Failure to meet the specified level of eligible credits may result in regulatory fines or penalties levied against the noncompliant bank. This fine is calculated as one-half of one percent per annum (0.5%) of the under-complied amount, computed on a quarterly basis.

Prospective Bondholders should be aware that future compliance of this law may be an issue.

There is a possibility that the Government may reduce its shareholding in the Bank.

The Bank is currently wholly owned by the Government and derives substantial benefit from this relationship. No assurance can be given that the Government will not significantly reduce its shareholding in the Bank or dispose of its shareholding entirely in the future. In fact, Republic Act No. 10878 that lapsed into law on 17 July 2016

enhanced that possibility. Section 2 of the said law authorizes the Bank to issue common and preferred shares of stocks to its mandated sectors, development partners and strategic investors identified in the law, wherein the National Government, shall maintain, at all times at least two-thirds (2/3) ownership of the total outstanding common shares of the Bank. On 20 July 2020, the BSP issued BSP Circular No. 1090-20 covering the Implementing Rules and Regulations (“IRR”) of Republic Act No. 10878. Section 5 of the IRR states that the Bank may offer and issue common and preferred shares of stocks to ARBs, small farmers and small fisher folks through their organizations, cooperatives, federations and cooperative banks; development partners and strategic investors such as multilateral and bilateral institutions; rural banks and their associations, either through private placement, public offering or otherwise, in quantities to be determined by the Board of Directors of the Bank. However, it is noted that the National Government shall maintain, at all times, at least two-thirds (2/3) ownership of the total outstanding common shares of the Bank. Preferred shares of stock shall be non-voting.

The process of effecting changes to the Bank’s charter would likely take several years. No assurance can be given that the Government would support or permit any increase in the issued and paid-up capital of the Bank through the subscription by the Government or any other person to additional fully paid common shares at any time, regardless of the financial condition of the Bank at the relevant time. Also, no assurance can be given that the Bank will continue to enjoy benefits associated with its relationship with the Government. For instance, the Government could opt to cease to designate the Bank as its principal depository bank, withdraw the provision of credit support for the Bank’s foreign currency borrowing facilities or cease to take responsibility for the Bank’s foreign exchange risk under its foreign currency borrowing facilities. Any of these factors, or other considerations stemming from any weakening of the Bank’s relationship with the Government, could have a material adverse effect on the Bank’s business, financial condition, and results of operations.

An inability to manage the Bank’s growth could disrupt its business and reduce its profitability.

The Bank has experienced high growth in recent years and expects its business to grow significantly as a result of its expansion plans. It expects this growth to place significant demands on its resources, operations and management, and require it to continuously evolve and improve its operational, financial and internal controls across the organization. In particular, continued expansion increases the exposure to certain additional risks, including:

- Difficulties raising capital for expansion in light of financial market disruptions, which might increase leverage if equity funds are not available when needed;
- Difficulties arising from operating a significantly larger and more complex organization and expanding into new geographic areas and territories;
- Difficulties in the assimilation and seamless integration of the assets and operations of the expanded operations with the existing business;
- The diversion of management’s attention;
- The failure to realize expected profitability or growth in new ventures;
- The failure to realize expected synergies and cost savings;
- Difficulties arising from coordinating and consolidating corporate and administrative functions, including integration of internal controls and procedures;
- Changes in technology;
- Unforeseen legal, regulatory, contractual, labor or other issues;
- An inability to attract new talent due to limited resources in the market; and
- Increased pressure on operating expenses in the near term.

The Bank believes this risk can be managed through the Bank’s strengths and strategies. However, there is no assurance that the Bank can provide an effective mitigation to such risk.

An inability to manage its growth may have an adverse effect on the Bank’s business, financial condition and results of operations.

The business of lending carries the risk of default by borrowers and the Bank may face increasing levels of NPLs and provisions for impairment and credit losses on loans. Any lending activity is exposed to credit risk arising from the risk of default by borrowers. The Bank’s results of operations may be negatively affected by the level of its NPLs. The Bank’s total NPLs were ₱84.11 billion, ₱90.82 billion, ₱68.66 billion, and ₱58.72 billion as of the quarter ended 30 September 2025 and years ended 31 December 2024, 2023, and 2022, respectively. A number of factors affect the Bank’s ability to control and reduce its NPLs, such as volatile economic conditions in the Philippines, which may adversely affect many of the Bank’s customers, and may cause uncertainty regarding their ability to fulfill their loan obligations, and in effect increase its exposure to credit risk. In addition, the Bank is seeking to grow its business, particularly its earnings asset base, which would likely entail extending more loans to customers. The Bank also focuses its lending business to the priority sectors which include MSMEs and retail consumers, which may have a higher risk of default than other segments. While it believes that it has more than adequate loan provisions, these and other factors could result in an increased number of NPLs in the future and may require it to book additional provisions for impairment and credit losses on loans. While it regularly monitors its NPL levels and has strict credit processes in place, there can be no assurance that it will be successful in reducing its NPL levels or that the percentage of NPLs that it will be able to recover will be similar to its historical recovery rates or that the

overall quality of its loan portfolio will not deteriorate in the future. If it is not able to control and reduce its NPLs or recover expected amounts from NPLs, if the quality of collateral is lower than estimated or if there is a significant increase in its provisions for loan losses, the Bank's operating costs, business, financial condition, results of operations and capital adequacy could be adversely affected.

The Bank believes this risk can be managed through the Bank's strengths and strategies. However, there is no assurance that the Bank can provide an effective mitigation to such risk.

The Bank has a large exposure to certain sectors of the Philippine economy.

The Bank lends primarily to the following priority sectors: (i) small farmers including ARBs and their associations and small fishers and their associations; (ii) agricultural businesses; (iii) aqua-businesses; (iv) agri-aqua related projects of LGUs and GOCCs; (v) MSMEs; (vi) communications; (vii) transportation; (viii) socialized, low cost and medium cost housing; (ix) education; (x) health care; (xi) environment-related projects; (xii) tourism; (xiii) utilities; and (xiv) others (livelihood/salary). As of 30 September 2025, the Bank's exposure to its abovementioned priority sectors comprised of ₱1,207.50 billion or 94.24% of sum of regular loans to all sectors of ₱1,281.36 billion³. Hence, the Bank's asset quality is, to this extent, dependent on its credit risk management processes specifically relating to these sectors. The Bank has accreditation processes in place that assess the credit risk associated with lending to its priority sectors. However, there can be no assurances that these accreditation processes are sufficient to adequately analyze the creditworthiness of the constituents of the above-noted priority sectors. Any sudden downturn in these sectors in the future may have a material adverse effect on the business, financial condition and results of operations of the Bank.

The Bank faces significant competition for Government deposits and such competition will likely increase in the future.

Most of the Bank's funding needs are met through Government deposits and the availability of Government credit support enables the Bank to satisfy its foreign currency borrowing requirements on more beneficial terms than its privately owned competitors. If the Government ceases to provide such credit support, the Bank may not be able to procure loans on such beneficial terms or at all. In addition, the Government typically assumes the foreign exchange risk taken on by the Bank under its foreign currency borrowing facilities from multilateral agencies. The Bank currently competes with other public, private and quasi-private financial institutions for Government deposits and it is uncertain whether the Bank will continue to procure Government deposits at the rate, and in the proportion, that it has been able to do so thus far. In addition, the number of financial institutions in the Philippines that are eligible to accept Government deposits may increase; thus, further increasing the competition for a limited amount of Government deposits. There have been recent pronouncements by the DBM and Bureau of the Treasury ("BTr") to improve the quality of fiscal information through the implementation of the Treasury Single Account ("TSA"). As the biggest government depository bank, the implementation of TSA will impact the Bank's operations. Nonetheless, the Bank has taken steps to generate more deposits from the private sector; and to leverage on its function as the servicing arm of the government to generate income from service fees on various government transactions.

There is a possibility that Government policy may override the best interest of the Bank in the conduct of its business.

As stated above, the Bank is wholly owned by the Government. In addition, although the Bank's principal policies are laid down in its charter, the Government exercises significant supervisory control over the Bank through direct representation in the board of directors of the Bank (the "Board of Directors") and its ability to effect changes in the Board of Directors, including the appointment of the President and Chief Executive Officer and other directors of the Bank. See *Management and Employees - Management - Board of Directors*. As a result of these factors, the Government is able to exert significant influence over the strategy and business activities of the Bank and even its subsidiaries and affiliates and attached agencies. From time to time, the Bank is required to take action in furtherance of public policy considerations and the Government's broader objectives for the development of the Philippine economy.

For example, as a Government-owned bank, it is subject to overriding policy considerations which may include merging it with other Government-owned banks such as the Development Bank of the Philippines ("DBP"). There is no assurance that the business and policy direction of the Bank will continue to be as currently implemented after any merger with a government-owned financial institution.

As a Government-owned entity, the Bank is subject to certain regulations that are not applicable to its private competitors. For example, under Republic Act No. 7656 (GOCC Dividend Law), the Bank must provide to the Government by way of dividend at least 50.0% of its annual net earnings. However, the Bank regularly requests dividend relief or adjustment of dividend rates as permitted under the revised IRR to preserve and strengthen its capital and ensure compliance with regulatory capital requirements. The request for relief was made by the Bank

³ Excludes Interbank Term Loans Receivable (Foreign Regular & FCDU/EFCDU), Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse/Securities Lending and Borrowing Transactions, Domestic Bills Purchase Lines; Includes Unsecured Subordinated Debt Facility on Rural banks

in 2023 for its 2022 net earnings wherein the Bank was favorably granted 0% dividend rate under Executive Order No. 43, Series of 2023. In addition, to ensure transparency, the Bank must procure bids before undertaking certain transactions with third parties, such as selling its non-performing loans or upgrading its computer systems. Such bidding process may be time-consuming, and any delays caused by the bidding processes may result in the Bank not being able to conduct such transactions at the time it wishes to do so, or at all.

Thus, there is overriding possibility that conflicts between the Bank's commercial interests and the realization of the Government's policy objectives may arise in the future. In such event, there can be no assurance that the Bank's best commercial interests will take precedence over Government policy. The pursuit of any such business activities by the Bank which are not in its own best commercial interests could have a material adverse effect on the Bank's business, financial condition and results of operations.

From time to time the Bank may be involved in lawsuits and regulatory actions relating to its business.

The Bank is a defendant in certain legal proceedings in respect of which there can be no assurance that the Bank will be able to successfully defend against the claims involved. Due to the inherent uncertainties of litigation and regulatory proceedings, the Bank cannot accurately predict the ultimate outcome of any of the said proceedings.

The Bank is also mandated to supervise certain of its subsidiaries and affiliates and the Bank's directors and officers may hold concurrent positions in these subsidiaries and affiliates. There may also be some vehicles that are attached to the Bank although there may be no direct reporting or management or supervisory lines or any consolidation between that agency and the bank. As some of these subsidiaries, affiliates, and attached agencies may be involved in legal proceedings that could include the Bank, its directors, or officers as party-litigants, such legal proceedings may include civil, administrative, and even criminal proceedings which could pose a threat to the Bank's reputation, credibility, financials, and operations.

As the official depository bank of the National Government, the Bank, in the ordinary course of business, may, from time to time, be requested to participate in or respond to inquiries, reviews, investigations, or proceedings relating to any allegation of wrongdoing by third parties. Any such inquiries or proceedings, without a final resolution or judgment, are not, in and of themselves, indicative of any wrongdoing or liability on the part of the Bank, but there is no assurance that such matters would result in any adverse findings against the Bank. However, any such matters are not expected to affect the validity, enforceability, or performance of the Bonds, nor the Bank's ability to meet its obligations thereunder.

There can be no assurance that the Bank, its directors, or officers will not be included as party-litigants to any case that may be brought against the Bank or that the Bank will be able to successfully defend against any such claims involving it, its directors, or officers.

The Bank's risk management policies and procedures are continuously being enhanced.

In order to increase the efficiency and efficacy of its risk management, the Bank has updated its risk management policies and procedures according to recently issued regulatory issuances and acceptable business practices. While the Bank believes that these changes will result in improvements in risk management, there can be no assurances that such will be the case. Parts of the Bank's risk management framework are new and many of the risk management policies and procedures are undergoing continuous review and updating. There can be no assurances that these policies and procedures will operate in ways that the Bank has anticipated. Failure to appropriately manage risks could adversely affect the Bank's business, financial condition and results of operations.

The Bank's business depends on the continuation of its management team, skilled personnel and the Bank's ability to retain and attract talented personnel.

LANDBANK's workforce is comprised of talented and motivated individuals who work hand-in-hand with management to help in the Bank's long-term success. Employee development is deeply embedded in the Bank's Corporate Strategy, constantly working towards building and enhancing partnerships with employees to improve their capabilities. With a mission to develop and nurture talents to exemplify the highest standards of ethics and excellence consistent with the best in the world, LANDBANK's talent management strategy ensures that all Landbankers are provided with an excellent platform to showcase their talents and develop as individuals. The Bank understands that its employees play a huge role in helping the Bank achieve its goals and targets, thus it values their contributions by providing them with opportunities to grow career-wise.

LANDBANK's talent management and recruitment processes are in accordance with the mandates of the Philippine Government and regulatory bodies (e.g., Civil Service Commission, BSP, and others). To ensure that the right kind of talent is recruited, the Bank conducts studies to understand region-wise market dynamics in accordance with business needs throughout its regions of operation across the Philippines. The Bank's diligent steps towards hiring ensure that only capable and competitive individuals are hired. The Bank understands the importance of having a low, yet healthy turnover rate as presented below; hence, it puts steps in place to ensure that its employees are engaged.

	ATTRITION RATE			
Employee Type	30 September 2025	31 December 2024	31 December 2023	31 December 2022
Senior Management	0.15%	0.22%	0.04%	0.05%
Middle Management	1.22%	2.61%	0.65%	0.62%
Rank-and-File	2.80%	6.97%	6.29%	5.10%
Bank-wide	4.17%	9.79%	6.98%	5.77%

LANDBANK ensures the readiness of successors for critical positions in the Bank for the continuity of its business operations through succession planning. In partnership with incumbents and the would-be successor's manager, the Human Resources Management Group ("HRMG") conducts the Succession Planning (SP) process which involves the following activities: (a) identification of key positions in the organization; (b) determination of appropriate qualification and competency standards for these positions; (c) assessment of possible successors against the standards; (d) mapping of candidates in the succession pool; and (e) design and implementation of learning and development ("L&D") programs to ensure and continuously monitor the readiness of potential successors to assume the functions and responsibilities of the position.

The Bank has always put a premium on developing a talented and competitive workforce through attendance to various L&D programs on various disciplines. LANDBANK remains committed towards placing great importance on the personal and professional growth of its employees, ensuring that as the Bank grows, the employees grow as well.

To ensure the readiness and availability of a highly trained and qualified management pool for critical positions, the Bank conducts the following High-Potential Leadership Programs aimed at strengthening leadership competencies of high performers.

- Management and Leadership Development Program ("MLDP"), aimed to strengthen and reinforce management skills in building high performing teams, is comprised of the Management Training Program ("MTP") for first line Supervisors, Officers Development Program ("ODP") for future Junior Officers, Accelerated Branch Officers Program ("ABOP") for future Branch Managers, Credit Officers Program for Excellence ("COPE") for future Lending Center/Unit Heads, and Leadership Development Program ("LDP") for current Heads of Units;
- Advanced Leadership Development Programs such as the John Clements Leadership Institute (JCLI) LANDBANK Leadership Reimagined, a high-level leadership program, enhance the leadership skillset and mindset of possible successors;
- Business Focus Areas Programs; and,
- Executive Development Program, a partnership program with the National University of Singapore-Institute of Systems Science, is for our Sector Heads ("SH") and SH successors

LANDBANK maintains a remuneration policy that enables the Bank to attract and retain its pool of qualified and competent officers and employees. At the same time, the Bank endeavors to make this policy closely compliant with the requirements of the Government and other regulatory bodies.

The Bank is subject to credit, market and liquidity risk.

To the extent any of the instruments and strategies the Bank uses to manage its exposure to market or credit risk is not effective, the Bank may not be able to mitigate effectively its risk exposures in particular to market environments or against particular types of risk. The Bank's continued balance sheet growth will be dependent upon economic conditions, as well as its ability to sell, purchase or syndicate particular loans or loan portfolios. The Bank's trading revenues and interest rate risk exposure depend in part on its ability to properly identify and mark to market the changes in the value of financial instruments caused by changes in market prices or rates, among other factors. The Bank's earnings are dependent upon the effectiveness of its management of migrations in credit quality and risk concentrations, the accuracy of its valuation models and critical accounting estimates and the adequacy of allowances for credit losses. To the extent its assessments, assumptions or estimates prove inaccurate or are not reflective of actual results, the Bank could suffer greater than anticipated losses. The Bank's successful management of credit, market and operational risks is also an important consideration in managing its liquidity risk because it affects the evaluation of its credit ratings by rating agencies. The Bank's failure to successfully manage such risks could reduce its liquidity and negatively impact its operating results and financial condition.

A downgrade of the Bank's credit rating could have a negative effect on its business, financial condition and results of operations.

In the event of a downgrade of the Bank's credit rating by one or more credit rating agencies, the Bank may have to accept terms that are not as favorable in its transactions with counterparties, including capital raising activities, or

may be unable to enter into certain transactions. This could have a negative impact on the Bank's treasury operations and also adversely affect its financial condition and results of operations. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in its ratings. Any reduction in the Bank's ratings (or withdrawal of ratings) may increase its borrowing costs, limit its access to capital markets and adversely affect its ability to sell or market its products, engage in business transactions, particularly longer-term and derivatives transactions, or retain its customers. This, in turn, could reduce the Bank's liquidity and negatively impact its operating results and financial condition.

No assurance can be given that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances in the future so warrant or if a different methodology is applied to derive such credit ratings. Any lowering or withdrawal of the Bank's credit rating could, notwithstanding that it is not a rating of the Bonds, adversely impact the market price and the liquidity of the Bonds.

The Bank's business, reputation and prospects may be adversely affected if the Bank is not able to detect and prevent fraud or other misconduct committed by the Bank's employees or outsiders on a timely basis.

The Bank is exposed to the risk of fraud and other misconduct that may be committed by employees or outsiders. Such incidents may adversely affect banks and financial institutions more significantly than companies in other industries due to the large amounts of cash that flow through their systems. Any occurrence of such fraudulent events may damage the reputation of the Bank and may adversely affect its business, financial condition, results of operations and prospects. In addition, failure on the part of the Bank to prevent such fraudulent actions may result in administrative or other regulatory sanctions by the BSP or other Government agencies, which may be in the form of suspension or other limitations placed on the Bank's banking and other business activities. Although the Bank has in place certain internal procedures to prevent and detect fraudulent activities, these may be insufficient to prevent such occurrences from transpiring. There can be no assurance that the Bank will be able to avoid incidents of fraud in the course of its business.

The release of the Bank's audited financial statements may not coincide with other Non-Government Philippine banks.

Audited financial information of the Bank may not be available within the period investors are able to receive or access similar information of other domestic non-Government banks. As a Government-owned entity, the Bank is necessarily audited by the COA. The time for completion of an annual audit conducted by the COA has historically exceeded the time for the release of audited information of Philippine banks that are audited by private auditors due to procedures that must be observed only by Government entities.

The Bank may be unable to recover the assessed value of its collateral when its borrowers default on their obligations, which may expose the Bank to significant losses.

As of 30 September 2025, the Bank's secured loans represented ₱810.37 billion of the Bank's total loans, and ₱363.49 billion of the collateral on these secured loans consisted of real property. This portfolio of secured real estate properties gives the Bank significant exposure to the Philippine property market and provides it with holdings in repossessed and other properties acquired ("ROPA"). The recorded values of the Bank's collateral may not accurately reflect its liquidation value, which is the maximum amount the Bank is likely to recover from a sale of collateral, less expenses of such sale. The Bank periodically disposes of its ROPA and other collateral in public auctions and through negotiated sales at prevailing market prices, which are largely determined by purchasers. The Philippine property market is highly cyclical, and property prices in general have been volatile. There can be no assurance that the realized value of the collateral would be adequate to cover the Bank's loans. An economic downturn, in particular, a downturn in the real estate market, could result in a fall in relevant collateral values for the Bank. Some of the valuations in respect of the Bank's collateral may also be out of date or may not accurately reflect the value of the collateral. There are no assurances that the Bank will be able to easily liquidate these ROPA in the future or any liquidation of ROPA will result in gains rather than losses. In certain instances, where there are no purchasers for a particular type of collateral, there may be significant difficulties in disposing of such collateral at a reasonable price. Any decline in the value of the collateral securing the Bank's loans, including with respect to any future collateral taken by the Bank, would mean that its provisions for impairment and credit losses may be inadequate and it may need to increase such provisions. There can be no assurance that the collateral securing any particular loan will protect the Bank from suffering a partial or complete loss if the loan becomes non-performing. Any increase in the Bank's provisions for impairment and credit losses could adversely affect its business, its financial condition, results of operations and capital adequacy ratio.

In addition, the Bank may not be able to recover in full the value of any collateral or enforce any guarantee due, in part, to difficulties and delays involved in enforcing such obligations through the Philippine legal system. To foreclose on collateral or enforce a guarantee, banks in the Philippines are required to follow certain procedures specified by Philippine law. These procedures are subject to administrative and bankruptcy law requirements which may be more burdensome than in certain other jurisdictions. The resulting delays can last several years and lead to the deterioration in the physical condition and market value of the collateral, particularly where the collateral is in

the form of inventory or receivables. In addition, such collateral may not be insured. These factors have exposed, and may continue to expose, the Bank to legal liability while in possession of the collateral. These factors may also significantly reduce the Bank's ability to realize the value of its collateral and therefore the effectiveness of taking security for the loans it makes. For prudential reporting, the Bank initially carries the value of the foreclosed properties at the lower of loan exposure or fair value of the properties at the time of foreclosure. Subsequently, the foreclosed properties are carried at the lower of amount initially recognized or fair value less cost to sell. While the Bank, at each balance sheet date, provides for impairment losses on its foreclosed properties in accordance with PFRS, it may incur further expenses to maintain such properties and to prevent their deterioration. In realizing cash value for such properties, the Bank may incur further expenses such as legal fees and taxes associated with such realization. There can be no assurance that the Bank will be able to realize the full value, or any value, of any collateral on its loans.

The Bank may not be able to match the technology of its competitors.

The prevalence of smartphones and other connectivity devices and mobile data applications has increased the number of platforms providing online payment solutions, electronic money and wallets, and other similar services and products. Banks compete with expanding financial technology ("FinTech") solutions covering (i) mobile payment or e-wallet applications such as but not limited to GCash and PayMaya, and (ii) peer-to-peer lending platforms, among others. To date, the BSP has granted six digital bank licenses: (i) Overseas Filipino Bank, (ii) Tonik Digital Bank, Inc., (iii) UNOBank, (iv) UnionDigital Bank, (v) GoTyme Bank, and (vi) Maya Bank. These are in addition to banks, notably CIMB Bank Philippines, offering no-branch banking services through their respective mobile apps which provide all-online retail banking services despite having existing commercial or universal banking licenses.

Any inability on the part of the Bank to recognize and quickly respond to changes in customer preferences by upgrading its existing infrastructure and systems may impact its competitiveness in the marketplace, which would in turn negatively impact its business, financial condition and results of operations. While the Bank invests substantially in technological upgrades and aims to remain up to date with banking technology in the Philippines, there are no significant barriers that prevent its competitors from adopting more advanced technology for their products and services. Accordingly, there can be no assurance that it will be able to maintain its technological competitiveness with its competitors. Furthermore, the Bank may need to incur a significant amount of research and development and/or capital expenditures to maintain its technological competitiveness. Failure to maintain its technological competitiveness or its brand image may have a material adverse impact on its fee-based revenue and its ability to attract new deposits from affluent retail and corporate customers, which in turn may lead to an increase in costs of funding and loss of business and result in a material adverse effect on its business, financial condition and results of operations.

The Bank may fail to upgrade or effectively operate its information technology systems.

The Bank's businesses are heavily dependent on the ability to timely and accurately collect and process a large amount of financial and other information across numerous and diverse markets and products at its various branches, at a time when transaction processes have become increasingly complex with increasing volume and at a time of increased disruption to the financial services sector from the emergence of financial technology firms. The proper functioning of the Bank's financial control, risk management, accounting or other data collection and processing systems, together with the communication networks connecting the Bank's various branches and offices is critical to its business and its ability to compete effectively. The Bank employs a core banking system with centralized database to support its domestic and international business operations. The core banking system is linked to the Bank's electronic channels including ATMs, internet banking, and mobile banking, which provides online real-time transaction processing. The data on the Bank's core banking system, centralized database and electronic channels are protected with real-time replication and media back-ups infrastructure. Any failure in the Bank's systems or to implement new systems, particularly for retail products and banking transactions could have a negative effect on its business, financial condition and results of operations.

The Bank believes this risk can be managed through the Bank's strengths and strategies. However, there is no assurance that the Bank can provide an effective mitigation to such risk.

Failure to manage IT system risks could harm the Bank's business operations.

LANDBANK is exposed to various risks associated with its Information Technology systems and processes. Both hardware and software components of the systems are susceptible to damage, malfunctions, and service interruptions. The Bank is also dedicated to safeguarding its computer systems and network infrastructure against physical intrusions, security breaches, and other disruptive incidents. Any such incident could lead to loss of income and decline in consumer confidence in the Bank. Consequently, these issues may adversely affect the Bank's business, financial condition, and operations. To mitigate these risks, LBP utilizes multiple layers of security such as firewalls, intrusion detection and other solutions that make its defensive infrastructure robust. Additionally, LANDBANK follows strict operational procedures to ensure the integrity and availability of IT infrastructure.

The Bank is subject to interest rate risk.

Since August 2024, domestic interest rates have declined by 200 basis points, reflecting the BSP's shift toward an expansionary policy stance. This easing cycle includes three rate cuts in 2024 and five additional cuts through 2025. At least 25 basis points of further easing is expected in 2026. Slowing inflation, driven by lower rice and food prices, has provided the BSP with flexibility to support growth. Additionally, recent economic headwinds, including typhoon-related disruptions and fallout from a corruption scandal, have weighed on growth momentum, reinforcing pressure for the BSP to continue policy accommodation.

Externally, risks persist as policy shifts under the Trump administration and geopolitical tensions in Eastern Europe and the Middle East may affect global oil prices and influence the BSP's pace of monetary easing. These factors warrant close monitoring as they may impact investor sentiment and pricing dynamics for upcoming issuances.

In a rising interest rate environment, if the Bank is not able to pass along higher interest costs to its customers, it may negatively affect the Bank's profitability. If such increased costs are passed along to customers, such increased rates may make loans less attractive to potential customers and result in a reduction in customer volume and hence operating revenues. An increase in interest rates could also lead to a decline in the value of securities in the Bank's portfolio and the Bank's ability to earn excess trading gains as revenue. A sustained increase in interest rates will also increase the Bank's funding costs without a proportionate increase in loan demand (if at all). Rising interest rates will therefore require the Bank to re-balance its assets and liabilities in order to minimize the risk of potential mismatches and maintain its profitability. In addition, rising interest rate levels may adversely affect the economy in the Philippines and the financial position and repayment ability of its corporate and retail borrowers, including holders of credit cards, which in turn may lead to a deterioration of the Bank's credit portfolio in addition to lower levels of liquidity in the system which may lead to an increase in the cost of funding. Conversely, a decreasing interest rate environment may lead to potential competitors finding it easier to enter the markets in which the Bank operates and to benefit from wider spreads. As a result, fluctuations in interest rates could have an adverse effect on the Bank's margins and volumes and in turn adversely affect the Bank's business, financial condition and results of operations.

The Bank is subject to foreign exchange risk.

As a financial organization, the Bank is exposed to foreign exchange risk. Movements in foreign exchange rates could adversely affect its business, financial condition and results of operations. The foreign exchange transactions of Philippine banks are subject to stringent BSP regulation. Under BSP guidelines, the Bank is required to provide 100.0% foreign asset cover for all foreign currency liabilities in its Foreign Currency Deposit Unit ("FCDU") books. As of 30 September 2025, the Bank had ₱126,078,513,595 of assets and ₱126,208,093,100 of liabilities in FCDU books, primarily in U.S. dollars. The decline in the value of the Philippine Peso against foreign currencies, in particular, the U.S. dollar may affect the ability of the Bank's customers or the Government to service debt obligations denominated in foreign currencies and, consequently, increase NPLs. Conversely, increases in the value of the Philippine Peso can depress the export market which can negatively affect the ability of the Bank's customers to repay their debt obligations or may reduce credit quality or demand. There can be no assurance that the Philippine Peso will not fluctuate further against other currencies and that such fluctuations will not ultimately have an adverse effect on the Bank.

Considerations Relating to the Philippines

Volatility in the value of the Philippine Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Bank's businesses.

The Philippine economy has experienced volatility of the Philippine Peso and limited availability of foreign exchange. In July 1997, the BSP announced that the Philippine Peso can be traded and valued freely on the market. As a result, the value of the Peso underwent significant fluctuations between July 1997 and December 2004, and the Philippine Peso declined from approximately ₱29.00 to one U.S. Dollar in July 1997 to ₱56.18 to one U.S. dollar by December 2004.

The value of the Philippine Peso against the U.S. Dollar may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy and U.S. interest rate policy, global supply chain and trade tensions, uncertainty caused by global conflicts and border tensions, and other events affecting the global markets, causing investors to move their investment portfolios away from emerging markets such as the Philippines. Consequently, such outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Philippine Peso against the U.S. Dollar and other currencies.

As at 31 December 2025, according to BSP data, the Peso has depreciated by 1.36% to ₱58.805 per US\$1 from ₱58.014 per US\$1 at the end of 2024.

Majority of the Bank's business operations and assets are based in the Philippines; an economic downturn in the Philippines could have a material adverse effect in its business, financial position and results of operations.

Substantially all of the Bank's business activities and assets are based in the Philippines, which exposes the Bank to risks associated with the country, including the performance of the Philippine economy. Historically, the Bank has derived substantially all of its revenues and operating profits from the Philippines and, as such, its businesses are highly dependent on the state or condition of the Philippine economy. Demand for banking services, residential real estate, automobiles, electricity and insurance are all directly related to the strength of the Philippine economy (including its overall growth and income levels), the overall levels of business activity in the Philippines as well as the amount of remittances received from OFWs and overseas Filipinos.

In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the Philippine currency and the imposition of exchange controls. The country's gross domestic product ("GDP") growth also stagnated in 2020 as a result of the COVID-19 pandemic, with GDP contracting by 9.5% in 2020. In 2021, the Philippine economy recovered and expanded by 5.7% year-on-year as the lifting of pandemic-related restrictions stimulated business activity. The growth, which put the economy on track to return to its pre-pandemic level, was driven by increased household consumption, government expenditure and public construction. The growth continued in 2022 when the country's GDP expanded to 7.6%, surpassing the Government's projection of 6.5% to 7.5%. This expansion was driven by the services and industry sectors, with production in most subsectors reverting to its pre-pandemic levels. The country's 2024 GDP growth was at 5.6%, which was the second fastest in the ASEAN region. Main contributors to this growth were wholesale and retail trade, financial and insurance activities and construction. Estimates for 2025 growth stand at 4.8% to 5.0%, below the Government's original 5.5% to 6.5% target. On 5 January 2026, the Development Budget Coordination Committee lowered its GDP growth target to 5.0% to 6.0% for 2026 and 5.5% to 6.5% for 2027, while maintaining the 6.0% to 7.0% target for 2028. The Government earlier aimed to achieve 6.0% to 7.0% GDP growth annually from 2026 to 2028.

In December 2025, the International Monetary Fund ("IMF") trimmed its economic growth forecast for the Philippines to 5.1% for 2025 from 5.4% previously. The IMF also lowered its 2026 growth projection from 5.7% to 5.6%.

Factors that may adversely affect the Philippine economy include:

- Decreases in business, industrial, manufacturing or financial activities in the Philippines, the Southeast Asian region or globally;
- Scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines, the Southeast Asian region or globally;
- Exchange rate fluctuations and foreign exchange controls;
- Rising inflation or increases in interest rates;
- Levels of employment, consumer confidence and income;
- Changes in the Government's fiscal and regulatory policies;
- Government budget deficits;
- Adverse trends in the current accounts and balance of payments of the Philippine economy;
- Re-emergence of the severe acute respiratory syndrome coronavirus ("SARS-CoV"), Middle East respiratory syndrome coronavirus ("MERS-CoV"), avian influenza (commonly known as bird flu), or influenza A subtype

H1N1 ("H1N1"), or the emergence of another similar disease (such as the Zika virus) in the Philippines or elsewhere;

- Natural disasters, including but not limited to tsunamis, typhoons, earthquakes, fires, floods and similar events; and
- Political instability, terrorism or military conflict in the Philippines, other countries in the region or globally.

There can be no assurance that the Philippines will maintain strong economic fundamentals in the future or quickly recover from an economic downturn. Any future deterioration in economic conditions in the Philippines due to the above or other factors could materially and adversely affect the Bank's borrowers and contractual counterparties. This, in turn, could materially and adversely affect the Bank's financial position and results of operations, including the Bank's ability to grow its asset portfolio, the quality of the Bank's assets and its ability to implement the Bank's business strategy. Therefore, changes in the conditions of the Philippine economy could materially and adversely affect the Bank's business, financial condition or results of operations.

Any political instability in the future may have a negative effect on the general economic conditions in the Philippines which could have a material impact on the financial results of the Bank and the Group.

The Philippines has from time to time experienced political and military instability. The Philippine Constitution provides that, in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately-owned public utility or business. In the last few years, there were instances of political instability, including impeachment proceedings against two former presidents and a chief justice of the Supreme Court of the Philippines, a nullification of the appointment of another chief justice of the Supreme Court of the Philippines, hearings on graft and corruption issues against various Government officials, public and military protests arising from alleged misconduct by previous and current administrations. There can be no assurance that acts of election-related or other political violence will not occur in the future, and any such events could negatively impact the Philippine economy.

The Philippine general elections for national and local officials took place on 9 May 2022 with Ferdinand Marcos, Jr. being proclaimed President and Sara Duterte being Vice-President. The mid-term national and local election was held on 12 May 2025, in which 12 senators, representatives of the House of Representatives and local officials were elected.

On 12 March 2025, former President Rodrigo Duterte surrendered to the custody of the International Criminal Court following his arrest on 11 March 2025 in accordance with the arrest warrant against him by the Pre-Trial Chamber I of the International Criminal Court for charges of murder as a crime against humanity.

No assurance can be given that the future political environment in the Philippines will be stable or that current or future Governments will adopt economic policies conducive to sustaining economic growth. Political instability in the Philippines could negatively affect the general economic conditions in the Philippines which could have a material impact on the financial results of the Bank.

Acts of terrorism, violent crimes and geo-political/territorial tensions could undermine the country's stability and adversely affect the Bank's business and financial condition.

The Philippines has been subject to a number of terrorist attacks and the Armed Forces of the Philippines has been in conflict with groups which have been identified as being responsible for kidnapping and terrorist activities in the Philippines. In addition, bombings have taken place in the Philippines, mainly in cities in the southern part of the country. For example, in May 2017, the city of Marawi in Lanao del Sur, Mindanao city of Marawi in Lanao del Sur, Mindanao, was assaulted by the Maute Group, terrorists which were inspired by pledged allegiance to the Islamic State of Iraq and Syria ("ISIS"). Due to the clash between the Government forces and the terrorists and the risk of the armed conflict spilling over to other parts of Mindanao, martial law was declared in the entire island of Mindanao, Philippines. In October 2017, the city was declared liberated from the terrorists. Despite this, the Philippine Congress extended the imposition of martial law in Mindanao until the end of 2019, citing persistent threats of terrorism and rebellion and to ensure the total eradication of ISIS-inspired terrorists in the country. Martial law in Mindanao was lifted on 1 January 2020, however certain areas in Mindanao remain under a state of emergency and law enforcement groups are in heightened security as a measure against potential terror threats. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines and adversely affect the country's economy. These armed conflicts and terror attacks could lead to further injuries or deaths by civilians and members of the military, which could destabilize parts of the country and adversely affect the country's economy.

The Philippine legislature passed the Anti-Terrorism Act of 2020 (Republic Act No. 11479), which has drawn criticism from, and sparked protests by, various sectors because of its controversial provisions on warrantless arrests and its broad definition of terrorist acts, which may be used to target government critics. The Supreme Court, nevertheless, upheld the constitutionality of the said law, save for two provisions which exclude mass actions and similar exercise of civil and political rights from the definition of terrorism and requests by foreign agencies or bodies to designate persons as terrorists and terrorist organizations.

Continued conflicts between the Government and separatist groups and attacks from terrorist groups could lead to

further injuries or deaths by civilians and members of the police and military, which could destabilize parts of the country and adversely affect the country's economy. Any such destabilization could cause interruption to parts of the Bank's business and materially and adversely affect its financial conditions, results of operations and prospects. An increase in the frequency, severity or geographic reach of these terrorist acts could destabilize the Philippines and adversely affect the country's economy.

There can be no assurance that the Philippines will not be subject to further acts of terrorism and violence in the future. Terrorist attacks have, in the past, had a material adverse effect on investment and confidence in, and the performance of, the Philippine economy and, in turn, the Bank's business. Though the Bank has a current insurance policy that covers terrorist attacks, any terrorist attack or violent acts arising from, and leading to, instability and unrest, could cause interruption to parts of the Bank's businesses and materially and adversely affect the Bank's financial conditions, results of operations and prospects.

Territorial disputes with China and a number of Southeast Asian countries may disrupt the Philippines' economy and business environment.

Competing and overlapping territorial claims by the Philippines, China and several Southeast Asian nations (such as Vietnam, Brunei and Malaysia) over certain islands and features in the West Philippine Sea (South China Sea) have for decades been a source of tension and conflicts. China claims historic rights to nearly all of the West Philippine Sea based on its so-called "nine-dash line" and in recent years dramatically expanded its military presence in the sea which has raised tensions in the region among the claimant countries. The Philippines made several efforts during the course of 2011 and 2012 to establish a framework for resolving these disputes, calling for multilateral talks to delineate territorial rights and establish a framework for resolving disputes. In 2013, the Philippines became the first claimant country to file a case before the Permanent Court of Arbitration, the international arbitration tribunal based at the Hague, Netherlands to legally challenge claims of China in the West Philippine Sea and to resolve the dispute under the principles of international law as provided for under the United Nations Convention on the Law of the Sea (UNCLOS). In July 2016, the tribunal rendered a decision stating that the Philippines has exclusive sovereign rights over the West Philippine Sea (in the South China Sea) and that the "nine-dash line" claim of China is invalid.

There has been increased frequency of incidents as well as heightened intensity of confrontations between the Chinese Coast Guard and Philippine personnel in the West Philippine Sea. These have resulted in public accusations and diplomatic protests from both countries. In August 2023, China Coast Guard vessels used water cannons against a Philippine resupply mission preventing one of the boats from delivering its cargo. In September 2023, the Philippine Coast Guard reported that the Chinese Coast Guard has installed a floating barrier near the Bajo de Masinloc (Scarborough Shoal) in the West Philippine Sea in an attempt to prevent Filipino fishermen from entering the Scarborough Shoal. In a special operation conducted the following day, the Philippine Coast Guard confirmed that it has removed and cut the floating barrier. In October 2023, the Philippines has lodged a diplomatic protest with China in response to maneuvers by Chinese vessels that led to collisions with Philippine ships on a resupply mission to the BRP Sierra Madre on Ayungin Shoal (international name: Second Thomas Shoal). In April 2024, while Philippine government vessels were distributing fuel and food to the fisher folk in the Scarborough Shoal, China coast guard vessels attacked them using high-pressure water cannons, causing damage to the vessels. This caused the Philippine government to file another diplomatic protest against China. In July 2024, the Philippines completed an unimpeded resupply mission to grounded Filipino naval ships following a new provisional agreement with China aimed at mitigating tensions. However, weeks later in August 2024, the Philippine military reported that a Chinese aircraft dropped flares and performed hazardous maneuvers while a Philippine Air Force patrol was over Scarborough Shoal, which endangered the lives of Philippine personnel. In December 2024, the Philippine Coast Guard stated that while doing a routine maritime patrol near Scarborough Shoal, Chinese Coast Guard vessels doused the Philippine patrol boat with water cannons twice, aggravating the tension between the countries. In February 2025, the Philippine Coast Guard reported that a Chinese military helicopter flew within three meters of a Philippine patrol plane flying over the Scarborough Shoal. In February 2025, the Chinese military drove off three Philippine aircrafts flying over the Spratly Islands.

There is no guarantee that the territorial dispute between the Philippines and other countries, including China, would end or that any existing tension will not escalate further, as China has taken steps to exercise control over the disputed territory. In such event, the Philippine economy may be disrupted and its business and financial standing may be adversely affected.

Any deterioration in the Philippine economy as a result of these or other factors, including a significant depreciation of the Philippine peso or increase in interest rate, may adversely affect consumer sentiment and lead to a reduction in consumer spending generally. This, in turn, could materially and adversely affect the Bank's financial condition and results of operations, and its ability to implement its business strategy and expansion plans.

The sovereign credit ratings of the Philippines may adversely affect the Bank's business.

The sovereign credit ratings of the Philippines directly affect companies residing and domiciled in the Philippines as international credit rating agencies issue credit ratings by reference to that of the sovereign. In 2013, the Philippines earned investment grade status from all three major credit ratings agencies – Moody's Ratings

("Moody's") (Baa3), S&P Global Ratings ("S&P") (BBB-) and Fitch Ratings ("Fitch") (BBB-).

In 2014, S&P and Moody's upgraded their ratings to "BBB" and "Baa2" in May and December, respectively. Meanwhile, Fitch upgraded the Philippines' credit rating from "BBB-" to "BBB" in December 2017. In April 2019, S&P further upgraded the country's rating to "BBB+". All ratings are investment grade and the highest that the Philippines has received so far from any credit ratings agency.

These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. The ratings of the Government directly affect companies residing in the Philippines, as international credit rating agencies issue credit ratings by reference to that of the sovereign.

No assurance can be given that Moody's, S&P, Fitch or any other international credit rating agency, will not downgrade its credit rating of the Philippines or those of Philippine companies, or withdraw its credit rating, in the future. Any such downgrade or withdrawal could have an adverse impact on liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Bank, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available, any of which could have a material adverse effect on the Bank.

Ongoing volatility experienced in the international capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants.

The ongoing volatility experienced in the international capital markets has led to reduced liquidity and increased credit risk premiums for certain market participants and has resulted in a reduction of available financing. Companies located in countries in the emerging markets may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty.

In addition, the availability of credit to entities operating within the emerging markets is significantly influenced by levels of investor confidence in such markets as a whole and so any factors that impact market confidence (for example, a credit ratings downgrade or state or central bank intervention in one market) could affect the price or availability of funding for entities within any of these markets.

Public health epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Bank's business, financial condition and results of operations.

In December 2019, an outbreak of the disease COVID-19, caused by a novel coronavirus (SARS-CoV-2) was first reported to have surfaced in Wuhan, the People's Republic of China, later resulting in millions of confirmed cases and hundreds of thousands of fatalities globally, with thousands of confirmed cases and more than a thousand fatalities in the Philippines. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic.

From 2020 to 2022, COVID-19 spread globally, with the number of reported cases and related deaths increasing daily, and in many countries, exponentially. Countries have taken measures in varying degrees to contain the spread, including social distancing measures, community quarantine, suspension of operations of non-essential businesses and travel restrictions.

The disruption and uncertainty caused by COVID-19 has severely and adversely affected the Philippine economy, resulted in higher unemployment rates, closure of small businesses and significantly dampened outlook for large enterprises or conglomerates. These, together with the adverse effects on industries such as global airline, retail, tourism, real estate and logistics, and supply chains, led to slower deposit and loan growth in the banking industry and increased exposure of banks to greater credit risk, which led to higher NPLs particularly in the retail and tourism industries, SMEs, and unsecured borrowers. Further, Government stimulus policies such as interest rate cuts, the BSP moratorium on loan and interest repayments, waiver of late fees, and deferral of credit card payments, led to decreased margins for the banking industry and caused a decline in profitability. In addition, the measures implemented by the Philippine government to mitigate the negative impact of COVID-19 in the Philippine economy have caused disruption to businesses and economic activities. The Bank's business has been adversely affected by the COVID-19 pandemic and consequential economic downturn.

The Philippines has also experienced other public health epidemics or outbreaks of diseases, such as avian influenza, African swine fever, dengue and polio, among others, which have adversely affected the local economy. For example, in 2019, the Department of Health declared a national dengue outbreak with 437,089 cases recorded for the year with 2,620 deaths. Furthermore, the Department of Health declared a polio epidemic in 2019 after a case of the disease was recorded in Lanao del Sur after 19 years recording no cases in the country.

There can be no assurance that the policies and controls for outbreak prevention and disease recurrence, will be successful in preventing disease outbreaks or recurrences or that any actual or suspected outbreak of bird flu, COVID-19 or any other contagious disease affecting the Philippines or elsewhere will not occur. There can also be

no assurance that any current or future outbreak of contagious diseases will not have a material adverse effect on the Bank's business, financial condition and results of operations. If the outbreak of the Ebola virus, MERS-CoV, Zika virus, ASF, avian influenza, COVID-19 or any other public health epidemic becomes widespread in the Philippines or increases in severity, it could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Bank's business, financial condition and results of operations.

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Bank's operations and result in losses of properties and investments not covered by insurance.

The Philippines has experienced a number of major seismic or climatic catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. For example, Taal Volcano experienced several eruptions from 2020 to 2022, causing the evacuation of nearby areas, and interrupted business operations as well as electricity and internet connectivity, including in Metro Manila. Among the country's volcanos that are actively monitored, Mayon Volcano is currently observed at Alert Level 3 and Kanlaon Volcano is at Alert Level 2, indicating high and moderate levels of volcanic unrest, respectively.

Moreover, the Philippines – ranked as one of the world's most vulnerable to the impacts of a warming planet – is hit by an average of 20 storms and typhoons every year, which have wiped out harvests, homes and infrastructure in already impoverished areas. Natural catastrophes will continue to affect the Philippines. Recently, in November 2025, Typhoon Fung-Wong, locally known as Typhoon Uwan brought relentless rain causing significant disruptions, including flight cancellations, suspended classes, flooding, landslides, and traffic jams in Metro Manila and parts of Luzon.

There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Bank's operations. These factors, which are not within the Bank's control, could potentially have significant effects on the Bank's branches and operations. While the Bank carries insurance for certain catastrophic events, of types, in amounts and with deductibles that the Bank believes are in line with general industry practices in the Philippines, there are losses for which the Bank cannot obtain insurance at a reasonable cost or at all. The Bank also does not carry any business interruption insurance on natural catastrophes. Should an uninsured loss or a loss in excess of insured limits occur, the Bank could lose all or a portion of the capital invested in such business, as well as the anticipated future turnover, while remaining liable for any costs or other financial obligations related to the business. Any material uninsured loss could materially and adversely affect the Bank's business, financial condition and results of operations.

Considerations Relating to the Philippine Banking Industry

The Philippine banking industry is highly competitive and increasing competition may result in declining margins in the Bank's principal businesses.

The Bank is subject to significant levels of competition in all areas of its business from many other Philippine banks and local branches of international banks, including competitors which, in some instances, have greater financial and other capital resources, a greater market share and greater name recognition than the Bank. According to data published by the BSP, there were a total of 44 domestic and foreign universal and commercial banks operating in the Philippines as of 31 December 2025.

In the future, the Bank may face increased competition from financial institutions offering a wider range of commercial banking services and products that have larger lending limits, greater financial resources and stronger balance sheets than the Bank. Increased competition may arise from:

- Other large Philippine banking and financial institutions with significant presence in Metro Manila and large country-wide branch networks;
- Full entry of foreign banks in the country through any of the following modes allowed under Republic Act No. 10641 (approved on 15 July 2014): (a) the acquisition, purchase or ownership of up to 100% of the voting stock of an existing bank; (b) investment of up to 100% of the voting stock in a new banking subsidiary incorporated under Philippine law; or (c) establishment of branches with full banking authority;
- Foreign banks, due to, among other things, relaxed foreign bank ownership standards permitting large foreign banks to set up their own branches in the Philippines or expand their branch network through acquiring domestic banks;
- Ability of the Bank's competitors to establish new branches in Metro Manila;
- Domestic banks entering into strategic alliances with foreign banks with significant financial and management resources, and in some cases resulting in excess capital that can be leveraged for asset growth and market share gains;
- Continued consolidation in the banking sector involving domestic and foreign banks, driven in part by the gradual removal of foreign ownership restrictions; and
- The emergence of financial technology, or new technology that seeks to improve and automate the delivery and use of FinTech, including businesses offering all-digital or online banking services, mobile payment tools or e-wallet applications and the growing popularity of peer-to-peer lending through digital platforms.

The ongoing mergers and consolidations in the banking industry, as well as the liberalization of bank foreign ownership restrictions, have allowed the emergence of foreign and bigger local banks in the market. This is expected to increase the level of competition both from Philippine and foreign banks and may impact the Bank's operating margins.

There can be no assurance that the Bank will be able to compete effectively in the face of such increased competition. Increased competition may make it difficult for the Bank to increase the size of its loan portfolios and deposit bases, and may cause increased pricing competition, which could have a material adverse effect on its growth plans, margins, ability to pass on increased costs of funding, results of operations and financial position.

The Philippine banking sector may face another downturn, which could materially and adversely affect the Bank.

The Philippine banking industry may face significant financial and operating challenges. These challenges may include, among other things, a sharp increase in the level of non-performing loans ("NPLs"), variations of asset and credit quality, significant compression in bank margins, low loan growth and potential or actual under-capitalization of the banking system. Disruptions in the Philippine financial sector, or general economic conditions in the Philippines, may cause the Philippine banking industry in general, and the Bank in particular, to experience similar problems to those faced in the past, including substantial increases in NPLs, problems meeting capital adequacy requirements, liquidity problems and other challenges. As an example, the adverse effects of the pandemic in the general economy drove up monthly gross NPL ratios exclusive of interbank loans to the 3.6% to 4.7% level from September 2020 to August 2021. With the reopening and improvement of the economy, these figures gradually moved back down to the 3.6% level as of August 2022. As of 30 September 2025, the gross NPL ratio was at the 3.31% level.

The Bank's provisioning policies in respect of classified loans require significant subjective determinations, which may increase the variation of application of such policies.

BSP regulations require that Philippine banks, including the Bank, classify NPLs based on four different categories corresponding to levels of risk: (i) Loans Especially Mentioned; (ii) Substandard; (iii) Doubtful; and (iv) Loss. Generally, classification depends on a combination of a number of qualitative, as well as quantitative factors, such as the number of months payment is in arrears, the type of loan, the terms of the loan and the level of collateral

coverage. These requirements have in the past been, and may in the future be, subject to change by the BSP. Periodic examination by the BSP of these classifications may also result in changes being made by the Bank to such classifications and the factors relevant thereto. In addition, these requirements in certain circumstances may be less stringent than those applicable to banks in other countries and may result in particular loans being classified as non-performing later than would be required in such countries or being classified in a category reflecting a lower degree of risk than would be the case in such countries.

The level of provisions currently recognized by the Bank in respect of their loan portfolios depends largely on the quality of the portfolio and estimated value of the collateral coverage for the portfolio. Although the Bank conducts annual qualitative and impairment reviews to ensure proper loan classification and setting up of valuation reserves, the level of the Bank's provisions may not be adequate to cover increases in the amount of their NPLs, or any deterioration in the overall credit quality of the Bank's loan portfolios, including the value of the underlying collateral. In particular, the amount of the Bank's reported loan losses may be influenced by factors beyond their control. For instance, certain accounting standards have been adopted in the Philippines based on International Accounting Standards, which currently require the Bank's loan loss provisions to reflect the net present value of the cash flows of the loan and underlying collateral.

For the period ended 30 September 2025, the Bank booked provision for credit losses of ₱8.32 billion. Meanwhile, the Bank's net NPL ratio stood at 2.59%, 2.76%, and 2.63% as of 30 September 2025, 31 December 2024, and 31 December 2023, respectively. Net NPL ratio is the result of total NPLs less specific loan loss reserves for NPLs divided by total loans inclusive of interbank loans receivables.

On 3 August 2020, Memorandum No. M-2020-061 was signed. This memorandum enjoined banks to adhere to the guidelines on credit risk management, besides being guided in the treatment of relief measures for the purposes of determining expected credit loss ("ECL"), and treatment of relief measures granted by the BSP. The BSP said banks should have the same prudence in assessing the financial capacity of borrowers and in making credit decisions, under the credit risk management rules. Banks should be able to distinguish borrowers who are only facing temporary cash flow pressures from those with serious issues on capacity to repay the loan. BSP-supervised financial institutions ("BSFIs") are also expected to review the assumptions in their ECL models in view of the impact of the pandemic. BSFIs should use reasonable and supportable information about past events, current conditions, and the forecast of future conditions/and or outlook, without undue cost or effort. BSFIs should exercise prudent judgment in determining the qualitative and quantitative factors that should be considered in measuring ECL as well as in applying overlays or adjustments to the model.

Furthermore, the introduction of new accounting standards may result in the Bank recognizing significantly higher provisions for loan loss in the future. While the Bank believes its current level of provisions and collateral position are more than adequate to cover its NPL exposure, an unexpected or significant increase in NPL levels may result in the need for higher levels of provisions in the future.

The Bank has to comply with strict regulations and guidelines issued by banking regulatory authorities and other authorities in the Philippines, such as the BSP, the Anti-Money Laundering Council, the PDIC, the SEC, the Bureau of Internal Revenue, and international bodies, including the Financial Action Task Force.

The Bank's banking interests are regulated and supervised principally by, and have reporting obligations to, the BSP. The Bank is also subject to banking, corporate, taxation, data privacy laws and other relevant laws and regulations in effect in the Philippines, administered by agencies such as the Bureau of Internal Revenue ("BIR"), the SEC, the National Privacy Commission ("NPC"), and the Anti-Money Laundering Council ("AMLC"). The Bank is also subject to recommendations and pronouncements of international bodies such as the Financial Action Task Force ("FATF") which have been adopted, incorporated, or referred to by the BSP in its regulatory issuances.

In recent years, existing BSP and BIR rules have been modified, new rules and regulations have been enacted, and reforms have been implemented by the BSP and the BIR which are intended to provide tighter control and added transparency in the Philippine banking sector. Rules governing banks' capital adequacy and reserve requirements, ceilings on loans to subsidiaries and affiliates, as well as limits on the amount of loans, credit accommodations and guarantees to a single borrower have also evolved over the years. Guidelines on the monitoring and reporting of suspected money laundering activities were incorporated into the Manual of Regulations for Banks ("MORB"). Institutions that are subject to the Anti-Money Laundering Act, as amended ("AMLA") are required to establish and record the identities of their clients based on official documents. In addition, under AMLA regulations, all records of customer identification and transaction documents are required to be maintained and stored for a minimum of five years from the date of a transaction. Records of closed accounts must also be kept for at least five years after their closure. The AMLA regulations also require covered institutions to report covered and suspicious transactions as defined under the relevant law.

The BSP has also ordered universal, commercial and thrift banks to conduct real estate stress tests to determine whether their capital is sufficient to absorb a severe shock. The real estate stress test limit ("REST Limit") combines a macro-prudential overlay of a severe stress test scenario, the principle of loss absorbency through minimum capital ratio thresholds and heightened supervisory response. Should a bank fail to comply with the prescribed REST Limits, it shall be directed to explain why its exposures do not warrant immediate remedial action. Should the

explanation be found insufficient, the bank shall be required to submit an action plan to meet the REST Limits within a reasonable time frame. If a bank fails to submit an action plan or persistently breaches the REST Limits due to non-compliance with the commitments in its submitted action plan, it may be considered to be engaging in unsafe or unsound banking which may subject it to appropriate sanctions.

In June 2016, the BSP implemented the interest rate corridor (“IRC”) which effectively narrowed the band among the BSP’s key policy rates. The pricing benchmark, which used to be the special deposit account (“SDA”) prior to the implementation of the IRC, is now replaced by the overnight deposit facility (“ODF”) with a current rate of 5.25% (as of 14 February 2025) and forms the lower bound of the IRC. Meanwhile, the overnight lending facility (“OLF”), which replaced the repurchase facility (“RP”), forms the upper bound of the IRC, is currently at 6.25% (as of 14 February 2025). The BSP’s target reverse repurchase (“RRP”) rate currently stands at 5.75% (as of 14 February 2025). The BSP likewise introduced the term deposit facility (“TDF”) to serve as the main tool for absorbing liquidity through weekly TDF auctions, the frequency for which may be changed depending on the BSP’s liquidity forecasts. According to the BSP, the changes from IRC are purely operational in nature to allow it to conduct monetary policy effectively.

Universal and commercial banks are required to maintain reserves against deposits and deposit substitute liabilities, which, effective 28 March 2025, by virtue of BSP Circular No. 1211, are imposed at the following rates: (a) 5% against demand deposits, negotiable order of withdrawal (“NOW”) accounts, savings deposits (excluding basic deposit accounts), time deposits, negotiable certificates of time deposits (“CTDs”), long-term non-negotiable tax-exempt CTDs, deposit substitutes, Peso deposits lodged under due to foreign banks and Peso deposits lodged under due to head office/branches/agencies abroad of banks (Philippine branch of a foreign bank); (b) 4% against long-term negotiable certificates of time deposits (“LTNCDs”); (c) 3% against bonds; and (d) 0% against basic deposit accounts as defined under Section 213 of the MORB.

The Bank’s failure to comply with current or future regulations and guidelines issued by regulatory authorities in the Philippines and in other relevant jurisdictions or significant compliance and monitoring costs resulting from current or future regulations and guidelines could have a material adverse effect on the Bank’s business, financial condition and results of operations. In addition, as a result of a failure to comply with any current or future regulations and guidelines, the Bank may become subject to sanctions, warning or reprimand and incur monetary penalties.

The Philippine banking industry is generally exposed to higher credit risks and greater market volatility than that of other more developed markets.

Philippine banks are subject to the credit risk that Philippine borrowers may not make timely payment of principal and interest on loans and, in particular that, upon such failure to pay, Philippine banks may not be able to enforce the security interest they may have. The credit risk of Philippine borrowers is, in many instances, higher than that of borrowers in developed countries due to:

- the greater uncertainty associated with the Philippine regulatory, political, legal, and economic environment;
- the vulnerability of the Philippine economy in general to a severe global downturn as it impacts on its export sector, employment in export-oriented industries, and OFW remittances;
- the large foreign debt of the Government and the corporate sector, relative to the GDP of the Philippines; and
- volatility of interest rates and U.S. dollar/Peso exchange rates.

Higher credit risk has a material adverse effect on the quality of loan portfolios and exposes Philippine banks, including the Bank, to more potential losses and higher risks than banks in more developed countries. In addition, higher credit risk generally increases the cost of capital for Philippine banks compared to their international counterparts. Such losses and higher capital costs arising from this higher credit risk may have a material adverse effect on the Bank’s financial condition, liquidity and results of operations. According to data from the BSP, the average gross NPL ratios exclusive of interbank loans in the Philippine universal and commercial banking industry were 3.10%, 3.07%, 3.03% and 2.94% as at 30 September 2025, 31 December 2024, 2023 and 2022, respectively.

Interest rate volatility could significantly affect the Bank’s financial condition and results of operations.

A significant portion of the Bank’s assets consists of, and a significant portion of its revenue is derived from, assets that are monetary in nature. Although the Bank engages only in limited trading activities through positions in fixed income instruments and, to some extent, in financial derivative instruments, which are mostly to facilitate other banking services to its customers, these assets are subject to the normal risks associated with investing activities, which include changes in market prices, rates, and indices. Most recently, in December 2025, the BSP reduced the target RRP rate to 4.50%, a three-year low. There is no assurance that interest rates in the Philippines will not increase in the future, including in response to inflationary pressures resulting from strong economic growth, tax reforms, geopolitical conflict, and global developments. Any new shocks to prices of some key commodities may shift BSP’s policy decision and may cause the Monetary Board to increase policy rates to ensure price stability.

An increase in interest rates could lead to a decline in the value of securities in the Bank’s portfolio and the Bank’s ability to earn excess trading gains as revenue. A sustained increase in interest rates will also raise the Bank’s funding costs without a proportionate increase in loan demand (if at all). Rising interest rates will therefore require

the Bank to re-balance its assets and liabilities in order to minimize the risk of potential mismatches and maintain its profitability. In addition, rising interest rate levels may adversely affect the economy in the Philippines and the financial position and repayment ability of its corporate and retail borrowers, including holders of credit cards, which in turn may lead to a deterioration of the Bank's credit portfolio in addition to lower levels of liquidity in the system which may lead to an increase in the cost of funding. Lower levels of liquidity in the system may likewise lead to an increase in the cost of funding as banks actively compete for funds by raising the interest rates they charge on deposits.

Philippine banks' ability to assess, monitor and manage risks inherent in their business differs from the standards of its counterparts in more developed countries.

Philippine banks are exposed to a variety of risks, including credit risk, market risk, interest rate risk, liquidity risk, portfolio risk, foreign exchange risk, and operational risk. The effectiveness of their risk management is limited by the quality and timeliness of available data in the Philippines in relation to factors such as the credit history of proposed borrowers and the loan exposure borrowers have with other financial institutions. In addition, the information generated by different groups within each bank, including the Bank, may be incomplete or obsolete. The Bank may have developed credit screening standards in response to such inadequacies in quality of credit information that are different from, or inferior to, the standards used by its international competitors. As a result, the Bank's ability to assess, monitor and manage risks inherent in its business may not meet the standards of its counterparts in more developed countries. If the Bank is unable to acquire or develop in the future the technology, skill set and systems available to meet such standards, or if the Bank's standards are not as rigorous as international standards, it could have a material adverse effect on the Bank's ability to manage the above-mentioned risks and on the Bank's liquidity, business, financial condition and results of operations.

However, BSP's early adoption of Basel III on 1 January 2014 a year ahead of the Basel Committee on Banking Supervision's recommended implementation timeline as well as the imposition of higher limits and stricter minimum requirements for regulatory capital relative to international standards, with no transition period, are seen as efforts to boost the Philippine banking industry's resiliency and enhance its ability to absorb risks. In addition, the BSP has been prudent and conservative in setting the minimum reserve requirement compared to other regulators in the region, with a minimum reserve requirement for Peso deposit balances of by 31 May 2019, 16.5% by 28 June 2019, 16% by 26 July 2019, 15% by 1 November 2019, 14% by 6 December 2019, 12% by 3 April 2021, and 9.5% by 30 June 2023 (compared to, for example, Indonesia, where the minimum local currency reserve requirement is 9.0% of local currency deposit balances). On 11 March 2025, BSP Circular No. 1211 further amended the required reserves against deposit and deposit substitutes in local currency of banks effective 28 March 2025. For peso deposits lodged (i) under due to foreign banks and (ii) peso deposits lodged under due to head offices/branches/agencies abroad (Philippine branch of a foreign bank), it stands at 2.5% for digital banks and 5% for universal and commercial banks.

Any future changes in PFRS may affect the financial reporting of the Bank's business.

A discussion on the newly adopted PFRS and amendments to existing standards to be adopted or which will be effective after 2025 can be found in Note 2 to the Audited Financial Statements included elsewhere in this Offering Circular. The Bank believes that other amendments and improvements to PFRS issued effective after 31 December 2025 will not have material impact on the Bank's future financial statements.

The Bank, however, is unable to predict future changes in PFRS and its impact. Any future changes in PFRS may affect the financial reporting of the Bank's business.

There is limited independent information on borrowers' credit history in the Philippines.

The Philippine Rating Services Corporation ("PhilRatings") is the only domestic credit rating agency in the Philippines accredited by the BSP and the SEC. The insufficiency of detailed credit history information makes it difficult for Philippine banks to assess the creditworthiness of loan applicants, which may have resulted, and continue to result, in an increase in doubtful or non-performing loans related provisions. This, however, is partially addressed by a regulatory issuance requiring banks to maintain an internal credit risk rating. As prescribed under BSP Circular No. 439, s. 2004, all universal and commercial banks must have in place a formal internal credit risk rating system for the underwriting and ongoing administration, initially, of corporate credit exposures. The internal credit risk rating system must be appropriate to a bank's nature, complexity and scale of activities.

The Bank may experience difficulties due to the implementation of Internal Capital Adequacy Assessment Process ("ICAAP") and Basel III in the Philippines.

On 15 January 2009, the BSP issued Circular No. 639 covering the Internal Capital Adequacy Assessment Process ("ICAAP") which supplements the BSP's risk-based capital adequacy framework under BSP Circular No. 538. The BSP requires banks to have in place an ICAAP that (i) takes into account not just the credit, market and operational risks but also all other material risks to which a bank is exposed (such as interest rate risk in the banking book, liquidity risk, compliance risk, strategic/business risk and reputation risk); (ii) covers more precise assessments and

quantification of certain risks (i.e., credit concentration risk); and (iii) evaluates the quality of capital.

In 2011, the BSP issued BSP Circular 709, which aligns with the Basel Committee on Banking Supervision (“**BCBS**”) on the eligibility criteria on Additional Group Concern Capital and Tier 2 Capital to determine eligibility of capital instruments to be issued by Philippine banks/ quasi-banks as Hybrid Tier 1 Capital and Lower Tier 2 Capital. Further, in January 2013, the BSP issued Circular No. 781 as the Basel III Implementing Guidelines on Minimum Capital Requirements, which took effect in January 2014, highlights of which include:

- Adopting a new categorization of the capital base;
- Adopting eligibility criteria for each capital category that is not yet included in Circular 709;
- As applicable, allowing the BSP to adopt regulatory deductions in Basel III;
- Keeping minimum CAR at 10%, and prescribing;
- A minimum Common Equity Tier 1 (“**CET1**”) ratio of 6.0%;
- A minimum Tier 1 CAR ratio of 7.5%;
- An additional capital conservation buffer (“**CCB**”) of 2.5%;
- Revaluation of certain AFS securities and the impairments that could arise from trading losses;
- If the Bank is classified as “systemically important”, it may be required to hold additional capital reserves;
- By 1 January 2014, rendering ineligible existing capital instruments as of 31 December 2010 that do not meet eligibility criteria for capital instruments under the revised capital framework;
- By 1 January 2016, rendering ineligible regulatory capital instruments issued under Circulars No. 709 and 716 before the revised capital framework became effective; and
- By subjecting covered banks and quasi-banks to the enhanced disclosure requirements pertaining to regulatory capital.

On 29 October 2014, the BSP issued Circular No. 856 on the Implementing Guidelines on the Framework for Dealing with Domestic Systemically Important Banks (“**D-SIBs**”) under Basel III to address systemic risk and interconnectedness by identifying banks which are deemed systemically important within the domestic banking industry. Banks that will be identified as D-SIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and CCB. Identified D-SIBs will need to put up an additional 1.5 - 3.5% CET1 depending on their classification. Compliance with this requirement was phased-in starting 1 January 2017, with full compliance required by 1 January 2019. Under Circular No. 1024 issued in January 2019, the BSP adopted the Basel III countercyclical capital buffer that required universal banks and commercial banks to maintain a countercyclical capital buffer (“**CCyB**”) of zero percent (0%) subject to an upward adjustment to a rate determined by the BSP’s Monetary Board (“**Monetary Board**”) when systemic conditions warrant, with respect to the minimum CET1 requirement. Furthermore, banks face new liquidity requirements under Basel III’s new liquidity framework, namely, the Liquidity Coverage Ratio (“**LCR**”) and the Net Stable Funding Ratio (“**NSFR**”). On 10 March 2016, the BSP issued Circular No. 905, or the “Implementation of Basel III Framework on Liquidity Standards — Liquidity Coverage Ratio and Disclosure Standards”. The amendments introduced by BSP Circular No. 1035 provide enhancements to the LCR and Minimum Liquidity Ratio (“**MLR**”) guidelines. In the LCR framework, the previous treatment of reporting expected cash flows for each derivative contract in gross amounts has been revised. Under the new policy, cash inflows and outflows from each derivatives contract shall now be recognized on a net basis consistent with valuation methodologies for derivatives contracts and the Basel III LCR framework. Likewise, the method for computing the MLR for stand-alone thrift banks, rural banks, cooperative banks and quasi-banks was revised. The revised MLR computation converges with the LCR framework as interbank placements are now counted as eligible liquid assets. The LCR requires banks to hold sufficient level of high quality liquid assets to enable them to withstand a 30 day-liquidity stress scenario while the NSFR measures the ability of a bank to fund its liquidity needs over one year. Beginning 1 January 2018, the LCR threshold that banks will be required to meet will be 90% which will then be increased to 100% beginning 1 January 2019. During the observation period prior to 1 January 2018, banks are required to submit quarterly LCR reports for monitoring purposes. The observation period for LCR requirement for the subsidiary banks/ quasi banks of universal and commercial banks was recently extended to 31 December 2019 by BSP Circular 1035 (Amendments to the Basel III Framework on Liquidity Coverage Ratio Framework and Minimum Liquidity Ratio Framework), during which the LCR floor of 70% will be applied. Meanwhile, the NSFR requires that banks’ assets and activities are structurally funded with long-term and more stable funding sources. The observation period for NSFR for the subsidiary banks/ quasi banks of universal and commercial banks was recently extended to 31 December 2019 by BSP Circular 1034 (Amendments to the Basel III Framework on Liquidity Standards – Net Stable Funding Ratio), during which the NSFR floor of 70% will be applied. Compliance with these ratios may also further increase competition among banks for deposits as well as high quality liquid assets.

These may result in an increase in the capital adequacy requirement of the Bank. Unless the Bank is able to access the necessary amount of additional capital, any incremental increase in the capital requirement due to the implementation of ICAAP and Basel III, may impact the Bank’s ability to grow its business and may even require the Bank to withdraw from or to curtail some of its current business operations, which could materially and adversely affect the Bank’s business, financial condition and results of operations. There can also be no assurance that the Bank will be able to raise adequate additional capital in the future at all or on terms favorable to it. In addition, the implementation of Basel III may require the Bank to divest itself of certain non-allied undertakings. If the Bank is forced to sell all or a portion of certain subsidiaries or associates, its business, financial condition or results of operations could be adversely affected. There can be no assurance that the Bank will be able to meet the requirements of Basel III as implemented by the BSP. In addition, the limitations or restrictions imposed by the

BSP's implementation of Basel III could materially and adversely affect the Bank's business, financial condition and results of operations.

Whenever the capital accounts of a bank are deficient with respect to the prescribed risk-based capital adequacy ratio ("**CAR**") of 10%, the Monetary Board, may impose monetary and non-monetary sanctions. The Monetary Board will also prohibit opening of new branches whenever a bank's CAR falls below 12% on a non-consolidated and consolidated basis. Likewise, it will also prohibit the distribution of dividends whenever a bank's CET1 ratio and CAR falls below 8.5% and 10%, respectively.

Based on latest available data dated 30 September 2025 from the BSP and under the Revised Basel III standards (Memorandum No. M-2013-056), the Philippine universal and commercial banking industry's CAR was 15.93% on a solo basis. As a comparison, the Bank's Tier 1 capital ratio and CAR were at 16.12% and 16.99%, respectively as of 30 September 2025.

CCB will not be considered in breach of the Basel III risk-based capital adequacy framework. When the CCB is utilized, the covered bank/quasi-bank is restricted from making distributions in the form of dividends, profit remittance in the case of a foreign bank branch, share buybacks, discretionary payments on other Tier 1 capital instruments, or discretionary bonus payments to staff. Second, for the LCR, the covered bank/quasi-bank may draw on its stock of liquid assets to meet liquidity demands even if this may cause the bank to maintain an LCR below the 100% minimum requirement. However, a bank which has recorded a shortfall in the stock of its High-Quality Liquid Assets for three business days within any two-week rolling calendar period, thereby causing the LCR to fall below 100%, must notify the BSP of such breach on the business day immediately following the occurrence of the third liquidity shortfall. After the COVID-19 crisis, covered banks/quasi-banks are to be given a reasonable time period to restore their Basel III CCB and LCR. The Memorandum also provides that the noncompliance by a covered bank/ quasi-bank with the minimum risk-based capital adequacy ratios and the minimum 100% NSFR as a result of the COVID-19 situation will be handled on a case-by-case basis by the BSP.

In addition, the BSP issued BSP Circular No. 855 (Series of 2014) regarding guidelines on sound credit risk management practices, including the amendment on loan loss provisions on loans secured by real estate mortgages. Under the new regulations, loans may be considered secured by collateral to the extent the estimated value of net proceeds at disposition of such collateral can be used without legal impediment to settle the principal and accrued interest of such loan, provided that such collateral has an established market and a sound valuation methodology. Under the new rules, the maximum collateral value for real estate collateral shall be 60% of the value of such collateral, as appraised by an appraiser acceptable to the BSP. While this maintains existing regulations already applicable to universal and commercial banks, the collateral value cap will be particularly relevant in securing directors, officers, stockholders and related interests ("**DOSRI**") transactions and in potentially accelerating the setting up of allowable loan for losses in case a loan account gets distressed.

The BSP also clarified that the collateral cap on real estate mortgages is not the same as a loan-to-value ("**LTV**") ratio limit. Even under the new rules, the minimum borrower equity requirement remains a bank-determined policy (which, according to the BSP, averages 20% under current industry practice). Under the enhanced guidelines of the BSP however, the bank's internal policy as to minimum borrower equity will be subject to closer regulatory scrutiny as to whether the borrower equity requirement of a bank is prudent given the risk profile of its target market.

On 13 December 2018, the Monetary Board approved the Philippine adoption of the CCyB intended for universal and commercial banks as well as their subsidiary banks and quasi-banks. The CCyB will be complied with by the banks using their CET1 capital. During periods of stress, the Monetary Board can lower the CCyB requirement, effectively providing the affected banks with more risk capital to deploy. During periods of continuing expansion, the CCyB may be raised which has the effect of setting aside capital which can be used if difficult times ensue. The CCyB is set initially at a buffer of zero percent, which is in line with global practice. The buffer, however, will be continuously reviewed by the BSP. Banks will be given a lead time of twelve (12) months in the event that the CCyB buffer is raised. However, when the buffer is reduced, it takes effect immediately.

Although intended to strengthen banks' capital positions and thwart potential asset bubbles, the new BSP and Monetary Board regulations will add pressure to local banks to meet these additional capital adequacy requirements, which may effectively create greater competition among local banks for deposits and temper bank lending in the commercial property and home mortgage loan sectors given that banks' ability to lend to these sectors depends on their exposure to the sector and the capital levels they maintain. This may also lead banks in the Philippines to conduct capital raising exercises. Through its compliance with these regulations, the Bank's business, financial position and results of operations may be adversely affected.

On 9 March 2020, the BSP issued Circular No. 1078, approving the adoption of guidelines on correspondent banking relationships. Banks that engage in correspondent banking, which is the provision of banking services by one bank to another bank, whose relationship can either be foreign or domestic, are required to adopt policies and procedures to prevent correspondent banking activities from being used in money laundering or terrorism financing activities and must designate an officer responsible for ensuring compliance with these regulations and the bank's policies and procedures. These required policies and procedures include risk assessment of the correspondent banking relationship and due diligence on the respondent bank. The BSP may deploy enforcement actions to

promote adherence to these guidelines and bring about timely corrective action.

The BSP issued Memorandum No. M-2020-039 on 4 May 2020, allowing universal and commercial banks, and their subsidiary banks and quasi-banks which have built their capital conservation buffer and LCR buffer to utilize such during the state of health emergency. A covered bank which draws down its 2.5% minimum capital conservation buffer will not be considered in breach of the capital adequacy framework. A covered bank which utilizes its capital conservation buffer is restricted from making distributions in the form of dividends, share buybacks, discretionary payments on other Tier 1 capital instruments, or discretionary bonus payments to staff. A covered bank may draw on its stock of liquid assets to meet liquidity demand even if it may cause to maintain an LCR that is below the 100% minimum requirement. However, a covered bank that has recorded a shortfall in the stock of its HOLA for three business days within any two-week rolling calendar period, causing it to fall below the 100% must notify the BSP on the business day immediately following the occurrence of the third liquidity shortfall. They will be given a reasonable time to restore their Basel III capital conservation and liquidity buffers after the COVID-19 pandemic.

As of 30 September 2025, the Bank had a CAR of 16.99% and a CET ratio of 16.12%. Compliance with these ratios may further increase competition among banks for deposits as well as high quality liquid assets.

Although intended to strengthen banks' capital positions and avoid potential asset bubbles, the foregoing BSP and Monetary Board regulations will add pressure to local banks to meet the additional capital requirements, which may effectively create greater competition among local banks for deposits and temper bank lending.

Stricter lending and prudential regulations may reduce the lending appetite of the Bank or cause the Bank to alter its credit risk management systems, which may adversely affect the Bank's business, financial condition and results of operations.

Compliance with regulatory requirements may impact the Bank's ability to grow its business and may even require the Bank to withdraw from or to curtail some of its current business operations, which could materially and adversely affect the Bank's business, financial condition, and results of operations. Unless the Bank is able to access the necessary amount of additional capital, any incremental increase in the capital or liquidity requirement due to the implementation of Basel III may result in BSP-imposed monetary and non-monetary sanctions, including prohibition on the declaration of dividends. All Philippine banks, including the Bank, are required to comply with the requirements of Basel III and related standards, including ensuring that sound and robust capital management, recovery and resiliency plans are effectively in place and regularly stress-tested should there be a need to raise any adequate additional capital (or liquidity) in the future.

Non-compliance with the Foreign Account Tax Compliance Act may cause material and adverse impact on the Bank's business, financial conditions and results of operations.

The Foreign Account Tax Compliance Act ("FATCA") was enacted into law in the U.S. on 18 March 2010 as part of the Hiring Incentives to Restore Employment Act. FATCA first affects U.S. persons with income abroad. Secondly, Foreign Financial Institutions ("FFIs") that invest in U.S. markets will be impacted as well as U.S. financial institutions that do business with FFIs. Additionally, local government and taxing authorities in each country will see the effects of the act as well. It also brought forth an expansion of tax reporting for non-resident aliens.

An FFI will have to set up a process to identify U.S. accounts as part of its onboarding procedures. Once that is in place, it will also have to identify any current accounts with U.S. indicia. Additionally, there is a need to set up a process to monitor account changes for indicia of U.S. status.

After the identification of impacted accounts, an FFI will have to collect documentation on each of these accounts to prove whether or not they are a U.S. person. If they are not a U.S. person and the FFI has the appropriate documentation, the FFI's obligations have been fulfilled. If they are a U.S. person, the FFI's next move will depend on the country that has jurisdiction over the FFI. By default, the Participating Foreign Financial Institutions ("PFFIs") in countries without an intergovernmental agreement will directly report to the U.S. Internal Revenue Service ("IRS").

There is a requirement for PFFIs to withhold 30% of income from recalcitrant account holders in order to comply with FATCA. A recalcitrant account holder is one who fails to comply with reasonable requests pursuant to IRS mandated verification and due diligence procedures to identify U.S. accounts, to provide a name, address and TIN or fails to provide a bank secrecy waiver upon request.

Under the Intergovernmental Agreement ("IGA"), the local tax authority and the BIR are the competent authority to receive FATCA information for reporting to the IRS. FATCA reporting will not take place until the PH-US FATCA IGA has been concurred by the Philippine Senate and has entered into force.

Specific to the Bank's compliance with the FATCA, the Bank is registered in the FATCA Registration Portal as a "Registered Deemed-Compliant Financial Institution" and obtained a Global Intermediary Identification Number ("GIIN") which serves as an official identification as PFFI from the U.S. Internal Revenue Service Foreign Financial Institution ("IRS FFI").

The Bank issued in May 2014 EO 34, Interim Guidelines on the Implementation of FATCA which require the branches to monitor U.S. Persons and submit quarterly certification to the AML Department indicating the following, among others:

All accounts opened and maintained by the U.S. Persons are identified based on the required information and documents provided by the clients. The accounts of the identified U.S. Persons are tagged in the Bank's Current Account/Savings Account (CA/SA) Deposit Systems as "U.S. Account/U.S. Persons."

Uncertainties and instability in global market conditions could adversely affect the Bank's business, financial condition, and results of operations.

Global markets have experienced, and may continue to experience, significant dislocation and turbulence due to economic and political instability in several areas of the world. These ongoing global economic conditions have led to significant volatility in capital markets around the world, including Asia, and further volatility could significantly impact investor risk appetite and capital flows into emerging markets, including the Philippines.

On 24 February 2022, Russia launched a full-scale invasion of Ukraine that resulted in massive humanitarian casualties from both sides, especially Ukraine, and in destruction of infrastructure, roads, and physical properties in Ukrainian cities and in the Crimean region which was annexed by Russia since 2014. Trade and supply chain disruptions continue to cause political and economic tensions amongst member nations of the European Union, in the U.S. and, to some extent, in some Asian and African countries.

The ongoing Russo-Ukrainian war has sparked energy and food price shocks globally, particularly in European countries as they were heavily dependent on oil and gas from Russia and in some African and Asian countries that were dependent on staples such as wheat and sunflower oil from Ukraine. The war has increased concerns relating to energy security and climate change, geopolitical tensions between Russia-NATO and China-Taiwan, and shifts in global structures and relationships, particularly among major superpowers such as the US, Europe, China. Following accumulated shocks from the pandemic and the war, most economies have seen rising sovereign debt levels and declining credit quality, and the number of sovereigns in default has increased. Exports also fell as the trend towards regionalization and global fragmentation continued.

In March 2023, as a result of elevated interest rates and a sluggish economy, regional banks in the U.S. namely Silicon Valley Bank, Signature Bank, and First Republic Bank collapsed, declaring insolvency. This series of bank runs, coined the Banking Crisis of 2023, may continue to have long-term effects in the consumers' confidence level in the banking system. Also in the middle of March 2023, Credit Suisse, second-largest bank in Switzerland and one of the leading financial institutions globally, collapsed following numerous scandals in the recent years. The collapse led to the bank being bought by rival UBS Group AG for about US\$3.3 billion to prevent bigger devastation in the global financial system. The full impact of these bank runs remains uncertain, considering both U.S. and Switzerland both carry reputation as leading countries for banks and financial institutions. So far, the impact of these events on the Philippine banking industry has been minimal.

On 7 October 2023, the militant group Hamas launched massive military operations into Israel territory resulting in human casualties and destruction of property. The Israeli government, in retaliation, launched a series of counter-attacks towards the Gaza territory with the intention of a complete siege of the area. Several foreign governments, including the United States of America, have expressed support and have pledged military aid in favor of Israel, while Arabic nations have condemned the attacks of Israel against Palestinians and continue to stage numerous anti-Israel protests.

In November 2024, the US Presidential Election was held with President Donald Trump returning to the White House. The results will have profound implications for the global economy and financial markets, with potential shifts in trade policies, tax regulations, and geopolitical stability. Economic policy changes will influence global supply chains and investment patterns, while adjustments in U.S. monetary and regulatory frameworks will affect global capital flows and market stability.

On 13 June 2025, Israel launched a massive air campaign targeting over 100 Iranian military and nuclear installations. This led to a swift retaliation by Iran with missiles and drones struck across Israel. On 24 June 2025, a ceasefire between Israel and Iran was announced.

On 3 January 2026, the U.S. conducted military strikes in Venezuela that resulted in the capture and transport to the U.S. of Nicolas Maduro to stand trial for charges related to narcoterrorism.

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets, which could in turn depress economic activity and have a ripple effect across sovereign states and the private sector in Europe and the rest of the world and possibly lead to a global economic crisis. These uncertainties and other future events related to this conflict could continue to adversely impact the political and monetary policies of major

economies, which in turn could have a negative impact in the Philippine market. The success of the Bank's banking business is highly dependent upon its ability to maintain certain minimum liquidity levels, and any rise in market interest rates could materially and adversely affect the Bank's liquidity levels and force it to reduce or cease its offering of certain banking and other financial services.

Any future changes in Philippine taxation may materially and adversely affect the Bank's business, financial condition and results of operations.

The Bank is subject to the taxation laws and regulations in effect in the Philippines. In the event of any changes to existing laws, the Bank's business, financial condition and results of operations could be materially affected.

Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion Act ("**TRAIN Law**"), which was the first package of the Comprehensive Tax Reform Program ("**CTRP**"), brought about extensive changes to individual income taxation. On 26 March 2021, the second package of the CTRP, Republic Act No. 11534, otherwise known as the CREATE Act, was signed into law, amending provisions of the National Internal Revenue Code of 1997, as amended from time to time (the "**Tax Code**"), relating to, among others, corporate income tax, lowering corporate income taxes and modernizing fiscal incentives in a bid to complement the expected incremental revenues from the first package.

The salient provisions of the CREATE Act include:

- (i) reduction in corporate income tax ("**CIT**") from the current 30% to 20% for MSMEs and to 25% for other corporate taxpayers by 1 July 2020;
- (ii) reduction in the minimum corporate income tax rate to 1% effective 1 July 2020 until 30 June 2023;
- (iii) effective 1 July 2020, after a period of four to seven years, export enterprises may enjoy the 5% special corporate income tax based on the gross income earned in lieu of all national and local taxes;
- (iv) extension of the applicability of the net operating loss carryover for losses incurred during the first three years from the start of commercial operation by registered projects or activities, from the current three to five consecutive taxable years immediately following the year of such loss;
- (v) net capital gains derived by resident foreign corporations on the sale of shares of stock of domestic corporations not traded on the Philippine stock exchange will be subject to a final tax of 15%, increase from the current rate of 5% on the first ~US\$2,000 and 10% on the excess thereof;
- (vi) regional operating headquarters will be subject to regular CIT rates effective 1 January 2022, increased from the current 10% rate on taxable income;
- (vii) Qualified Registered Business Enterprises ("**RBE**") will be granted an income tax holiday for four to seven years, depending on the assigned RBE category level. After the income tax holiday period, a special corporate income tax rate of 5% beginning 1 July 2020 will be imposed on gross income earned in lieu of all national and local taxes. The duration of the special corporate income tax is five to ten years depending on the assigned Registered Business Enterprises tier level; and
- (viii) in lieu of the special corporate income tax, enhanced deductions may be granted for a period of five to ten years depending on the assigned RBE category level.

The other tax reform packages that the government hopes to implement include reforms to the taxation of passive income, financial intermediaries, and financial transactions. The fourth package under the CTRP, or the Passive Income and Financial Intermediary Taxation Act ("**PIFITA Bill**") is a proposed tax reform measure relating to passive income and financial intermediaries and is currently pending before the Senate. The proposal, as approved on third reading by the House of Representatives and embodied in House Bill ("**HB**") No. 4339, aims to, among others, impose: (i) a single final withholding tax rate of 15% on interest income regardless of currency, maturity, issuer and other differentiating factors, (ii) a single rate of 15% on interest income, dividends and capital gains, (iii) a single gross receipt tax of 5% on banks, quasi-banks, and certain non-bank financial intermediaries across all types of income (lending and non-lending), except dividends, equity shares and net income of subsidiaries, (iv) uniform taxation of 2% of premium for pre-need, pension, life and HMO insurance, (v) removal of IPO tax, and (vi) gradually reduce the stock transaction tax until it reaches zero by 2026 and removal of the transaction tax on listed and traded debt instruments by 2026, and exemption of nonmonetary documents from documentary stamp tax ("**DST**"). On 12 February 2024, the Department of Finance presented a refined proposal for the fourth package of CTRP before the Senate Committee on Ways and Means, which includes among others, a proposal to harmonize the interest income tax at 20% regardless of the maturity or term, issuer, and currency.

No assurance can be given that HB No. 4339 will be passed in their present form. Any increase in taxes on the Bank will reduce the net income of the Bank, which may have a material and adverse effect on the Bank's business, results of operations and financial condition.

Republic Act No. 12214 or the Capital Markets Efficiency Promotion Act ("**CMEPA**") was signed into law to simplify the complex taxation of passive income in the Philippines; align and promote capital market development and tax competitiveness within the context of globalization, increased capital mobility, and financial inclusion; and promote and incentivize the investment in the trading of equity and debt securities. Effective 1 July 2025, the CMEPA, among others, (i) lowered the stock transaction tax from 0.6% to 0.1%, (ii) standardized the final withholding tax rate on interest income and removed the preferential final tax rates for FCDUs and the tax-exempt status of long-

term deposits and investments; (iii) lowered the documentary stamp tax on the original issuance of shares to 0.75% of the par value or actual consideration; and (iv) imposed the same tax rate of 15% CGT on the sale of shares issued by foreign corporations not traded on a stock exchange.

The Marcos administration urged Congress to support the following priority legislations on essential tax measures under the Medium-Term Fiscal Framework: (1) excise tax on single-use plastics; (2) VAT on digital services; (3) rationalization of the mining fiscal regime; (4) Motor vehicle user's charge/road user's tax; (5) Military and Uniformed Personnel Pension; and (6) the fourth package of the CTRP.

On 5 January 2024, Republic Act No. 11976, known as the Ease of Paying Taxes ("**EOPT**") Act, was signed into law and took effect on 22 January 2024. The EOPT Act aims to simplify tax filings, particularly for those classified as Micro and Small Taxpayers, by introducing the file-and-pay anywhere system and allowing most of the tax processes to be done online. It also included the shift to an invoice system to improve the registration process as well as to accelerate the processing of VAT refunds. The following are the significant amendments to the Tax Code brought about by the EOPT Act:

- (i) Classification of the taxpayers into micro, small, medium, and large with special concessions for micro and small taxpayers (i.e., maximum of two pages for income tax returns; reduced penalties);
- (ii) Electronic or manual filing of returns and payment of taxes to the BIR, or through any authorized agent bank or authorized tax software provider;
- (iii) Removal of the requirement that tax be deducted/ withheld from income payments and remitted to the BIR for deductibility of income payments to apply;
- (iv) Withholding of taxes to apply when income payments become payable;
- (v) Imposition of VAT on services to be based on gross sales;
- (vi) Requirement to issue a VAT invoice for every sale of goods and services;
- (vii) Use of a VAT invoice to substantiate input VAT claim from purchases of goods and services;
- (viii) Removal of the annual registration fee requirement of ₱500.00; and
- (ix) Preservation of books for a period of five years.

The BIR recently issued Revenue Regulations Nos. 8-2024 and 4-2024 to implement the EOPT Act. Moreover, the BIR issued Revenue Memorandum Circular Nos. 60-2024, 66-2024, and 77-2024 to guide taxpayers on the amendments introduced by the EOPT Act.

On 2 October 2024, Republic Act No. 12023 ("**RA 12023**"), otherwise known as the VAT on Digital Services Law, was signed into law and took effect on 18 October 2024. RA 12023 aims to level the playing field between local and foreign digital services providers by mandating a 12% VAT on all digital services consumed in the Philippines. Digital services refer to services that are supplied over the internet or other electronic network with the use of information technology and where the supply of the services is essentially automated. Non-resident digital service providers with gross sales exceeding ₱3 million in the past 12 months are required to register as VAT taxpayers and pay and remit the VAT on business-to-consumer ("**B2C**") digital services consumed in the Philippines. For business-to-business ("**B2B**") transactions, the reverse charge mechanism will apply, and the Philippine buyer is obligated to withhold and remit the 12% VAT. The BIR Commissioner has the power to suspend business operations of non-compliant non-resident digital services providers, which may be enforced through the blocking of digital services by the Department of Information and Communications Technology, through the National Telecommunications Commission. The services of banks, non-bank financial intermediaries performing quasi-banking functions and other non-bank financial intermediaries, including those rendered through different digital platforms, such as Virtual Asset Service Providers registered and classified by the BSP as non-bank financial institutions, are exempt from VAT under RA 12023.

On 28 November 2024, Republic Act No. 12066, referred to as the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy ("**CREATE MORE**") Act, took effect, and introduced amendments to the Tax Code geared primarily at enhancing tax incentives. An enterprise looking to register with an Investment Promotion Agency ("**IPA**") to become a Registered Business Enterprise ("**RBE**") may look forward to longer incentive periods, more flexibility in terms of income tax-based incentives and work-from-home arrangements, a more predictable local taxation, and clearer provisions on what is covered by the non-income tax-based incentives for local purchases and importations "directly attributable" to the registered project or activity of the RBE.

Depending on the registered project's location and industry tier, an RBE may now enjoy income tax-based incentives ranging from 14 to 17 years (with an investment capital of ₱15 Billion and below, subject to IPA approval) or 24 to 27 years (with an investment capital above ₱15 Billion, which will require Fiscal Incentives Review Board ("**FIRB**") approval), subject to possible extension and expansion under certain conditions.

An RBE now has more flexibility in choosing an income tax incentive package (among the Income Tax Holiday ("**ITH**"), the 5% Special Corporate Income Tax ("**SCIT**") (for export RBEs only), or the Enhanced Deductions Regime ("**EDR**") at the outset or from the start of commercial operations, with the EDR granting a lower corporate income tax of 20% of taxable income and further enhanced deductions, such as the 200% allowable deduction for power expenses, among others.

To provide a more predictable local taxation for RBEs, CREATE MORE clarified that RBEs availing themselves of the SCIT incentive are not subject to local taxation and that the 5% SCIT rate is in lieu not only of national and local taxes, but also of local fees and charges imposed by LGUs. RBEs under ITH or EDR may be subject to the RBE local tax ("**RBELT**") of up to 2% of gross income, through an ordinance issued by the concerned local government unit and which RBELT shall be in lieu of all local taxes and local fees and charges.

CREATE MORE defined the phrase "directly attributable to the registered project or activity" as referring to "goods and services that are incidental to and reasonably necessary for the registered project or activity of the registered business enterprise, including janitorial, security, financial, consultancy, marketing and promotion services, and services rendered for administrative operations such as human resources, legal, and accounting." Prior to CREATE MORE and after the effectivity of the CREATE Act, duty and VAT exemption on importation and the VAT zero-rating on local purchases applied only to goods and services that are "directly and exclusively used" in the registered project or activity without which the registered project or activity cannot be carried out.

Other changes introduced by CREATE MORE are (i) deduction from gross income of input tax paid on local purchases attributable to VAT-exempt sales; (ii) VAT exemption on importation and the VAT zero-rating on local purchases "directly attributable" to the export activity of an export enterprise whose export sales is at least 70% of the total annual production of the preceding taxable year; (iii) the additional 50%/100% one-time allowable deduction for the cost for setting up an electronic sales reporting system; and (iv) the streamlined requirements and timelines for the processing of input VAT and excise tax refunds.

While the tax reform program ensures fiscal sustainability, the dampening impact of higher taxes on consumer demand and affected industries (in terms of added costs), could slow down the country's growth pace and affect the Bank's business. Further, the new regulations (such as the fourth package of the CTRP) may directly affect the business and results of operations of the Bank. If the Bank is unable to comply with existing and new rules and regulations applicable to it, it could incur penalties and its business reputation may suffer, which could have a material adverse effect on its business, financial position and results of operations.

Considerations Relating to the Bonds Generally

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, the appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments, and investors may purchase the Bonds as a way to manage risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

The Issuer may be unable to redeem the Bonds.

At maturity, the Bank will be required to redeem all of the Bonds. The Bank may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure by the Bank to repay, repurchase or redeem the Bonds would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Bank. The Bank has a very strong business franchise in the Philippines. It has a strong recurring cash flow and maintains a low debt-equity ratio and a high level of liquidity in its balance sheet. The Bank believes that it has sufficient resources which will allow it to service the principal and interest of the Bonds.

Limited Liquidity for the Bonds

Each offering of Bonds will constitute a new issue of securities for which there is currently no active trading market. Even if the Bonds are listed on the PDEX, trading in securities such as the Bonds may be subject to extreme volatility at times, in response to fluctuating interest rates, developments in local and international capital markets and the overall market for debt securities among other factors, which may affect liquidity. Although the Bonds are intended to be listed on PDEX as soon as reasonably practicable, no assurance can be given that an active trading market for the Bonds will develop and, if such a market were to develop, the Issue Manager is under no obligation to maintain such a market. The liquidity and the market prices for the Bonds can be expected to vary with changes in market and economic conditions, the financial position and prospects of the Bank and other factors that generally influence the market prices of securities. The Bank has no control over this risk as active trading of the Bonds is highly dependent on the Bondholders.

The Bank intends to list the Bonds for trading in PDEX. However, no assurance can be given that an active trading market for the Bonds will develop. Even if an active trading market for any Bonds does not develop or is not maintained, the market price and liquidity of such Bonds may be adversely affected. Even if such a market were to develop, the Bonds could trade at prices that may be higher or lower than the price at which the Bonds are issued depending on many factors, among them:

- prevailing interest rates,
- the Issuer's results of operations and financial condition,
- political development in the Philippines,
- market for similar securities, and
- financial condition and stability of the banking sector.

Thus, the lack of a liquid, active trading market for the Bonds may adversely affect the price of the Bonds or may otherwise impede a Bondholder's ability to dispose of the Bonds. Upon listing of the Bonds with PDEX, investors shall course their secondary market trades through the trading participants of PDEX for execution in the PDEX Trading Platform, in accordance with the PDEX Trading Rules, Conventions and Guidelines, as these may be

amended or supplemented from time to time, and must settle such trades on a DvP basis in accordance with PDEX Settlement Rules and Guidelines. These Settlement Rules and Guidelines include guidelines on minimum trading lots and record dates. The secondary trading of Bonds in PDEX may be subject to such fees and charges of PDEX, the trading participants of PDEX, and other providers necessary for the completion of such trades. The PDEX rules and conventions are available in the PDEX website (www.pds.com.ph). An investor Frequently Asked Questions discussion on the secondary market trading, settlement, documentation and estimated fees are also available in the PDEX website.

As with other fixed income securities, the Bonds trade at prices higher or lower than the initial offering price due to prevailing interest rates, the Bank's operations, and the overall market for debt securities, among others. It is possible that a selling bondholder would receive sales proceeds lower than his initial investment should bondholder decide to sell his Bonds prior to maturity.

Secondary Transfers

All transfers or assignments of the Bonds shall be coursed through a PDEX Trading Participant, subject to PDEX Rules. Consequently, the parties to a transfer will be subject to the PDEX guidelines and the payment to PDEX and the Registrar and Paying Agent of any reasonable fees and applicable taxes. There is no assurance that the secondary trading of the Bonds may not be affected given these restrictions.

Any transfer between investors with a different tax status with respect to the Bonds will be subject to applicable rules as may be issued from time to time by the PDEX.

Issuance and Transfer Restrictions

The Bonds may not be issued or transferred to (i) the Issuer; (ii) the subsidiaries or affiliates of the Issuer; (iii) wholly or majority-owned or controlled entities of such subsidiaries and affiliates of the Issuer; or (iv) any other Prohibited Bondholders. The Registrar is authorized to refuse any transfer or transaction in the Registry Book that may be in violation of these restrictions. There is no assurance that the secondary trading of the Bonds may not be affected given these restrictions.

The Bonds have no preference under Article 2244(14) of the Civil Code.

Under Philippine law, in the event of liquidation of a company, unsecured debt of the company (including guarantees of debt) which is evidenced by a public instrument as provided in Article 2244(14)(a) of the Civil Code of the Philippines will rank ahead of unsecured debt of the company which is not so evidenced. Under Philippine law, a debt becomes evidenced by a public instrument when it has been acknowledged before a notary or any person authorized to administer oaths in the Philippines. Although the position is not clear under Philippine law, it is possible that a jurat (which is a statement of the circumstances in which an affidavit was made) may be sufficient to constitute a debt evidenced by a public instrument. Moreover, Article 2244(14) provides that credits appearing in public instruments shall have preference among themselves in the order of priority of the dates of the instruments.

The Master Certificates of Indebtedness, which represent the Bonds, may not be notarized and, in such a case, will not be deemed public instruments under Article 2244(14) of the Civil Code. Even if the Master Certificates of Indebtedness would be notarized, previously notarized debt instruments of the Bank would have priority over them pursuant to the aforesaid Article 2244(14). As such, other credits may enjoy preference over the Bonds under Article 2244(14) of the Civil Code.

Philippine Deposit Insurance Corporation Coverage of the Bonds

The Bonds are not considered bank deposits, and as such are not insured with the PDIC.

Taxation of the Bonds

The Tax Code provides that interest on interest-bearing obligations of Philippine residents, such as the Bonds, are Philippine-sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and alien resident individuals from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Generally, interest on the Bonds received by non-resident aliens engaged in trade or business in the Philippines is subject to a 20% final withholding tax while that received by non-resident aliens not engaged in trade or business is subject to a final withholding tax rate of 25%. Interest income received by domestic corporations and resident foreign corporations from the Bonds is subject to a final withholding tax rate of 20%. Interest income received by non-resident foreign corporations from the Bonds is subject to a 25% final withholding tax.

The foregoing rates are subject to further reduction by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident owner. Most tax treaties to which the Philippines is a party generally provide for a reduced tax rate of 15% in cases where the interest which arises in the Philippines is paid to

a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

The Marcos administration is working with Congress to pass priority tax reform measures to recalibrate and further improve revenue mobilization aimed at propelling economic growth.

Among the tax reforms which are considered priority by the present administration are the value-added tax on nonresident digital service providers; the imposition of excise tax on single-use plastics; the rationalization of the mining fiscal regime; the reform on the motor vehicle users' charge; and 4th package under the CTRP or the PIFITA Bill.

The PIFITA Bill has introduced reforms to the taxation of passive income, financial intermediaries, and financial transactions. The goal of CTRP Package 4 is to redesign financial sector taxation to be simpler, fairer, more efficient, and regionally more competitive. When it was approved on third reading by the House of Representatives, one of the reforms introduced is the unification of the tax rates of passive income through the imposition of a uniform rate of 15% (which would be a reduction from the prevailing 20%) on interest income, dividends, and royalties. However, on 12 February 2024, the DOF presented a refined proposal for CTRP Package 4 before the Senate Committee on Ways and Means. Under the revised proposal, interest income tax will be harmonized at 20% regardless of the maturity or term, issuer, and currency. Before HB No. 4339 can become effective, it needs to be considered and approved by the Senate, which may impose revisions and consider the refined proposal presented by the DOF. Currently, HB 4339 is undergoing committee hearings at the Senate.

Under the terms of the Bonds, if any payments of principal and/or interest under the Bonds shall be subject to deductions or withholding for or on account of any taxes, duties, assessments, or governmental charges of whatever nature (including any additional or new taxes, duties, assessments, or governmental charges arising from changes in tax laws (e.g., PIFITA) and regulations or from changes in the interpretation thereof) that may be levied, collected, withheld, or assessed by or within the Philippines or any authority therein or thereof having the power to tax, including but not limited to documentary stamp, income, value-added or similar taxes, including interest, surcharges, and penalties thereon then all such taxes shall be for the account of the relevant Bondholder. Currently, interest income derived by Philippine residents from the Bonds is generally subject to a final withholding tax of 20% (the applicable tax rate depends on the circumstances of the recipient, and is subject to certain exceptions – see “Philippine Taxation” section for a discussion on the taxation of the Bonds). In the event that CTRP Package 4 imposes a different rate of tax for instruments such as the Bonds, the Bondholders' expected yield may be affected.

There is no assurance that HB No. 4339 will be passed into law, or in what form such a law may take. HB No. 4339 is not final and it may be superseded or amended in such a manner that may impose a different rates or different means or measures of taxation, entirely and no assurance can be given that any final tax measures enacted into law would be favorable to the Bondholders. All sums payable by the Bank to tax-exempt persons shall be paid in full without deductions for Taxes or government charges, subject to the submission by the relevant Bondholder claiming the exemption of reasonable and acceptable evidence of such exemption to the Bank through the Registrar and Paying Agent (see *Philippine Taxation* for a discussion on the taxation of the Bonds).

As issuer of the Bonds, the withholding of final tax on the interest due on the Bonds is the responsibility of the Bank pursuant to Section 57 of the National Internal Revenue Code, as amended, Section 2.57 of Revenue Regulations No. 2-98, as amended, and BIR Revenue Regulations No. 11-2018.

The CMEPA, effective 1 July 2025, likewise introduced various amendments to the National Internal Revenue Code, as amended, aimed to enhance capital markets, improve investment competitiveness, and equalize the tax treatment of debt and stock securities. Under the CMEPA, interest income on the Bonds is subject to a uniform rate of 20%, except for non-resident aliens not engaged in trade or business and nonresident foreign corporations, both of whom shall still be subject to a final withholding tax rate of 25%, unless otherwise provided under other relevant law, regulation or tax treaty.

Considerations Relating to the Structure of the Particular Issue of the Bonds

Under the Programme, Bonds with varying features may be issued, each presenting specific risks to investors. Set out below is a description of certain such features of the Bonds and their associated risks.

The Bonds, if issued as green, social, or sustainability bonds, may not be a suitable investment for all investors seeking exposure to sustainable assets.

The Bank may issue the Bonds where the use of proceeds is specified to be for the financing and/or refinancing of specified "green" and/or "social" projects of the Bank, in accordance with certain prescribed eligibility criteria in LANDBANK's Sustainability Finance Framework ("**SFF**").

Prospective investors should have regard to the applicable Pricing Supplement regarding use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in respect of the Bonds issued as "green", "social", or "sustainability", as the case may be, together with any other evaluation such investor deems necessary.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as "green", "social", or "sustainable", and therefore no assurance can be provided to potential investors that the green or social projects to be specified in the use of proceeds will meet all investors' expectations regarding sustainability performance or continue to meet the relevant eligibility criteria, nor can any assurance be given that a specific definition or consensus will develop over time. Although applicable green and/or social projects are expected to be selected in accordance with the SFF, there can be no guarantee that adverse environmental and/or societal impacts will not occur during the design, construction, commissioning and/or operation of any such green or social projects. In addition, where any negative impacts are not sufficiently mitigated, the green and/or social projects may become controversial, and/or may be criticized by activist groups or other stakeholders.

Any failure to use the net proceeds of any Bonds issued as green, social or sustainability bonds in connection with green or social projects, and/or any failure to meet, or continue to meet, the investment requirements of certain sustainability focused investors with respect to such Bonds may affect the value and/or trading price of the Bonds, and/or have consequences for certain investors with portfolio mandates to invest in sustainable assets which may cause one or more of such investors to dispose of the Bonds held by them which may affect the value, trading price and/or liquidity of the relevant Bonds.

Neither the Bank nor the Issue Manager makes any representation as to whether any Sustainability Bonds fulfil relevant environmental and social criteria. Prospective investors should have regard to the eligibility criteria described in the SFF and applicable use of proceeds. Each potential investor of Bonds issued as green, social or sustainability bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of any such Bonds should be based upon such investigation as it deems necessary.

In the event that any such Bonds are listed or admitted for trading on any dedicated "green", "environmental", "sustainable", or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Bank, the Issue Manager or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental or societal impact of any projects or uses, the subject of, or related to, any projects the Bank deems green or social. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Issue Manager or any other person that any such listing or admission to trading will be obtained in respect of any such Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the such Bonds.

Bonds subject to optional redemption by the Bank.

Any optional redemption feature of the Bonds is likely to limit their market value. During any period when the Bank may elect to redeem such Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Bank may be expected to redeem such Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Bonds issued at a substantial discount or premium.

The market values of any Bonds issued at a substantial discount (such as zero-coupon bonds) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

GENERAL TERMS AND CONDITIONS OF THE BONDS

The following are the General Terms and Conditions of the Bonds to be issued under the Bank's ₱200 Billion Bond Programme which will be incorporated by reference into each series or tranche of Bonds issued pursuant thereto. The applicable Pricing Supplement in relation to any series or tranche of Bonds shall specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following General Terms and Conditions, replace or modify the following General Terms and Conditions for the purpose of such Series or Tranche of Bonds.

The Bonds were authorized pursuant to a resolution of the Board of Directors of the Bank dated 29 May 2024 and are subject to a Trust Agreement dated on or about the date of this Offering Circular (the **"Trust Agreement"**) between the Bank and the Development Bank of the Philippines – Trust Banking Group (the **"Trustee"**, which expression shall, wherever the context permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Agreement). The description of the general terms and conditions of the Bonds set out below includes summaries of and is subject to, the detailed provisions of the Trust Agreement and the Offering Circular. A registry and paying agency agreement dated on or about the date of this Offering Circular (the **"Registry and Paying Agency Agreement"**) has been or to be entered into in relation to the Programme and the issuance of Bonds pursuant thereto between the Bank and Philippine Depository & Trust Corp. as paying agent and registrar (hereinafter referred to as **"PDTC"**, or in its capacity as registrar, the **"Registrar"**, or in its capacity as paying agent, the **"Paying Agent"**). References to a "Condition" are to conditions as respectively numbered and set forth herein.

Unless otherwise defined herein, capitalized terms used herein shall have the meaning ascribed to such terms in the Trust Agreement. Unless the context otherwise requires, references to "Clause" are references to clauses in the General Terms and Conditions of the Bonds.

Copies of the Trust Agreement and the Registry and Paying Agency Agreement are available for inspection during normal business hours at the specified offices of the Trustee. Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Agreement and are deemed to have notice of those provisions of the Registry and Paying Agency Agreement applicable to them.

1. Definition of Terms

In these General Terms and Conditions:

“Adverse Effect”	means any material and adverse effect on: (a) the ability of the Bank to duly perform and observe its obligations and duties under the Bonds and the Contracts; (b) the condition (financial or otherwise), prospects, results of operations or general affairs of the Bank or the Group; or (c) the legality, validity and enforceability of the Contracts;
“Agreement Date”	means, in respect of a Series or Tranche of Bonds, the date on which the agreement is reached for the issue of such Series or Tranche of Bonds as contemplated in the Programme Agreement which will be the date on when the Issue Manager(s) or Selling Agent(s) agree with the Bank on the pricing details for such Series or Tranche of Bonds, such date being the execution date of the relevant Placement Agreement (or any other document evidencing the issue details of such Series or Tranche of Bonds);
“AMLC”	means the Anti-Money Laundering Council created to implement the Anti-Money Laundering and Anti-Terrorism Financing Laws of the Philippines;
“Anti-Money Laundering and Anti-Terrorism Financing Laws of the Philippines”	means Republic Act No. 9160, as amended by Republic Act Nos. 9194, 10167, 10365, 10927 and 11521, Republic Act No. 10168, otherwise known as The Terrorism Financing Prevention and Suppression Act of 2012, and BSP Circular Nos. 251, 253, 279, 302, 495, 527, 564, 608, 612, 706, 794, 950, and 1022, and all other amendatory laws and implementing rules and regulations, jurisprudence, notices, or orders of any Philippine governmental body relating thereto;
“Auditors” or “COA”	means the Commission on Audit of the Philippines;
“Bank”	means Land Bank of the Philippines, the issuer of the Bonds;
“BIR”	means the Bureau of Internal Revenue of the Philippines;
“Bondholder”	means a person who is not a Prohibited Bondholder and who, at any relevant time, appears in the Registry as the registered owner of the Bonds;
“Bonds”	means the bonds issued pursuant to the Programme with maturity, interest rate and other details as may be agreed upon by the Issuer and the relevant Issue Manager/s and/or Bookrunner/s evidenced by a corresponding Master Certificate of Indebtedness. These Bonds can be issued in any form allowed by the Governing Regulations, including without limitation, with a fixed interest rate, as zero-coupon bonds, green, social, or sustainable. It may be issued through various portals or distribution systems allowed by the Governing Regulations including, without limitation, the "Electronic Securities Issue Portal" or "e-SIP" of the PDS Group, which is the e-Securities Issue Portal established and maintained by the Philippine Dealing System Holdings Corp. e-SIP is a permissioned web-based facility designed as a gateway to streamline processes in the primary issuance of fixed income instruments, available to identified stakeholders such as issuers, underwriters or arrangers, selling agents and client investor applicants. e-SIP will serve as an electronic channel for submission of documents for listing, enrollment, and registration of bondholders, as this may be updated from time to time;
“BSP”	means the <i>Bangko Sentral ng Pilipinas</i> ;
“Business Day”	means any day, other than a public non-working holiday, Saturday, or Sunday, on which the BSP Philippine Payment and Settlement System (PhilPaSS) and the Philippine Clearing House Corporation (or, in the event of discontinuance of their respective functions, their respective replacements) are open and available for clearing and settlement, and commercial banks are open for business in Metro Manila, Philippines. All other days not otherwise specified in this document shall mean calendar days;
“Charter”	means Republic Act No. 3844, as may be amended from time to time, also known as the Agricultural Land Reform Code which authorized the establishment and creation of Land Bank of the Philippines;

“Contracts”	means: (a) the Programme Agreement between the Bank, the Issue Manager and the Selling Agents dated on or about the date of this Offering Circular; (b) the Issue Management and Placement Agreement dated on or about the date of this Offering Circular between the Bank and the Issue Manager and Selling Agents, as supplemented, amended and/or restated from time to time; (c) the Trust Agreement dated on or about the date of this Offering Circular between the Bank and the Trustee, as supplemented, amended and/or restated from time to time; (d) the Registry and Paying Agency Agreement dated on or about the date of this Offering Circular between the Bank and the Registrar and Paying Agent, as supplemented, amended and/or restated from time to time; (e) the Master Certificates of Indebtedness for each Series or Tranche of Bonds; (f) these General Terms and Conditions; (g) the Pricing Supplement for each Series or Tranche of Bonds; and (h) such other separate letters or agreements covering conditions precedent, fees, expenses and other obligations of the parties, including amendments or accessions thereto;
“Control”	means the possession, directly or indirectly, by a Person of the power to direct or cause the direction of the management and policies of another Person whether through the ownership of voting securities or otherwise; provided, however, that the direct or indirect ownership of over fifty percent (50%) of the voting capital stock, registered capital or other equity interest of a Person is deemed to constitute control of that Person, and “Controlling” and “Controlled” have corresponding meanings;
“Electronic Securities Issue Portal” or “e-SIP”	means the e-Securities Issue Portal established and maintained by the Philippine Dealing System Holdings Corp. e-SIP will serve as an electronic channel for submission of documents for listing, enrollment, and registration of bondholders, available to identified stakeholders such as issuers, underwriters or arrangers, selling agents and client investor applicants;
“General Terms and Conditions”	means these General Terms and Conditions of the Bonds as may be supplemented and/or amended from time to time by the applicable Pricing Supplement for each Series or Tranche of Bonds;
“Governing Regulations”	means all the necessary rules and guidelines for the issuance of the Bonds, including, the General Banking Law of 2000 (Republic Act No. 8791), the Manual of Regulations for Banks, BSP Circular No. 1010 (Series of 2018), BSP Circular No. 1062 (Series of 2019), BSP Memorandum No. M-2020-001, BSP Circular 1149 (Series of 2022), BSP Circular No. 1185 (Series of 2023), and BSP Circular No. 1224 (Series of 2025) and any other circulars and regulations as may be relevant for the transaction, as these may be amended from time to time;
“Group”	means the Bank, its subsidiaries, affiliates and its associated entities, taken as a whole, and each of them being a member of the Group;
“Government” or “National Government”	means the national government of the Republic of the Philippines;
“Governmental Authority”	means any national, regional, or local government, governmental agency, department, bureau, commission, court, tribunal, or other instrumentality exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government;
“Interest”	means the interest payable on the relevant Series or Tranche of the Bonds at the Interest Rate set out in the Pricing Supplement;
“Interest Payment Date”	means the dates specified in the applicable Pricing Supplement on which the Interest on the Bonds are payable. Interest shall be computed based on the outstanding balance of the relevant Series or Tranche of Bonds. If any Interest Payment Date would otherwise fall on a day that is not a Business Day, payments will be made on the subsequent Business Day without adjustment of the amount due;
“Interest Rate”	means, in respect of any Series or Tranche of Bonds, the interest rate <i>per annum</i> indicated in the Pricing Supplement, payable in arrears on each Interest Payment Date;

“Issue Date”	means in respect of any Series or Tranche of Bonds, the date of issue and purchase of such Series or Tranche of Bonds, as indicated in the applicable Pricing Supplement;
“Issue Manager”	means China Bank Capital Corporation, and such other entities appointed by the Bank in respect of each Series or Tranche of the Bonds, and excludes any entity whose appointment has been terminated pursuant to the Programme Agreement; references to the relevant Issue Manager shall, in relation to any Tranche or Series of the bonds, be references to the Issue Manager(s) which the Bank has appointed for the distribution and sale of such Tranche or Series and identified in the relevant Pricing Supplement.
“Issue Price”	means the price of a Series or Tranche of the Bonds, as specified in the applicable Pricing Supplement;
“Majority Bondholder”	means the holder or holders of more than fifty percent (50%) of the principal amount the Bonds then outstanding at the relevant time under the Programme, regardless of the Tranche in which the Bonds may be issued; provided, that in respect of any matter pertaining to matters relating to the relevant Series or Tranche of Bonds, only the concerned Bondholders of a particular Series or Tranche will be considered for quorum and approval purposes in any meeting in which any such matter is presented for resolution;
“Master Certificate of Indebtedness”	means the certificate to be issued by the Bank to the Trustee evidencing and covering such amount corresponding to a Series or Tranche of Bonds issued on the relevant Issue Date;
“Maturity Date”	means, in respect of any Series or Tranche of Bonds, the maturity date indicated in the applicable Pricing Supplement;
“Offer Price”	means, in respect of any issue of any Series or Tranche of Bonds, any offer or issuance of Bonds (or a Series or Tranche thereof) at the Issue Price;
“Offering Circular”	means the Offering Circular prepared in connection with the Programme, as revised, supplemented and/or amended from time to time by the Bank in accordance with the Programme Agreement, including any documents which are from time to time incorporated in the Offering Circular by reference, provided that: (a) in relation to each Series or Tranche of Bonds only, the applicable Pricing Supplement shall be deemed included in the Offering Circular; (b) in respect of the Agreement Date and the Issue Date, the Offering Circular means the Offering Circular as at the Agreement Date, but without prejudice to (a) above, not including any subsequent revisions, supplement or amendment to it or incorporation of information in it subsequent to the relevant Agreement Date.
“PDEX”	means the Philippine Dealing & Exchange Corp., a domestic corporation duly registered with the SEC to operate an exchange and trading market for fixed income securities and a member of the PDS Group;
“PDEX Rules”	means the PDEX Rules for the Fixed Income Securities Market, as amended, and as the same may be revised from time to time, as well as other related rules, guidelines, and procedures that may be issued by PDEX;
“Person”	means an individual, corporation, partnership, joint venture, unincorporated association, trust, or other juridical entity, or any Governmental Authority;
“Placement Agreement”	means the Issue Management and Placement Agreement in respect of a Series or Tranche of Bonds in the agreed form among the Bank, Issue Manager, and Selling Agents, as may be amended or supplemented from time to time;
“Pricing Supplement”	means the pricing supplement issued in relation to each Series or Tranche of Bonds, which sets out the details of such Series or Tranche and the additional terms and conditions, such as the size of the Series or Tranche, Interest Rate, Interest Payment Dates, tenor and Maturity Date and such other similar series-specific terms, in relation to any particular Series or Tranche of the Bonds;

“Programme”

means, as of the date of the Programme Agreement, the ₱200 Billion Bond Programme established by the Bank and approved by the Bank’s Board of Directors on 29 May 2024;

“Prohibited Bondholders”

means persons and entities which are prohibited from purchasing or holding any Bonds of the Bank pursuant to the BSP Rules, such as:

(1) the Bank;

(2) the Bank’s related parties (pursuant to Section 131 of the MORB in relation to BSP Circular No. 1062, as further clarified in BSP Memorandum No. 2020-001 and amended by BSP Circular No. 1224) who are in possession of or have access to material and non-public information affecting the pricing and marketability of the Bonds or which substantially impacts an investor’s decision to buy or sell the Bonds once the same is disseminated to the public, which may include:

- (i) The Bank’s subsidiaries, affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the Bank exerts direct/indirect control over or that exerts direct/indirect control over the Bank, except (i) the Bank’s trust department or related trust entities; or (ii) an underwriter or arranger that is a Bank’s related party, provided that the holding of the Bonds is part of the underwriting agreement, and such underwriter or arranger has complied with the requirements of Governing Regulations;
- (ii) The Bank’s Directors, Officers, Stockholders, Related Interests (DOSRI), and their close family members, and corresponding persons in affiliated companies (each, as defined under Section 131 of the MORB);
- (iii) Persons or entities whose interests may pose potential conflict with the Bank’s interest;
- (iv) Persons and entities that have direct or indirect linkages to the Bank, identified as follows:
 - a. Ownership of, control of or power to vote, ten percent (10%) to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity, or vice versa;
 - b. Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations or directors holding nominal share in the borrowing corporation;
 - c. Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Bank and ten percent (10%) to less than twenty percent (20%) of the common outstanding voting stock of the borrowing entity; and
 - d. Permanent proxy or voting trusts in favor of the Bank constituting ten percent (10%) to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity, or vice versa;

(3) Persons who are otherwise not qualified under the Governing Regulations including any other person whose acquisition, holding or transfer of the Bonds would violate any applicable law or regulation, including but not limited to the rules of the PDEX, BSP, AMLC, or other government regulation in any relevant jurisdiction;

(4) Persons classified as U.S. persons under the FATCA of the United States (“**U.S.**”), as may be amended from time to time; which include: (a) a U.S. citizen (including a dual citizen who may have another citizenship besides having a U.S. citizenship); (b) a U.S. resident alien for tax purposes, which includes a person who has substantial presence in the U.S. (“substantial presence” is defined as more than 31 days in the current calendar year or a total of 183 days over the previous three years from the current tax year); (c) a U.S. partnership, U.S. corporation, or U.S. entity; (d) a U.S. estate; (e) a U.S. trust if a court within the U.S. is able to exercise primary supervision over the administration of the trust, or one or more U.S. persons have the authority to control all substantial decisions of the trust; or (f) any other person that is not a non-US person; or

(5) Persons classified as a Restricted Party (“**Restricted Party**”), which is an individual or entity that (a “**Person**”):

- (i) is, or is owned or controlled by a Person that is, targeted by or the subject of any U.S. sanctions administered or enforced by the United States Government including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC**”) or any sanctions or measures imposed by the United Nations Security Council, the European Union or Her Majesty’s Treasury (“**HMT**”) or any sanction or requirements imposed by, or based upon the obligations or authorizations set forth in, the U.S. Trading With the Enemy Act, the U.S. International Emergency Economic Powers Act, the U.S. United Nations Participation Act or the U.S. Syria Accountability and Lebanese Sovereignty Act, all as amended, or any foreign assets control regulations of the U.S. Department of the Treasury (including but not limited to 31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto (collectively, the “**Sanctions**”); or
- (ii) is located, organized or resident in a country or territory that is the subject of Sanctions (including without limitation, Cuba, Iran, The Democratic People’s Republic of Korea, Sudan, Syria, the Crimea region of Ukraine, Russia, the so-called People’s Republic of Luhansk, and the so-called People’s Republic of Donetsk); or
- (iii) is listed on, or is owned or controlled by a Person that is listed on, a Sanctions List; or
- (iv) is directly or indirectly, has conducted, conducts or is otherwise involved with any business with or involving any government (or any sub-division thereof), or any Person targeted by, or located in any country that is the subject of Sanctions or directly or indirectly supports or facilitates, or plans to support or facilitate or otherwise become involved with, any such Person or government is engaged in any activities sanctionable under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, the Iran Sanctions Act, the Iran Threat Reduction and Syria Human Rights Act, or any other applicable executive order; or
- (v) is or ever has been in violation of or subject to any claim, action, proceeding, investigation, notice or demand relating to Sanctions.

For purposes of the definition of Prohibited Holders, a “**subsidiary**” means, a corporation or firm more than fifty percent (50%) of the outstanding voting stock of which is directly or indirectly owned, controlled or held, with power to vote, by the Bank. An “**affiliate**” means, at any particular time, an entity linked directly or indirectly to the Bank by means of: (1) ownership, control, or power to vote of at least twenty percent (20%) of the outstanding voting stock of the entity, or vice-versa; (2) interlocking directorship or officership, where the director or officer concerned owns, controls, or has the power to vote, at least twenty percent (20%) of the outstanding voting stock of the entity; (3) common ownership, whereby the common stockholders own at least ten percent (10%) of the outstanding voting stock of the Bank and at least twenty percent (20%) of the outstanding voting stock of the entity; (4) management contract or any arrangement granting power to the Bank to direct or cause the direction of management and policies of the entity; or (5) permanent proxy or voting trusts in favor of the Bank constituting at least twenty percent (20%) of the outstanding voting stock of the entity, or vice versa. For a company to be “**controlled**” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has power over more than one-half of the voting rights by virtue of an agreement with other stockholders, power to govern the financial and operating policies of the enterprise under a statute or an agreement, the power to appoint or remove the majority of the members of the board of directors or other equivalent governing body of that company, power to cast the majority votes at meetings of the board of directors or equivalent governing body, or otherwise controls or has the power to control the company through similar arrangements.

The relevant related parties shall comply with any directive that may be issued by the Bank in connection with the foregoing and the Bank shall implement measures to ensure compliance by such related parties with any such directive;

“PSE”	means The Philippine Stock Exchange, Inc.;
“Registrar” or “Paying Agent”	means Philippine Depository & Trust Corp. (“ PDTC ”), or the registrar and paying agent in respect of the Bonds appointed under the Registry and Paying Agency Agreement or an agreement supplemental to it and in accordance with the BSP Rules;
“Registry”	means the electronic registry book of the Registrar containing the official information on the Bondholders and the amount of Bonds they respectively hold, including all transfers or assignments thereof or any liens or encumbrances thereto;
“SEC”	means the Philippine Securities and Exchange Commission and its successor agency/ies;
“Series”	means a Tranche of Bonds, as the case may be, together with any further Tranche or Tranches of Bonds, as the case may be, which are (a) expressed to be consolidated and form a single series, and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates (as may be indicated in the applicable Pricing Supplement) and/or Issue Prices and the expressions “Bonds of the relevant Series”, “Bondholders of the relevant Series”, and related expressions shall (where appropriate) be construed accordingly; and
“SRC”	means Republic Act No. 8799 or the Securities Regulation Code, and its implementing rules and regulations, as the same may be amended and supplemented from time to time;
“Tranche”	means one or a number of issuances of Bonds under a specified Series which are identical in all respects (including as to listing and admission to trading).

2. Form, Denomination and Title

(a) *Form and Denomination*

The Bonds, upon issuance, are in scripless form, and shall be issued and traded in the secondary market in such denominations to be indicated in the applicable Pricing Supplement.

(b) *Title*

Legal title to the Bonds shall be shown in the Registry maintained by the Registrar. A notice confirming the principal amount of the Bonds purchased by each applicant in the Offer shall be issued by the Registrar to all Bondholders following the Issue Date. Upon any assignment, title to the Bonds shall pass by recording of the transfer from the transferor to the transferee in the Registry maintained by the Registrar. Settlement with respect to such transfer or change of title to the Bonds, including the settlement of any cost arising from such transfers, including, but not limited to, documentary stamps taxes, if any, arising from subsequent transfers, shall be for the account of the relevant Bondholder.

(c) *Rating*

The Bonds are not rated.

3. Transfer of Bonds

(a) *Registry*

The Bank shall cause the Registry of Bondholders to be kept by the Registrar, in electronic form. The names and addresses of the Bondholders and the particulars of the Bonds held by them and all transfers of Bonds shall be entered in the Registry. As required by Circular No. 428-04 issued by the BSP, the Registrar shall send each Bondholder a statement in electronic form of its registry holdings at least quarterly, and a written advice in electronic form confirming every receipt or transfer of the Bonds that is effected in the Registrar's system. Such statement of registry holdings shall serve as the confirmation of ownership of the relevant Bondholder as of the date thereof. If an e-mail address is not indicated in the Application or if a Bondholder requests for a written statement, the cost of the same shall be borne by the Bondholder. Any and/or all requests of Bondholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Bondholder. No transfer of Bonds may be made during the period commencing on a Record Date as defined in the section on “Interest Payment Date.”

(b) *Transfers; Tax Status*

Bondholders may transfer their Bonds at any time, regardless of tax status of the transferor vis-à-vis the transferee. Should a transfer between Bondholders of different tax status occur on a day which is not an Interest Payment Date, tax-exempt entities trading with non-tax-exempt entities shall be treated as non-tax-exempt entities for the interest period within which such transfer occurred. Transfers taking place in the Registry after the Bonds are listed on PDEX shall be allowed between non-tax-exempt and tax-exempt entities without restriction and observing the tax exemption of tax-exempt entities, if and/or when so allowed under and in accordance with the relevant rules, conventions and guidelines of PDEX and PDTC. A Bondholder claiming tax-exempt status is required to submit a written notification of the sale or purchase to the Trustee and the Registrar, including the tax status of the transferor or transferee, as appropriate, together with the supporting documents specified below under “*Payment of Additional Amounts - Taxation*”, within three (3) days of such transfer.

Notwithstanding the submission by the Bondholder, or the receipt by the Bank and/or the Registrar and Paying Agent of documentary proof of tax-exempt status of a Bondholder, the Bank may, in its sole and reasonable discretion, determine that such Bondholder is taxable and require the Registrar and Paying Agent to proceed to apply the tax due on the Bonds. Any question on such determination shall be referred to the Bank.

The Bondholders shall be responsible for monitoring and accurately reflecting their tax status in the Registry. The payment report to be prepared by the Registrar and submitted to the Bank in accordance with the Registry and Paying Agency Agreement, which shall be the basis of payments on the Bonds on any Interest Payment Date, shall reflect the tax status of the Bondholders as indicated in their accounts as of the Record Date.

(c) *Secondary Trading of the Bonds*

The Bank shall list the Bonds in PDEX for secondary market trading. Secondary market trading and settlement in PDEX shall follow the applicable PDEX rules, conventions and guidelines, including rules, conventions and guidelines governing trading and settlement between Bondholders of different tax status, and shall be subject to the relevant fees of PDEX and PDTC.

4. Ranking

The Bonds constitute the direct, unconditional, unsecured and unsubordinated Philippine Peso-denominated obligations of the Bank and shall rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsecured and unsubordinated Philippine Peso-denominated and foreign currency-denominated obligations of the Bank, other than obligations enjoying a statutory preference or priority established under Philippine laws.

5. Interest

(a) *Interest Basis*

Interest on each Series or Tranche of Bonds shall be a fixed rate, as may be provided under the applicable Pricing Supplement.

(b) *Interest Payment Dates*

The Bonds will bear Interest on their principal amount from and including the relevant Issue Date at the Interest Rate indicated in the applicable Pricing Supplement for each Series or Tranche of Bonds. Interest shall be payable in arrears, at the dates specified in the applicable Pricing Supplement, or the subsequent Business Day without adjustment to the amount of Interest to be paid, if such Interest Payment Date is not a Business Day.

The cut-off date in determining the existing Bondholders entitled to receive the interest or principal amount due shall be the second (2nd) Business Day immediately preceding the relevant Interest Payment Date (the “**Record Date**”), which shall be the reckoning day in determining the Bondholders entitled to receive interest, principal or any other amount due under the Bonds. No transfers of the Bonds may be made during this period intervening between and commencing on the Record Date and the relevant Interest Payment Date.

(c) *Interest Accrual*

Each Bond with respect to each Pricing Supplement shall cease to bear interest from and including the Maturity Date, as defined in the discussion on “*Final Redemption*”, unless, upon due presentation, payment of the principal in respect of the Bond then outstanding is not made, is improperly withheld or refused, in which case the Penalty Interest (see “*Penalty Interest*”) shall apply.

(d) *Determination of Interest Amount*

The interest shall be calculated on the basis of a 30/360-day basis, consisting of twelve (12) months of thirty (30) days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of thirty (30) days.

6. Redemption and Purchase

(a) *Final Redemption*

Unless previously purchased and cancelled, the Bonds shall be redeemed at par, or 100% of face value on the relevant Maturity Date specified in the applicable Pricing Supplement. However, if the Maturity Date is not a Business Day, payment of all amounts due on such date will be made by the Bank through the Paying Agent, without adjustment in computation as to the amount of interest payable, on the succeeding Business Day.

(b) *Redemption for Tax Reasons*

If payments under the Bonds become subject to additional or increased taxes other than the taxes and rates of such taxes prevailing on the Issue Date as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such additional or increased rate of such tax cannot be avoided by use of reasonable measures available to the Bank, the Bank may redeem the Bonds in whole, but not in part, on any Interest Payment Date (having given not more than sixty (60) nor less than thirty (30) days' notice to the Trustee and the Registrar) at par or 100% of face value plus accrued interest computed up to the date when the Bonds shall be redeemed earlier than their relevant Maturity Date.

(c) *Change in Law or Circumstance*

If any provision of the Trust Agreement or any of the related documents is or shall become for any reason, invalid, illegal or unenforceable to the extent that it shall become, for any reason, unlawful for the Bank to give effect to its rights or obligations hereunder, or to enforce any provisions of the Trust Agreement or any of the related documents in whole or in part, or any law shall be introduced to prevent or restrain the performance by the parties hereto of their obligations under the Trust Agreement or any other related documents, such event shall be considered as change in law or circumstance ("**Change in Law**") in reference to the obligations of the Bank and to the rights and interests of the Bondholders under the Trust Agreement and the Bonds.

In the event that the Bank shall invoke the foregoing as a Change in Law, the Bank shall provide the Trustee an opinion of legal counsel confirming the foregoing, such legal counsel being reasonably acceptable to the Trustee. Thereupon, the Trustee, upon notice to the Bank, shall declare the principal amount of the Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration, the same shall be immediately due and payable without any pre-payment penalty, notwithstanding anything in the Trust Agreement and other related documents to the contrary.

(d) *Purchase and Cancellation*

The Bank may at any time purchase any of the Bonds at any price in the open market or by tender or by contract at any price, without any obligation to purchase Bonds pro-rata from all Bondholders, and the Bondholders shall not be obligated to sell. Any Bonds so purchased shall be redeemed and cancelled and may not be re-issued.

7. Payments

The principal of, interest on, and all other amounts payable on the Bonds shall be paid by the Bank through the Paying Agent to the Bondholders by crediting the settlement accounts designated by each of the Bondholders. The principal of, and Interest on, the Bonds shall be payable in Philippine Pesos. The Bank shall ensure that so long as any of the Bonds remains outstanding, there shall at all times be a Paying Agent for the purposes of the Bonds. In the event the Paying Agent shall be unable or unwilling to continue to act as such, the Bank shall appoint a qualified financial institution in the Philippines authorized to act in its place. The Paying Agent may not resign its duties or be removed without a successor having been appointed.

8. Payment of Additional Amounts - Taxation

As of the date of the Offering Circular, interest income on the Bonds is subject to a final withholding tax at rates ranging from 20% to 25% depending on the tax status of the relevant Bondholder under relevant law, regulation or tax treaty. Except for such final withholding tax and as otherwise provided, all payments of principal and interest are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including, but not limited to, issue, registration or any similar tax or other taxes and duties, including interest and penalties, if any. If such taxes or duties are imposed, the same shall be for the account of the Bank; provided however

that, the Bank shall not be liable for the following:

- (a) Tax on any gain by a Bondholder realized from the sale, exchange or retirement of the Bonds;
- (b) The applicable final withholding tax on interest earned on the Bonds prescribed under the Tax Code. For the avoidance of doubt, any change in the applicable final withholding tax rate shall be for the account of the Bondholder.

An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall be required to submit the following requirements to the Registrar, subject to acceptance by the Bank as being sufficient in form and substance: (i) certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR confirming the exemption or preferential rate; (ii) a duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status or preferential rate entitlement, undertaking to immediately notify the Bank of any suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Bank and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, which shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Bank that the Bondholder is not doing business in the Philippines, and as may be required by the Bank; provided further that, all sums payable by the Bank to tax-exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar;

- (c) Gross Receipts Tax under Section 121 of the Tax Code;
- (d) Taxes on the overall income of any securities dealer or Bondholder, whether or not subject to withholding; and
- (e) Value Added Tax ("VAT") under Sections 106 to 108 of the Tax Code, and as amended by Republic Act No. 9337.

Documentary stamp tax for the primary issue of the Bonds and the execution of the Trust Agreement and other related documents, if any, shall be for the Bank's account.

9. Representation and Warranties

The Bank hereby represents and warrants to the Trustee and the Bondholders as follows:

- (a) No order preventing or suspending the use of the Offering Circular has been issued by the BSP. The Offering Circular (i) is compliant and will remain compliant in all material respects with relevant BSP Rules; (ii) contains information which are true, correct, accurate and not misleading in all material respects, and contains all material information and particulars required to be provided to potential investors in order to make an informed assessment of the financial position and prospects of the Bank in its entirety and the rights attaching to the Bonds; and (iii) does not contain any untrue statement of a material fact nor omit to state a material fact required to be stated or necessary to make the statements not misleading under the circumstances. All reasonable enquiries have been made by the Bank to ascertain such facts and to verify the accuracy of all such information and statements;
- (b) The Bank has complied with all requirements of the BSP for the issuance of the Bonds, and the Bonds comply with all other terms and conditions imposed by the BSP regarding the issuance of the Bonds while any portion of the Bonds remain outstanding;
- (c) The statements, forecasts, estimates and expressions of opinion contained in the Offering Circular including but not limited to the profits, prospects, dividends, indebtedness, assets, liabilities, cash flow and working capital of the Bank have been made after due and proper consideration, and represent reasonable and fair expectations honestly held based on facts known to the Bank;
- (d) All information supplied or provided by the Bank to the Issue Manager for the due diligence review, investor presentations and materials, and other purposes is true, correct, complete and binding on the Bank, and may be fully relied upon by the Issue Manager without any obligation or liability on each of it to ascertain their truth, validity, enforceability, legality, or binding effect on the Bank. No material information has been withheld or otherwise not made available by the Bank to the Issue Manager;
- (e) Since the respective dates as of which information is given in the Offering Circular, there has not been any material change, or any development involving a prospective material change, in or affecting the general affairs, business, prospects, management, financial position, stockholders' equity, or results of operations of the Bank

otherwise than as disclosed in the Offering Circular. Except as disclosed in the Offering Circular, the Bank has not, since the dates indicated, entered into any material transaction or agreement (whether or not in the ordinary course of business) which would have an Adverse Effect;

- (f) The Bank is a corporation duly organized, validly existing, and in good standing under and by virtue of the laws of the Republic of the Philippines, has its principal office at the address indicated in the Offering Circular, is registered or qualified to do business in every jurisdiction where registration or qualification is necessary, and has the corporate power and authority to conduct its business as presently being conducted and to own its properties and assets now owned by it as well as those to be hereafter acquired by it for the purpose of its business;
- (g) All corporate authorizations, approvals, and other acts legally necessary for the offer and issuance of the Bonds, for the circulation of the Offering Circular and for the Bank to enter into and comply with its obligations under the Bonds have been obtained or effected and are in full force and effect.
- (h) All Government authorizations, approvals, rulings, registrations, and other acts legally necessary for the offer, issuance, and payment of the Bonds, and for the Bank to enter into and comply with its obligations thereunder, have been obtained and are in full force and effect;
- (i) All conditions imposed or required under the BSP Rules and other applicable laws and regulations in respect of the offer, issuance, and payment of the Bonds have been complied with by the Bank as of the date and/or time that they are required to be complied with;
- (j) None of the information, data, or submissions provided or made by the Bank to any government agency, or to the Issue Manager, Selling Agents, Registrar, or Bondholders, in connection with the Bonds violate any applicable statute, rule, or regulation. Such information, data, and submissions are true, complete, and accurate in all material respects. There is no fact, matter or circumstance which has not been disclosed to the Issue Manager, Selling Agents, Registrar or Bondholders which renders any such information, data or submissions untrue, inaccurate or misleading in any material respect, or which might reasonably affect the willingness of such parties to proceed with the transactions contemplated by the Bonds and the Master Certificates of Indebtedness;
- (k) The obligations of the Bank under the Bonds when issued constitute the Bank's legal, valid, binding, direct, and unconditional obligations, enforceable in accordance with their terms, and the compliance by the Bank with its obligations under the Bonds will not conflict with, nor constitute a breach or default of, the Charter, by-laws, or any resolution of the board of directors of the Bank, or any rights of the stockholders of the Bank, or any contract or other instrument by which the Bank is bound, or any law of the Republic of the Philippines, or any regulation, or judgment or order of any office, agency, or instrumentality applicable to the Bank;
- (l) There are no legal, administrative, or arbitration actions, suits, or proceedings pending or threatened against or affecting the Bank which, if adversely determined, would have an Adverse Effect. To the best of the Bank's knowledge, no such proceedings are threatened or contemplated by Government authorities or threatened by others;
- (m) (i) The audited financial statements of the Bank for the latest three (3) financial years are complete and correct in all material respects. The audited financial statements of the Bank for the latest three financial years have been prepared in accordance with PFRS applied on a consistent basis and fairly represent the Bank's financial condition and results of operations as of the dates indicated. Since the last audited financial statements of the Bank, there has been no material change in the financial condition or results of operations of the Bank sufficient to impair its ability to perform its obligations under the Bonds according to their terms;
- (ii) The Unaudited Management Accounts (including the related notes) fairly presents, in all material respects, the financial position, results of operations and cash flow of the Bank as of the date thereof, and each of the other related statements (including the related notes) included in the Unaudited Management Accounts fairly presents, in all material respects, the results of operations, the changes in financial position and cash flow of the Bank for the respective periods or as of the respective dates set forth therein, all in conformity with PFRS consistently used therein. None of the entries in the Unaudited Management Accounts is based on any material extraordinary item or transaction or otherwise based on any transaction not entered into in the ordinary course of business, other than as disclosed in the Unaudited Management Accounts or to the extent the inclusion of any such entries therein would not prevent the Unaudited Management Accounts from being a fair presentation, in all material respects, of the financial position, results of operations and cash flow of the issuer as of the respective dates thereof. The final audited financial statements of the Bank will not materially deviate from the Unaudited Management Accounts.

As used herein, the term **"Unaudited Management Accounts"** means the most recent unaudited balance sheets and income statements of the Bank as of 31 March, 30 June, and 30 September of each year, as applicable.

- (n) Except as may be disclosed in the Offering Circular, the Bank has, as of the date hereof, no liabilities or obligations of any nature, whether accrued, absolute, contingent, or otherwise, including but not limited to tax liabilities due or to become due, and whether incurred in respect of or measured by any income for any period prior to such date or arising out of transactions entered into or any state of facts existing prior thereto, which may in any case or in the aggregate, materially and adversely affect the Bank's ability to discharge its obligations under the Bonds;
- (o) Since issuance of the various approvals by the relevant government agencies for the offer or issuance of the Bonds, there has been no change in the financial condition, assets, and liabilities of the Bank, other than changes that do not have an Adverse Effect;
- (p) No event has occurred and is continuing which constitutes a default by the Bank under or in respect of any agreement binding upon the Bank, and no event has occurred which, with the giving of notice, lapse of time, or other condition, would constitute a default by the Bank under or in respect of such agreement, which default shall materially and adversely affect the Bank's ability to comply with the terms of the Bonds and pay the principal and interest that may be due on the Bonds;
- (q) The Bank has good and marketable title to all its properties, free and clear of liens, encumbrances restrictions, pledges, mortgages, security interest, or charges, except for the following: (i) any liens, encumbrances, restrictions, pledges or mortgages over its properties existing prior to the date of the Offering Circular or disclosed in its audited financial statements as of and for the period ended 31 December 2024; (ii) any lien over those properties which are acquired by the Bank through any legal action or proceedings or which are conveyed to the Bank via *dacion en pago* or other similar arrangement in the course of the ordinary business of the Bank; (iii) liens arising in the ordinary course of its business, or imposed or arising solely by operation of law, such as carrier's, warehousemen's and mechanic's liens and other similar liens arising in the ordinary course of business; (iv) liens for taxes, assessments or governmental charges on properties or assets of the Bank if the same shall not at the time be delinquent or thereafter can be paid without penalty; (v) liens arising from workmen's compensation laws, pensions and social security legislations; (vi) any lien which secures foreign currency and interest rate swap and derivative transactions undertaken by the Bank in the ordinary course of its business; (vii) the Registrar and Paying Agent's lien or security right on the funds of the Bank in relation to all fees, charges, and expenses, and any credit facility or accommodation granted to the Bank by the Registrar, as may be contemplated under the Registry and Paying Agency Agreement; and (viii) any extension, renewal or replenishment in whole or in part of the foregoing liens;
- (r) The Bank is conducting its business and operations in compliance with the applicable laws and regulations, has filed true, complete, and timely tax returns, and has paid all taxes due in respect of the ownership of its properties and assets or the conduct of its operations, except to the extent that the payment of such taxes is being contested in good faith and by appropriate proceedings;
- (s) The Bank is compliant with all Philippine laws, statutes, regulations, and circulars, including without limitation the circulars, rules, regulations, and orders issued by the BSP;
- (t) The Bank has in good faith complied with, corrected, and successfully and effectively implemented, to the satisfaction of the BSP, all final findings and recommendations of the BSP resulting from all past audits and examinations conducted by the BSP on the Bank;
- (u) The Bank has obtained all the necessary authorizations, approvals, licenses, permits or privileges required from all Governmental and regulatory bodies for the conduct of its business and operations as well as those of its subsidiaries and affiliates as currently conducted, and shall have free and continued use thereof;
- (v) The Bank maintains insurance with responsible and reputable insurance companies in such amounts, covering such risks as are prudent and appropriate and as are usually carried by companies engaged in similar business and owning similar properties in the same geographical areas as those in which the Bank operates;
- (w) The Bonds shall at all times rank *pari passu* and without any preference or priority among themselves and at least *pari passu* with all other present and future direct, unconditional, unsecured, and unsubordinated Philippine Peso-denominated and foreign currency-denominated obligations of the Bank, except for obligations enjoying a statutory preference or priority established under Philippine laws;
- (x) Neither the Bank nor any of its subsidiaries nor any director, officer, nor, to the best of the knowledge of the Bank (after due and careful enquiry), any agent, employee or affiliate of or any other person acting on behalf of, the Bank and its subsidiaries in the case of (i), (ii) and (iii) below:
 - (i) is a Restricted Party;
 - (ii) has engaged in, and is now engaged in any dealings, transactions or connections with any government, person, entity or project targeted by, or located in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions; and

- (iii) is or has been in violation of or subject to any claim, action, suit, proceeding or investigation relating to any Sanctions.
- (y) Neither the Bank nor any of its subsidiaries is controlled (within the meaning of the regulations promulgating such Sanctions or the laws authorizing such promulgation) by any Person currently the subject of any Sanctions or in any country or territory that is the subject of Sanctions or in any other manner that would result in a violation by any Person (including any Person participating in the offering, whether as underwriter, adviser, investor or otherwise) of Sanctions;
- (z) None of the issue and sales of the Bonds, the execution, delivery and performance of the Agreement, the consummation of any other transactions contemplated hereby, or the provision of services contemplated by the Agreement will result in a violation (including, without limitation, by the Selling Agents) of any Sanctions;
- (aa) Neither the Bank nor any of its subsidiaries nor any director or officer of any of its subsidiaries, nor, to the best of the knowledge of the Bank (after due and careful enquiry), any agent, employee, affiliate or other person acting on behalf of any of its subsidiaries, is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of any applicable anti-bribery and anti-corruption laws, including, without limitation, the UK Bribery Act of 2010 and the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "**FCPA**"), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any "foreign official" (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA; and the Bank and each of its subsidiaries and, to the best knowledge of the Bank (after due and careful enquiry), its respective affiliates have conducted their respective businesses in compliance with all applicable anti-bribery or anti-corruption laws and regulations (including, without limitation, applicable PRC laws, the FCPA and the UK Bribery Act of 2010) and have instituted and maintained policies and procedures designed to ensure continued compliance with, and prevent violation of, such laws, rules and regulations;
- (bb) The operations of each of the Bank and its subsidiaries are and have been conducted at all times in compliance with all applicable anti-money laundering laws, regulations, rules and guidelines in its jurisdiction and in each other jurisdiction in which such entity, as the case may be, conducts business (collectively, the "**Anti-Money Laundering Laws**") and no action, suit or proceeding with respect to the Anti-Money Laundering Laws by or before any court or Governmental agency, authority or body or any arbitrator involving the Bank or any of its subsidiaries is pending or threatened.

Each of the representations and warranties set forth hereof are made as of the date the Contracts, the Offering Circular and each Pricing Supplement, and will be true and accurate for as long as the Bonds or any portion thereof remains outstanding, and so long as any Bonds remains unissued under the Programme, with reference to the facts and circumstances existing from time to time.

10. Covenants

The Bank covenants that it shall act as follows and shall perform the following obligations for so long as any Bonds remain outstanding:

- (a) pay and discharge all taxes, assessments, and government charges or levies imposed upon it or upon its income or profits or upon any properties belonging to it prior to the date on which penalties are assessed thereto; pay and discharge when due all lawful claims which, if unpaid, might become a lien or charge upon any of the properties of the Bank; and take such steps as may be necessary in order to prevent its properties or any part thereof from being subjected to the possibilities of loss, forfeiture, or sale; provided, that the Bank shall not be required to pay any such tax, assessment, charge, levy, or claim which is being contested in good faith and by proper proceedings or as could not reasonably be expected to have an Adverse Effect. The Trustee shall be notified by the Bank within thirty (30) days from the date of the receipt of written notice of the resolution of such proceedings;
- (b) preserve and maintain its corporate existence;
- (c) maintain adequate financial records and prepare all financial statements in accordance with PFRS, consistently applied and in compliance with the regulations of the government body having jurisdiction over it, and, subject to receipt of a written request within a reasonable period before the proposed date of inspection, permit a Bondholder or its duly designated representatives to inspect the books of accounts and records pertinent to the compliance by the Bank of the terms and its obligations under the Bonds;
- (d) comply with all the requirements, terms, covenants, conditions, and provisions of all laws, rules, regulations, orders, writs, judgments, indentures, mortgages, deeds of trust, agreements, and other instruments, arrangements, obligations, and duties to which it, its business or its assets may be subject, or by which it, its

business, or its assets are legally bound where non-compliance would have an Adverse Effect;

- (e) satisfactorily comply with all BSP directives, orders, issuances, and letters, including those regarding its capital, licenses, risk management, and operations; and satisfactorily take all corrective measures that may be required under BSP audit reports on its operations;
- (f) promptly and satisfactorily pay all indebtedness and other liabilities and perform all contractual obligations pursuant to all agreements to which it is a party to or by which it or any of its properties may be bound, except those being contested in good faith and by proper proceedings or as could not reasonably be regarded to have an Adverse Effect;
- (g) pay all amounts due under the Bonds at the times and in the manner specified herein, and perform all its obligations, undertakings, and covenants under the Bonds;
- (h) exert its best efforts to obtain at its sole expense the withdrawal of any order delaying, suspending or otherwise materially and adversely affecting the transactions with respect to the Bonds at the earliest time possible;
- (i) ensure that any documents related to the Bonds will, at all times, comply in all material respects with the applicable laws, rules, regulations, and circulars, and, if necessary, make the appropriate revisions, supplements, and amendments to make them comply with such laws, rules, regulations, and circulars;
- (j) make available to the Bondholders financial and other information regarding the Bank by filing with the SEC and/or the PDEx (or such other fixed-income exchange on which the Bonds may be listed), at the time required or within any allowed extension, the reports required by the SEC and/or such exchange, as the case maybe, from listed companies in particular and from corporations in general;
- (k) in respect of each issue of Bonds, will use the net proceeds received by it from the sale of such Bonds in the manner specified in the Offering Circular and the relevant Pricing Supplement and in accordance with applicable laws and regulations;
- (l) not permit any creditor with indebtedness which shall be or purport to be unsecured and unsubordinated obligations of the Bank to receive any priority or preference over the claims of the Bondholders hereunder, which claims shall at all times rank *pari passu* in all respects with all other unsecured unsubordinated Philippine Peso-denominated and foreign currency-denominated obligations of the Bank, other than obligations enjoying a statutory preference or priority established under Philippine laws;
- (m) not engage in any business except that authorized by its Charter;
- (n) not effect any merger, consolidation, or other material change in its ownership, corporate set-up or management or character of business, except when the same is (i) with the consent of the Majority Bondholders; or (ii) if the Bank is the surviving entity, and provided that such event will have no Adverse Effect;
- (o) not sell, transfer, convey, lend, or otherwise dispose of all or substantially all of its assets;
- (p) except as may be allowed under existing Bank policies and practices pursuant to benefits, compensation, reimbursements, and allowances and BSP Rules and regulations, not extend any loan or advances to its directors and officers;
- (q) not assign, transfer, or otherwise convey or encumber any right to receive any of its income or revenues unless in its ordinary course of business;
- (r) not declare or pay any dividends (other than dividends required by law to be declared to the Government which shall be in the form of stock dividends) during an Event of Default or if declaration or payment of such dividends would result to an Event of Default;
- (s) not voluntarily suspend all or substantially all of its business operations;
- (t) not grant, in any of its future loan or credit agreements, any creditor any right, above and beyond what is required under Philippine law, to apply amounts on deposit with or in possession of any such creditor by way of set-off in reduction of any amount owing under any loan or credit agreements;
- (u) not enter into any management contracts, profit-sharing, or any similar contracts or arrangements whereby its business or operations are managed by, or its income or profits are, or might be shared with, another person, firm or company, which management contracts, profit-sharing or any similar contracts or arrangements will materially and adversely affect the Bank's ability to perform its material obligations under the Bonds;
- (v) not amend its Charter or by-laws if such amendments have the effect of changing the general character of its business from that being carried on at the date hereof; and

- (w) not, and shall not permit or authorize any other person to, directly or indirectly, use, lend, make payments of, contribute or otherwise make available, all or any part of the proceeds of the Bonds or other transaction(s) contemplated by the Master Certificates of Indebtedness and the Contracts to fund any trade, business or other activities: (i) involving or for the benefit of any Restricted Party, or (ii) in any other manner that would reasonably be expected to result in the Bank or any party to the Contracts being in breach of any Sanctions (if and to the extent applicable to either of them) or becoming a Restricted Party.

11. Negative Pledge

The Bank covenants and agrees that, from the signing date of the Trust Agreement and for as long as the Bonds or any portion thereof remain outstanding, not to create, issue, assume, guarantee, or otherwise incur any bond, note, debenture, or similar security which shall be or purport to be unsecured and unsubordinated obligations of the Bank, unless such obligations rank *pari passu* with, or junior to, the Bank's obligations under the Bonds in any proceedings in respect of the Bank for insolvency, winding up, liquidation, receivership, or other similar proceedings.

12. Events of Default

The Bank shall be considered in default under the Bonds and the Trust Agreement in case any of the following events (each an “**Event of Default**”) shall occur and is continuing:

- (a) *Non-payment.* The Bank defaults in the repayment of any principal in respect of the Bonds issued under the Programme on the due date for payment thereof or default is made in the payment of any amount of interest in respect of the Bonds within ten (10) days of the due date of payment thereof.
- (b) *Insolvency Default.* The Bank: (i) is (or could be deemed by law or a court or the BSP to be) insolvent or bankrupt or unable to pay its debts; (ii) stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts; (iii) proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due); or (iv) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts. In addition, if a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Bank, such agreement or declaration shall also constitute an Event of Default under this clause 12(b).
- (c) *Cross-default.* The Bank: (i) defaults in the repayment of any amount of principal and premium (if any) or interest, in respect of any contract (other than the Bonds) executed by the Bank with any bank, financial institution or other person, corporation or entity for the payment of borrowed money which constitutes an event of default, or with the giving of notice or the passage of time would constitute an event of default, under said contract; or (ii) violates any other term or condition of a contract, law, or regulation, which is irremediable or, if remediable, (x) is not remedied by the Bank within fifteen (15) days from notice from the Trustee, or is otherwise not contested by the Bank, and (y) results in the acceleration or declaration of the whole financial obligation to be due and payable prior to the stated normal date of maturity.
- (d) *Winding-Up Proceedings.* The Bank takes any corporate action or other steps are taken or legal proceedings are started for its winding up, bankruptcy, dissolution or reorganization (except in any such case for the purposes of a merger, consolidation, reorganization, reconstruction or amalgamation upon which the continuing corporation or the corporation formed thereby effectively assumes the entire obligations of the Bank under the Bonds) or for the appointment of a receiver, administrator, receiver, or similar officer of it or of any or all of its revenues and assets.
- (e) *Illegality.* Any act or condition or thing required to be done, fulfilled, or performed at any time in order to: (i) enable the Bank lawfully to enter into, exercise its rights and perform the obligations expressed to be assumed by it under the Bonds; or (ii) ensure that the obligations expressed to be assumed by the Bank hereunder are legal, valid and binding, is not done, fulfilled or performed at such time.
- (f) *Representation/Warranty Default.* Any representation and warranty of the Bank or any certificate or opinion submitted by the Bank in connection with the issuance of the Bonds is untrue, incorrect, or misleading in any material respect.
- (g) *Covenant Default.* The Bank fails to perform or violates its covenants under the Bonds (other than as contemplated by Clause 12(a) above), and such failure or violation is not remediable or, if remediable, continues to be unremedied for a period of fifteen (15) days from notice by the Trustee to the Bank.
- (h) *License Default.* Any governmental consent, license, approval, authorization, declaration, filing, or registration which is granted or required in connection with the Bonds expires or is terminated,

revoked, or modified and the result thereof is to make the Bank unable to discharge its obligations hereunder or thereunder.

- (i) *Expropriation Default.* The government or any competent authority takes any action to suspend the whole or the substantial portion of the operations of the Bank, or condemns, seizes, nationalizes or expropriates (with or without compensation) the Bank or any substantial portion of its properties or assets.
- (j) *Judgment Default.* Any final and executory judgment, decree, or arbitral award for the sum of money, damages, fine, or penalty is entered against the Bank and the enforcement of which is not stayed, and is not paid, discharged, or duly bonded within thirty (30) days after the date when payment of such judgment, decree, or award is due under the applicable law or agreement and such final judgment, decree or award shall have an Adverse Effect.
- (k) *Writ or Similar Process Default.* Any writ, warrant, attachment or execution, or similar process shall be issued or levied against more than half of the Bank's assets, singly or in the aggregate, and such writ, warrant, or similar process shall not be released, vacated, or fully bonded within thirty (30) days after its issue or levy.
- (l) *Closure Default.* The Bank voluntarily suspends or ceases operations of a substantial portion of its business for a continuous period of thirty (30) days, except in the case of strikes or lockouts when necessary to prevent business losses, or when due to fortuitous events or force majeure; *provided*, that in any such event, there is no Adverse Effect.
- (m) *Change of Control.* The Government ceases to have control over the Bank.

13. Notice of Default

Subject to the terms of the Trust Agreement, the Trustee shall, within ten (10) Business Days after receiving notice, or having knowledge of, the occurrence of any Event of Default, give to the Bondholders written notice of such default known to it unless the same shall have been cured before the giving of such notice; provided that, in the case of payment default under Clause 12(a) (*Non-payment*) above, the Trustee shall immediately notify the Bondholders upon the occurrence of such payment default. The written notice required to be given to the Bondholders hereunder shall be published in a newspaper of general circulation in Metro Manila for two (2) consecutive days, further indicating in the published notice that the Bondholders or their duly authorized representatives may obtain any information relating to such occurrence of an Event of Default at the principal office of the Trustee upon presentation of sufficient and acceptable identification.

14. Consequences of Default

If any one or more of the Events of Default shall have occurred and be continuing without the same being cured within the periods provided in the Trust Agreement and in these General Terms and Conditions, the Trustee may on its own, or, upon the written direction of the Majority Bondholders, shall, by notice in writing delivered to the Bank, with a copy furnished the Registrar and Paying Agent, declare the principal amount of the Bonds, including all accrued interest and other charges thereon, if any, to be immediately due and payable, and upon such declaration the same shall be immediately due and payable.

All the unpaid obligations under the Bonds, including accrued interest, and all other amounts payable thereunder, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Bank.

15. Penalty Interest

In case any amount payable by the Bank under the Bonds, whether for principal, interest, fees due to Trustee or Registrar or otherwise, is not paid on due date, the Bank shall, without prejudice to its obligations to pay the said principal, interest and other amounts, pay penalty interest on the defaulted amount(s) at the rate of 12% *per annum*, net of applicable withholding taxes (the "**Penalty Interest**") from the time the amount falls due until it is fully paid.

16. Payment in the Event of Default

The Bank covenants that upon the occurrence of any Event of Default, the Bank shall pay to the Bondholders, through the Paying Agent, the whole amount which shall then have become due and payable on all such outstanding Bonds with interest at the rate borne by the Bonds on the overdue principal and with Penalty Interest as described above, and in addition thereto, the Bank shall pay to the Trustee such further amounts as shall be determined by the Trustee to be sufficient to cover the cost and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any reasonable expenses or

liabilities incurred without negligence or bad faith by the Trustee.

17. Application of Payments

Any money collected or delivered to the Paying Agent, and any other funds held by it, subject to any other provision of the Trust Agreement and the Registry and Paying Agency Agreement relating to the disposition of such money and funds, shall be applied by the Paying Agent in the order of preference as follows: first, to the payment to the Trustee, the Paying Agent and the Registrar, of the costs, expenses, fees and other charges of collection, including reasonable compensation to them, their agents, attorneys and counsel, and all reasonable expenses and liabilities incurred or disbursements made by them, without gross negligence or bad faith; second, to the payment of the interest in default, in the order of the maturity of such interest with Penalty Interest; third, to the payment of the whole amount then due and unpaid upon the Bonds for principal, and interest, with Penalty Interest; and fourth, the remainder, if any shall be paid to the Bank, its successors or assigns, or to whoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

18. Prescription

Claims with respect to principal and interest or other sums payable hereunder shall prescribe unless made within ten (10) years (in the case of principal or other sums) or five (5) years (in the case of interest) from the date on which payment becomes due.

19. Remedies

All remedies conferred by the Trust Agreement to the Trustee and the Bondholders shall be cumulative and not exclusive and shall not be so construed as to deprive the Trustee or the Bondholders of any legal remedy by judicial or extra judicial proceedings appropriate to enforce the conditions and covenants of the Trust Agreement, subject to the discussion below on "*Ability to File Suit*".

No delay or omission by the Trustee or the Bondholders to exercise any right or power arising from or on account of any default hereunder shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence thereto; and every power and remedy given by the Trust Agreement to the Trustee or the Bondholders may be exercised from time to time and as often as may be necessary or expedient.

20. Ability to File Suit

No Bondholder shall have any right by virtue of or by availing of any provision of the Trust Agreement to institute any suit, action or proceeding for the collection of any sum due from the Bank hereunder on account of principal, interest and other charges, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such Bondholder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof and the related request for the Trustee to convene a meeting of the Bondholders to take up matters related to their rights and interests under the Bonds, as applicable; (ii) the Majority Bondholders shall have decided and made the written request upon the Trustee to institute such action, suit or proceeding in the latter's name; (iii) the Trustee for sixty (60) days after the receipt of such notice and request shall have neglected or refused to institute any such action, suit or proceeding; and (iv) no directions inconsistent with such written request shall have been given under a waiver of default by the Bondholders, it being understood and intended, and being expressly covenanted by every Bondholder with every other Bondholder and the Trustee, that no one or more Bondholders shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Agreement to affect, disturb or prejudice the rights of the holders of any other such Bonds or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under the Trust Agreement, except in the manner herein provided and for the equal, ratable and common benefit of all the Bondholders.

21. Waiver of Default by the Bondholders

The Majority Bondholders may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, or the Majority Bondholders may decide for and on behalf of the Bondholders to waive any past default, except the Events of Default specified in Clause 12 (f) (*Representation/Warranty Default*), (i) (*Expropriation Default*) and (l) (*Closure Default*), and their respective consequences. In case of any such waiver, the Bank, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder; provided however that, no such waiver shall extend to any subsequent or other default or impair any right consequent thereto. Any such waiver by the Majority Bondholders shall be conclusive and binding upon all Bondholders and upon all future holders and owners thereof, irrespective of whether or not any notation of such waiver is made upon the certificate representing the Bonds.

22. Trustee; Notices

(a) *Notice to the Trustee*

All documents required to be submitted to the Trustee pursuant to the Trust Agreement and the Offering Circular and all correspondence addressed to the Trustee shall be delivered to:

To the Trustee: Development Bank of the Philippines – Trust Banking Group
Attention: SVP Ma. Teresa T. Atienza
Subject: Land Bank of the Philippines - ₱200 Billion Bond Programme

Address: Development Bank of the Philippines

Sen. Gil J. Puyat Avenue corner Makati Avenue, Makati City
Philippines

Facsimile: (632) 8893-0942

All documents and correspondence not sent to the above-mentioned address shall be considered as not to have been sent at all.

(b) *Notice to the Bondholders*

Except where a specific mode of notification is provided for herein, notices to Bondholders shall be sufficient when made in writing and transmitted in any one of the following modes: (i) registered mail to their mailing address as set forth in the Registry; (ii) surface mail to their mailing address as set forth in the Registry; (iii) by one-time publication in a newspaper of general circulation in the Philippines; or (iv) personal delivery to the address of record in the Registry of Bondholders. The Trustee shall rely on the Registry in determining the Bondholders entitled to notice. All notices shall be deemed to have been received (i) ten (10) days from posting if transmitted by registered mail; (ii) fifteen (15) days from mailing, if transmitted by surface mail; (iii) on date of publication or (iv) on date of delivery, for personal delivery.

(c) *Binding and Conclusive Nature*

Except as provided in the Trust Agreement, all notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained by the Trustee for the purposes of the provisions of the Trust Agreement, shall (in the absence of willful default, bad faith or manifest error) be binding on the Bank and all Bondholders. No liability to the Bank, the Paying Agent or the Bondholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under the Trust Agreement resulting from the Trustee's reliance on the foregoing.

23. Duties and Responsibilities of the Trustee

- (a) The Trustee is appointed as trustee for and on behalf of the Bondholders and accordingly shall perform such duties and shall have such responsibilities as provided in the Trust Agreement. The Trustee shall, in accordance with the terms and conditions of the Trust Agreement, monitor the compliance or non-compliance by the Bank with all its representations and warranties, and the observance by the Bank of all its covenants and performance of all its obligations, under and pursuant to the Trust Agreement. The Trustee shall observe due diligence in the performance of its duties and obligations under the Trust Agreement. For the avoidance of doubt, notwithstanding any actions that the Trustee may take, the Trustee shall remain to be the party responsible to the Bondholders, and to whom the Bondholders shall communicate with in respect to any matters that must be taken up with the Bank.
- (b) The Trustee shall, prior to the occurrence of an Event of Default or after the curing of all such defaults which may have occurred, perform only such duties as are specifically set forth in the Trust Agreement. In case of default, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement, and use such judgment and care under the circumstances then prevailing that individuals of prudence, discretion and intelligence, and familiar with such matters, exercise in the management of their own affairs.
- (c) None of the provisions contained in the Trust Agreement or Offering Circular shall require or be interpreted to require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

24. Resignation and Change of Trustee

- (a) The Trustee may at any time resign by giving at least thirty (30) days' prior written notice to the Bank and to the Bondholders of such resignation.

- (b) Upon receiving such notice of resignation of the Bank, the Bank shall immediately appoint a successor trustee by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the resigning Trustee and one (1) copy to the successor trustee. If no successor shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor, or any Bondholder who has been a *bona fide* holder for at least six months (the “**Bona Fide Bondholder**”) may, for and on behalf of the Bondholders, petition any such court for the appointment of a successor. Such court may thereupon after notice, if any, as it may deem proper, appoint a successor trustee.
- (c) A successor trustee should possess all the qualifications required under pertinent laws, otherwise, the incumbent trustee shall continue to act as such.
- (d) In case at any time the Trustee shall become incapable of acting, or has acquired conflicting interest, or shall be adjudged as bankrupt or insolvent, or a receiver for the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its properties or affairs for the purpose of rehabilitation, conservation or liquidation, then the Bank may within thirty (30) days therefrom remove the Trustee concerned, and appoint a successor trustee, by written instrument in duplicate, executed by its authorized officers, one (1) copy of which instrument shall be delivered to the Trustee so removed and one (1) copy to the successor trustee. If the Bank fails to remove the Trustee concerned and appoint a successor trustee, any *Bona Fide* Bondholder may petition any court of competent jurisdiction for the removal of the Trustee concerned and the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper, remove the Trustee and appoint a successor trustee.
- (e) The Majority Bondholders may at any time remove the Trustee for cause, and appoint a successor trustee, by the delivery to the Trustee so removed, to the successor trustee and to the Bank of the required evidence of the action in that regard taken by the Majority Bondholders.
- (f) Any resignation or removal of the Trustee and the appointment of a successor trustee pursuant to any of the provisions the Trust Agreement shall become effective upon the earlier of: (i) acceptance of appointment by the successor trustee as provided in the Trust Agreement; or (ii) the effectivity of the resignation notice sent by the Trustee under the Trust Agreement (a) (the “**Resignation Effective Date**”) provided, however, that after the Resignation Effective Date and, as relevant, until such successor trustee is qualified and appointed (the “**Holdover Period**”), the resigning Trustee shall discharge duties and responsibilities solely as a custodian of records for turnover to the successor Trustee promptly upon the appointment thereof by the Bank.

25. Successor Trustee

- (a) Any successor trustee appointed shall execute, acknowledge and deliver to the Bank and to its predecessor Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor trustee, without further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusteeship with like effect as if originally named as trustee in the Trust Agreement. The foregoing notwithstanding, on the written request of the Bank or of the successor trustee, the Trustee ceasing to act as such shall execute and deliver an instrument transferring to the successor trustee, all the rights, powers and duties of the Trustee so ceasing to act as such. Upon request of any such successor trustee, the Bank shall execute any and all instruments in writing as may be necessary to fully vest in and confer to such successor trustee all such rights, powers and duties.
- (b) Upon acceptance of the appointment by a successor trustee, the Bank shall notify the Bondholders in writing of the succession of such trustee to the trusteeship. If the Bank fails to notify the Bondholders within ten (10) days after the acceptance of appointment by the trustee, the latter shall cause the Bondholders to be notified at the expense of the Bank.

26. Reports to the Bondholders

- (a) The Trustee shall submit to the Bondholders on or before February 28 of each year from the relevant Issue Date until full payment of the Bonds through electronic mail a brief report dated as of December 31 of the immediately preceding year with respect to any action taken by the Trustee in the performance of its duties under the Trust Agreement which it has not previously reported and which in its opinion materially affects the Bonds and/or Majority Bondholders, except action in respect of a default, notice of which has been or is to be withheld by it.
- (b) The Trustee shall submit to the Bondholders through electronic mail a brief report within 90 days from the making of any advance for the reimbursement of which it claims or may claim a lien or charge which is

prior to that of the Bondholders on the property or funds held or collected by the Paying Agent with respect to the character, amount and the circumstances surrounding the making of such advance; provided that, such advance remaining unpaid amounts to at least ten percent (10%) of the aggregate outstanding principal amount of the Bonds at such time.

- (c) The following pertinent documents may be inspected during regular business hours on any Business Day at the principal office of the Trustee:

- (i) Trust Agreement;
- (ii) Registry and Paying Agency Agreement; and
- (iii) Charter and By-Laws of the Bank.

27. Meetings of the Bondholders

A meeting of the Bondholders in respect of a particular Series or Tranche may be called at any time for the purpose of taking any actions authorized to be taken by or on behalf of the Bondholders of any specified aggregate principal amount of Bonds under any other provisions of the Trust Agreement or under the law and such other matters related to the rights and interests of the Bondholders under the Bonds.

(a) Notice of Meetings

The Trustee may at any time call a meeting of the Bondholders, or the Bondholders of at least twenty-five percent (25%) of the aggregate outstanding principal amount of Bonds may direct in writing the Trustee to call a meeting of the Bondholders, to take up any allowed action, to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of the Bondholders, setting forth the time and the place of such meeting and the purpose of such meeting in reasonable detail, shall be sent by the Trustee to the Bank and to each of the registered Bondholders not earlier than forty five (45) days nor later than fifteen (15) days prior to the date fixed for the meeting. Each of such notices shall be published in a newspaper of general circulation as provided in the Trust Agreement. All reasonable costs and expenses incurred by the Trustee for the proper dissemination of the requested meeting shall be reimbursed by the Bank within ten (10) days from receipt of the duly supported billing statement.

(b) Failure of the Trustee to Call a Meeting

In case at any time the Bank or the Bondholders of at least twenty five percent (25%) of the aggregate outstanding principal amount of the Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the purpose of the meeting, and the Trustee shall not have mailed and published, in accordance with the notice requirements, the notice of such meeting, then the Bank or the Bondholders in the amount above specified may determine the time and place for such meeting and may call such meeting by mailing and publishing notice thereof.

(c) Quorum

The Trustee shall determine and record the presence of the Majority Bondholders, personally or by proxy. The presence of the Majority Bondholders shall be necessary to constitute a quorum to do business at any meeting of the Bondholders.

(d) Procedure for Meetings

- (i) The Trustee shall preside at all the meetings of the Bondholders, unless the meeting shall have been called by the Bank or by the Bondholders, in which case the Bank or the Bondholders calling the meeting, as the case may be, shall in like manner move for the election of the chairman and secretary of the meeting.
- (ii) Any meeting of the Bondholders duly called may be adjourned for a period or periods not to exceed in the aggregate of one (1) year from the date for which the meeting shall originally have been called and the meeting as so adjourned may be held without further notice. Any such adjournment may be ordered by persons representing a majority of the aggregate principal amount of the Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present at the meeting.

(e) Voting Rights

To be entitled to vote at any meeting of the Bondholders, a person shall be a registered holder of one (1) or more Bonds or a person appointed by an instrument in writing as proxy by any such holder as of the date of the said meeting. Bondholders shall be entitled to one vote for every Ten Thousand Pesos

(₱10,000) interest. The only persons who shall be entitled to be present or to speak at any meeting of the Bondholders shall be the persons entitled to vote at such meeting and any representatives of the Bank and its legal counsel.

(f) *Voting Requirement*

All matters presented for resolution by the Bondholders in a meeting duly called for the purpose shall be decided or approved by the affirmative vote of the Majority Bondholders present or represented in a meeting at which there is a quorum except as otherwise provided in the Trust Agreement (please refer to the preceding discussion on "Quorum").

Any resolution of the Bondholders which has been duly approved with the required number of votes of the Bondholders as provided in the Trust Agreement shall be binding upon all the Bondholders and the Bank as if the votes were unanimous; provided, that in respect of any matter pertaining to matters relating to the relevant Series or Tranche of Bonds, only the concerned Bondholders of a particular Series or Tranche will be considered for quorum and approval purposes in any meeting in which any such matter is presented for resolution.

(g) *Role of the Trustee in Meetings of the Bondholders*

Notwithstanding any other provisions of the Trust Agreement, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of the Bondholders, in regard to proof of ownership of the Bonds, the appointment of proxies by Bondholders, the election of the chairman and the secretary, the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote and such other matters concerning the conduct of the meeting as it shall deem fit.

28. Amendments

The Bank and the Trustee may, without notice to or the consent of the Bondholders or other parties, amend or waive these General Terms and Conditions if such amendment or waiver is of a formal, minor, or technical nature or to correct a manifest error or inconsistency provided in all cases that such amendment or waiver does not adversely affect the interests of the Bondholders and provided further that all Bondholders are notified of such amendment or waiver.

The Bank and the Trustee may amend these General Terms and Conditions without notice to every Bondholder, but with the written consent of the Majority Bondholders (including consents obtained in connection with a tender offer or exchange offer for the Bonds). However, without the consent of each Bondholder affected thereby, an amendment may not:

- (a) reduce the percentage amount of Bonds that must consent to an amendment or waiver;
- (b) reduce the rate of or extend the time for payment of interest on any Bond;
- (c) reduce the principal of or extend the Maturity Date of any Bond;
- (d) impair the right of any Bondholder to receive payment of principal of and interest on such Bondholder's Bonds on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Bondholders;
- (e) reduce the amount payable upon the redemption or repurchase of any Bond under these General Terms and Conditions or change the time at which any Bond may be redeemed;
- (f) make any Bond payable in money other than that stated in the Bond;
- (g) subordinate the Bonds to any other obligation of the Bank;
- (h) release any security interest that may have been granted in favor of the Bondholders;
- (i) amend or modify the Payment of Additional Amounts, Taxation, the Events of Default of these General Terms and Conditions or the Waiver of Default by the Bondholders; or
- (j) make any change or waiver of this Condition.

It shall not be necessary for the consent of the Bondholders under this Clause to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Clause becomes effective, the Bank shall send a notice briefly describing such amendment to the Bondholders in the manner provided in the section entitled "Notices".

29. Evidence Supporting the Action of the Bondholders

Wherever in the Trust Agreement it is provided that the Bondholders of a specified percentage of the aggregate outstanding principal amount of the Bonds may take any action (including the making of any demand or requests and the giving of any notice or consent or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by: (i) any instrument executed by the Bondholders in person or by the agent or proxy appointed in writing or (ii) the duly authenticated record of voting in favor thereof at the meeting of the Bondholders duly called and held in accordance herewith or (iii) a combination of such instrument and any such record of meeting of the Bondholders.

30. Non-Reliance

Each Bondholder also represents and warrants to the Trustee that it has independently and, without reliance on the Trustee, made its own credit investigation and appraisal of the financial condition and affairs of the Bank on the basis of such documents and information as it has deemed appropriate and that he has subscribed to the Bonds on the basis of such independent appraisal, and each Bondholder represents and warrants that it shall continue to make its own credit appraisal without reliance on the Trustee. The Bondholders agree to indemnify and hold the Trustee harmless from and against any and all liabilities, damages, penalties, judgments, suits, expenses and other costs of any kind or nature with respect to its obligations under the Trust Agreement, except for its gross negligence or wilful misconduct.

31. Governing Law

The Trust Agreement and other related documents are governed by and are construed in accordance with Philippine law.

32. Venue

Any suit, action, or proceeding against the Bank with respect to the Bonds or the Trust Agreement or on any judgment entered by any court in respect thereof may be brought in any competent court in the City of Manila, and the parties submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment, the Bank and Bondholders expressly waiving other venue.

USE OF PROCEEDS

The net proceeds from each issuance of the Bonds will generally be used to extend the maturity profile of LANDBANK's liabilities as part of overall liability management and raise long-term funds for general corporate purposes, including the Bank's social and green loan portfolio. A more definite use of proceeds for each series or tranche of Bonds will be included in the applicable Pricing Supplement for such series or tranche of Bonds.

CAPITALIZATION AND INDEBTEDNESS

The following table sets out the capitalization of the Bank (i) as of 30 September 2025, and (ii) as adjusted to give effect to the issue of the Bonds.

<i>(in Php millions)</i>	For the Period Ended 30 September 2025	As Adjusted for a Minimum Issue Size of PHP 5 billion
Liabilities:		
Short Term Liabilities		
Deposit Liabilities (Maturing within one year)	3,039,387	3,039,387
Bills payable (Maturing within one year)	2,943	2,943
Bond Payable (Maturing within one year)	-	-
Others	86,039	86,039
TOTAL	3,128,369	3,128,369
Long Term Liabilities		
Deposit Liabilities (Maturing over 1 year)	25,694	25,694
Bills Payable (Maturing over 1 year)	10,691	10,691
Bonds Payable (Maturing over 1 year)	4,877	4,877
Bonds Payable to be issued		5,000
Others	15,305	15,305
TOTAL	56,567	61,567
Capital Funds		
Share Capital ¹	163,788	163,788
Retained Earnings	69,173	69,173
Undivided Profits	34,864	34,864
Other Comprehensive Income	708	708
TOTAL	268,533	268,533
Total Capitalization and Indebtedness	3,453,469	3,458,469

DESCRIPTION OF THE BANK

Overview

The Bank was established on 8 August 1963 under the Agricultural Land Reform Code (Republic Act No. 3844) to finance the acquisition and distribution of agricultural estates for division and re-sale to small landholders and the purchase of landholdings by agricultural land tenants.

In 1973, under Presidential Decree No. 251, the Bank became the first universal bank by charter and was granted expanded commercial banking powers to sustain its social mission of spurring countryside development. Presidential Decree No. 251 empowered the Bank to grant loans to agricultural, industrial, home-building or home financing projects and other productive enterprises and enabled the Bank to extend credit assistance to farmers' co-operatives and associations to facilitate the production and marketing of crops and the acquisition of essential commodities.

In 1988, following the enactment of the Comprehensive Agrarian Reform Law (Republic Act No. 6657), the Bank became the financial intermediary of the Government's Comprehensive Agrarian Reform Program ("**CARP**"). At that time, the Government established an Agrarian Reform Fund to fund payments, in cash and bonds, made by the Bank to landowners to compensate them for land compulsorily acquired under CARP. Interests in this land were then distributed to farmer beneficiaries, who were able to finance the acquisition of these interests by entering into long-term repayment arrangements with the Government, acting through the Bank. The Bank provided assistance to the landowners who gave up their land in exchange for cash and bonds by providing them with investment information and counseling, facilitating the conversion and/or exchange of agrarian reform bonds to or from government stocks and marketing the agrarian reform bonds.

In 1990, the Government accelerated and streamlined procedures on land valuation and landowners' compensation processing and transferred to the Bank the primary responsibility of determining land valuation and compensation for land acquisition, which was previously the function of the Department of Agrarian Reform ("**DAR**"). The Bank maintains agrarian operations centers in various local regions to undertake these activities and collect land amortization payments by the farmer beneficiaries.

In 2013, Republic Act No. 10374 extended the legal existence of the Bank for another 50 years from the expiration of its original term. The extension of the LANDBANK Charter supported the Bank's support of the Government's socio-economic development agenda.

In 2016, Republic Act No. 10878 institutionalized the Bank's support to agrarian reform beneficiaries ("**ARBs**"), and small farmers and fishers and their associations and cooperatives, setting a minimum 5% of its regular loan portfolio for socialized credit to these sectors.

LANDBANK was recognized as one of the top awardees at the 2025 Governance Commission for Government-Owned and Controlled Corporations ("**GCG**"). LANDBANK consistently earned distinct accolades under both the Performance Evaluation System and Corporate Governance Scorecard, underscoring the Bank's unwavering commitment to good governance and exemplary public service.

The Bank's capitalization increased to ₱293.13 billion as of 31 December 2024 based on the Bank's audited financial statements. The Board of Directors has grown from the original five members to the current number of nine members. The Bank is currently the official depository bank of the National Government.

Principal Activities

Over the years, LANDBANK has evolved into a distinct institution within the country's financial landscape, steadily expanding its social mandate alongside its development role. Since its establishment, the Bank has empowered Filipinos by bridging economic growth with nation-building, delivering innovative and inclusive financial services that reach communities across the archipelago.

As the country's premier policy bank, LANDBANK advances the National Government's socio-economic agenda by financing the following priority sectors:

I. Mandated Sector

- Small farmers including agrarian reform beneficiaries and their associations
- Small fishers and their associations

II. Support for Agriculture and Fisheries

- Agribusiness
- Aqua-business

- Agri-aqua related projects of Local Government Units (“**LGUs**”) and government-owned and controlled corporations (“**GOCCs**”)

III. Support for Other National Government Priority Programs

- Micro, small and medium enterprises (“**MSMEs**”)
- Communications
- Transportation
- Housing (socialized, low cost and medium cost)
- Education
- Health care
- Environment-related projects
- Tourism
- Utilities
- Others (livelihood / salary)

The Bank also extends credit facilities to non-agricultural development-oriented projects of local governmental units, GOCCs and other private or public institutions.

The Bank also offers full universal banking services to its customers, namely commercial and investment banking services, through its various business units and wholly-owned subsidiary, Overseas Filipino Bank, Inc. (“**OFBank**”), UCPB Savings Bank Inc. (“**USB**”), LANDBANK Securities, Incorporated (“**LSI**”) and other non-banking services through its three operational subsidiaries: LBP Insurance Brokerage, Inc. (“**LIBI**”), LBP Leasing and Finance Corporation (“**LLFC**”) and LBP Resources and Development Corporation (“**LBRDC**”). The non-banking services include insurance brokerage, leasing services, construction, property management and manpower services. The LANDBANK Countryside Development Foundation Inc. (“**LCDFI**”), on the other hand, extends development assistance support such as trainings and capacity-building activities to the lending conduits of the bank.

The Bank plays a key role in servicing the banking requirements of the Government and its various instrumentalities. The Bank assists through revenue collection and fund-raising, fund disbursement, the collection of loan amortizations, the collection of pension contributions from employees, and the distribution of benefits and salary payments to employees and pensioners.

The Bank also services the remittance requirements of overseas Filipino workers (“**OFWs**”) and supports them through the offering of various credit and related programs.

Competitive Strengths

The Bank believes it is equipped with the following competitive advantages:

Pivotal Role in Advancing National Development through Priority Sector Financing

The Bank advances national development by directing its support programs toward the country’s priority sectors, consistent with its mandate as a Government-owned and controlled financial institution. Foremost among these sectors are agriculture, fisheries, agrarian reform, infrastructure and rural communities, which form the backbone of inclusive and sustainable economic growth.

LANDBANK provides extensive financing across the agri-fishery value chain, supporting farmers, fishers, agrarian reform beneficiaries, cooperatives, and rural enterprises through loans for production, post-harvest facilities, processing, marketing, and infrastructure. These interventions enhance productivity, strengthen food security, and promote countryside development. Complementing financial support are capability-building initiatives that improve technical skills, financial literacy, and enterprise sustainability among sector participants.

Beyond agriculture, the Bank extends support to other national priority sectors, including MSMEs, transport cooperatives, and LGUs. Dedicated lending programs enable MSMEs to expand operations and generate employment, while financing for transport modernization contributes to safer, more efficient, and environmentally sustainable public transport systems. LANDBANK also partners closely with LGUs by funding infrastructure and social service projects that improve access to basic services and stimulate local economic activity.

Through these focused programs, LANDBANK reinforces its role as a key government financial partner—channeling resources to priority sectors that drive inclusive growth, reduce regional disparities, and support the country’s long-term development objectives.

The Bank’s credit assistance activities are focused on identified priority sectors. As of 30 September 2025, the

Bank's exposure to its priority sectors⁴ comprised ₱1,207.50 billion or 94.24% of sum of loans to all sectors of ₱1,281.36 billion⁵.

Strong Balance Sheet and Stable Income

Since the 1990s, the Bank has consistently ranked among the top five commercial banks in the Philippines. As of 30 September 2025, based on the BSP Reporting Framework, the Bank was the 3rd largest bank in terms of assets (₱3,453.47 billion), the 3rd largest bank in terms of net loan portfolio (₱1,638.13 billion), the 2nd largest bank in terms of deposits (₱3,065.08 billion), and the 4th largest bank in terms of capital (₱268.53 billion). The Bank's growth has been sustained by long-term strategic positioning and efficient operations, supported by capital infusions and approved mergers backed by the National Government.

The Bank's net income (parent) for the years ended 31 December 2024 and 2023 were ₱38.64 billion and ₱41.70 billion, respectively, representing a return on equity of 13.53% and 16.74%, respectively. As of 31 December 2024, the Bank's capital adequacy ratio (parent) stood at 15.95% which compares favorably with the BSP standard of 10.0% and the Bank for International Settlements benchmark of 8.0%.

The Bank continues to have one of the highest loan loss coverage ratios (loan reserves/total loan portfolio) in the Philippine banking industry at 3.70% as of 30 September 2025, which is significantly higher than the average industry coverage ratio of 2.96% as of 30 September 2025.

Nationwide Presence through a Robust Branch Network

In line with the Bank's mandate of financial inclusion and accessibility, the Bank has established its presence in all of the 82 provinces of the Philippines. The Bank places great emphasis on its wide credit reach and quality of customer service. In order to enhance its services to its increasing customer base, the Bank has taken an aggressive stance in the development of its information technology and automated systems.

As of 30 September 2025, the Bank's domestic banking network comprised 609 branches, 3,244 automated teller machines ("ATMs"), 236 cash deposit machines ("CDMs"), and 10 mobile ATMs all over the country. In order to further enhance customer service, the Bank launched its phone banking facility in 2003, introduced internet banking in 2007, and rolled out an upgraded Mobile Banking Application in 2020, which was later recognized as the Most Reliable Mobile Banking Application by the World Business Outlook in 2025.

Strong Government Partnership

LANDBANK operates as a GOCC with a deep and sustained partnership with the Philippine government, positioning it as a key instrument in advancing national development priorities. As the country's largest state bank, LANDBANK plays a central role in supporting the Government's socio-economic programs, especially in agriculture, rural development, and inclusive financing, aligning its functions closely with the National Government's development agenda. Its mandate explicitly emphasizes support for the underserved and priority sectors, reflecting a strategic affiliation that extends beyond commercial banking to public service and nation-building.

The Bank's financial contributions to the National Government underline this robust support framework. For the past two years, LANDBANK has remitted a total of ₱65.65 billion in dividends to the National Government, maintaining its standing as the top dividend contributor among GOCCs. This demonstrates LANDBANK's unwavering support for government priorities and reflects its strong capacity to generate value for public funding while fulfilling its developmental mandate. Moreover, the Bank's strong capital position and healthy regulatory metrics further enhance its ability to serve as a reliable partner in executing government policies and programs.

Through these enduring ties, LANDBANK continues to translate government priorities into impactful financing, capacity-building initiatives, and expanded access to financial services nationwide, reinforcing its role as a trusted partner of the state in promoting inclusive and sustainable growth.

Proven and Highly Experienced Management Team

The Bank is led by a seasoned and accomplished management team with extensive expertise across national development and agricultural lending, alongside corporate banking, branch-based banking operations and service delivery, treasury and investment banking, digital banking, and corporate services. These front-line and delivery functions are supported by strong enterprise-wide capabilities in operations, risk management, compliance, and

⁴ These priority sectors include: (i) small farmers including ARBs and their associations and small fishers and their associations; (ii) agricultural businesses; (iii) aqua-businesses; (iv) agri-aqua related projects of LGUs and GOCCs; (v) micro, small and medium enterprises; (vi) communications; (vii) transportation; (viii) socialized, low cost and medium cost housing; (ix) education; (x) health care; (xi) environment-related projects; (xii) tourism; (xiii) utilities; and (xiv) others (livelihood/salary).

⁵ Excludes Interbank Term Loans Receivable (Foreign Regular & FCDU/EFCDU), Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse/Securities Lending and Borrowing Transactions, and Domestic Bills Purchased Lines; includes Unsecured Subordinated Debt Facility on Rural Banks.

strategic planning, ensuring sound governance and disciplined execution of the Bank's mandate. Collectively, senior management brings decades of leadership experience in policy-oriented banking and finance, supporting the Bank's role in advancing inclusive growth, strengthening the agriculture and fisheries sectors, and expanding financial access nationwide through its extensive branch network and digital platforms.

Strategy of the Bank

With its mandate as the country's premier policy bank and a universal bank, LANDBANK's strategy is anchored on advancing the National Government's socio-economic agenda while ensuring long-term institutional stability and financial sustainability. The Bank focuses on financing priority sectors—including small farmers and fishers, LGUs, MSMEs, and other growth-generating industries—while delivering accessible, innovative, and responsive financial services nationwide.

Guided by its Promise, Purpose, and Goal, the Bank operationalizes its strategy through a balanced scorecard framework that integrates financial performance, stakeholder outcomes, socio-economic impact, internal processes, and learning and growth. This approach ensures that value creation, public mandate delivery, and institutional resilience are pursued in a coherent and disciplined manner.

The Bank's strategy is guided by the following institutional anchors:

- Promise – Empowering Filipinos for a better future
- Purpose – To provide responsive financial solutions and services for all Filipinos, from countryside to countrywide
- Goal – To be the premier financial institution that leads innovation in pursuit of development, inclusion, and sustainability
- Core Values (LEAD)
 - Love for Country – Social responsibility and citizen-centricity
 - Embody Excellence and Ethical Standards – Integrity and professionalism
 - Adopt Disruptive Innovations – Innovative mindset and collaboration
 - Delight Customers – Proactive service and citizen-centricity

LANDBANK's strategic objectives are articulated across the following five perspectives:

- Financial – The Bank aims to strengthen capital and institutional stability by improving profitability through diversified income sources and the prudent optimization of resources. This enables LANDBANK to sustain its policy-driven mandate while continuing to support national, green, and local government development programs.
- Stakeholders – The Bank cultivates enduring relationships with customers and stakeholders by delivering timely, appropriate, and accessible financial products and services across various touchpoints and platforms. These efforts are designed to address the evolving needs of a diverse customer base and enhance overall service experience.
- Socio-Economic Impact – Central to the Bank's strategy is the acceleration of financial inclusion and the advancement of sustainable development. LANDBANK supports the National Government's socio-economic priorities by expanding access to financial services, strengthening food security, financing infrastructure, and facilitating the transition to a green and blue economy.
- Process – The Bank continuously enhances productivity, efficiency, and service delivery through process innovation and the adoption of unified digital platforms. A data-informed and proactive organizational culture enables LANDBANK to respond effectively to emerging needs and opportunities.
- Learning and Growth – LANDBANK invests in acquiring, developing, and engaging talent critical to future-ready organizational capabilities. The Bank fosters a culture of collaboration that aligns policies, processes, and practices into cohesive systems and data flows, while strengthening governance and information security.

Through this integrated strategic framework, LANDBANK ensures it remains resilient, future-ready, and well-positioned to deliver its mandate in an increasingly complex financial and economic environment.

Relationship with the Government

Government Support

The Government owns 100.0% of the Bank's paid-in capital. As of 31 December 2024, the Bank had authorized capital of ₱800 billion comprised of 8.0 billion common shares with a par value of ₱100.0 each. As of 31 December 2024, ₱163.79 billion of the Bank's authorized capital had been issued in the form of 1.64 billion fully paid-up common shares. Pursuant to the charter of the Bank (Republic Act No. 3844, as amended), the Government is authorized to subscribe at par for up to the full amount of the Bank's authorized common shares if the Board of Directors, upon the recommendation of the Secretary of Finance and with the approval of the President of the Philippines, considers that an increase in the Bank's paid-in capital is necessary or desirable to enable the Bank to

perform its mandate under the said law.

The Government also provides support to the Bank's business operations directly and indirectly by:

- providing full guarantees covering the foreign currency exchange risk on loans from multilateral and official sector lending institutions where a Government guarantee is required;
- designating the Bank as an official Government depository bank with full authority to maintain deposits of the Government, its branches, sub-divisions, instrumentalities and GOCCs;
- authorizing Government owned or controlled corporations to invest in preferred shares of the Bank; and
- providing from the existing Agrarian Reform Fund or other unappropriated Government funds of an amount sufficient to pay all maturing bonds, debentures and other obligations together with interest due thereon issued and/or incurred by the Bank as compensation to CARP landowners, including expenses thereto.

The Bank remits dividends to the Government annually per Republic Act No. 7656 which requires all GOCCs to remit at least 50.0% of their annual net earnings as cash, stock or property dividends to the Government. In practice, the Government generally requires these dividends to be paid in cash.

From a cumulative net income of ₱308.83 billion for the period of 1993 to 31 December 2024, the Bank has remitted ₱120.24 billion in cash, ₱10.17 billion in stock and ₱426.0 million property dividends to the Government. For its 2018, 2019 and 2022 net earnings, the Bank's requests for dividend relief were favorably approved by the President of the Philippines through Executive Order Nos. 109 series of 2020, 132 series of 2021 and 43 series of 2023 which adjusted the dividend rate of the Bank from 50% to zero.

Public-Private Partnership (PPP) Project

LANDBANK, with a mandate to promote inclusive growth and rural development, continues to solidify its role as a critical partner in the country's public-private partnership ("**PPP**") infrastructure agenda. Acting not just as a bank but as a nation-builder, LANDBANK has mobilized billions of pesos to finance large-scale, transformative infrastructure projects that align with the Philippine Government's long-term development goals.

At the forefront of LANDBANK's PPP portfolio is the Metro Manila Wastewater Management Project ("**MWMP**"), a testament to the Bank's leadership in climate-resilient development. As of 31 March 2025, the project has an approved financing of USD \$137.50 million (₱5.98 billion), with USD \$96.43 million (₱5.38 billion) already drawn. This collaborative initiative—jointly implemented by Manila Water Company, Inc. and Maynilad Water Services, Inc., and supported by World Bank funding—focuses on constructing advanced sewerage and sanitation systems across strategic districts in Metro Manila, including Pasig, Marikina, the U.P. area, and South Metro Manila. By enhancing wastewater collection and treatment capabilities, the MWMP directly addresses urgent public health and environmental concerns. It also reinforces the implementation of the Philippine Clean Water Act and contributes significantly to the Manila Bay Rehabilitation Program, paving the way for a more sustainable and livable urban environment.

Equally impactful is the Skyway Stage 3 Project, financed with ₱3.40 billion, of which ₱1.95 billion remains outstanding, implemented by SMC Skyway Stage 3 Corporation. Spanning 19.23 kilometers of elevated roadway from Buendia to the Balintawak–EDSA Interchange, this expressway eases traffic congestion in Metro Manila by linking the capital's northern and southern sections through a seamless, multi-interchange route. LANDBANK's strategic financing supports the Department of Public Works and Highways ("**DPWH**") in realizing the National Government's transport modernization agenda by improving mobility, reducing travel time, and boosting overall productivity in the National Capital Region.

Bataan Government Center and Central Business Hub, which received total loan financing of ₱2.20 billion, with ₱718 million still outstanding. Developed by MTD Philippines, Inc., the project features a fully integrated government center, three Business Process Outsourcing (BPO) buildings, and a business hotel, supported by extensive land development and landscaping. This initiative reflects LANDBANK's collaboration with local government units (LGUs) and the Department of the Interior and Local Government ("**DILG**") in decentralizing public services and transforming Bataan into a provincial epicenter for governance and commerce, reducing dependence on Metro Manila and stimulating regional innovation and employment.

Complementing this effort, the Tarlac–Pangasinan–La Union Expressway ("**TPLEX**"), which received ₱1.50 billion in LANDBANK funding with ₱990.00 million still outstanding, exemplifies regional integration. Managed by SMC TPLEX Corporation, this 88.85-kilometer expressway stretches from Tarlac City to Rosario, La Union, facilitating faster travel and goods movement across Northern Luzon. With 11 interchanges and toll plazas, TPLEX directly contributes to the Department of Transportation's ("**DOTr**") target of stimulating inter-provincial trade, expanding tourism corridors, and unlocking agricultural market access—particularly beneficial to farmers and micro-enterprises.

Addressing another critical development pillar, which is water access, the Bulacan Bulk Water Supply Project ("**BBWSP**"), backed by ₱1.50 billion in LANDBANK financing with ₱865.00 million still outstanding, exemplifies the

Bank's commitment to sustainable utility infrastructure. Led by Luzon Clean Water Development Corporation and developed in phased stages, BBWSP expands the availability of safe, treated bulk water to growing municipalities in Bulacan, supporting the government's universal water access targets, enhancing public health, and future-proofing water supply systems amid rising demand and climate-related risks.

In Central Luzon, the Palayan City Government Center and Central Business Hub in Nueva Ecija, also developed by MTD Philippines, Inc. received ₱1.23 billion in LANDBANK financing, with ₱772.61 million outstanding. This centralized civic and business complex includes two BPO towers, a 75-room hotel, and a government building that consolidates local services and business registration functions, reflecting LANDBANK's role in LGU capacity-building, public service streamlining, and local job creation—all in alignment with the DILG's thrust for digitalized, efficient local governance. In support of national connectivity and tourism, LANDBANK provided ₱642.87 million in financing to the Ninoy Aquino International Airport Expressway (NAIAX), with ₱551.00 million outstanding, implemented by SMC NAIAX Corporation. This 7.75-kilometer elevated expressway, along with a 2.2-kilometer feeder road, connects Villamor Airbase to PAGCOR Entertainment City and NAIA Terminals 1, 2, and 3, while interlinking with major highways like Skyway and Cavite. LANDBANK's investment here supports the Government's strategies to improve airport logistics, strengthen tourism infrastructure, and create a more efficient gateway to the Philippines.

Additionally, the Central Luzon Link Expressway (CLLEX), financed by LANDBANK with ₱340.70 million and ₱315.70 million outstanding, further emphasizes the Bank's commitment to strengthening logistics infrastructure. Constructed by Pacific Concrete Products, Inc. and China Construction First Group Corporation Ltd., this 30.7-kilometer, four-lane expressway with five interchanges, including the 113-meter Zaragosa Interchange and a 4.88-kilometer access road, enhances trade flow between Nueva Ecija and Tarlac. It also supports the Department of Agriculture's goal of reducing food transport costs and supporting rural producers by connecting farms to markets more efficiently.

Through these transformative initiatives LANDBANK illustrates its broader purpose beyond traditional banking. The Bank reaffirms its critical role as a catalyst for infrastructure investment, local governance improvement, and environmental resilience—serving as a steadfast partner in nation-building through meaningful and impactful PPP projects.

Government Supervision

LANDBANK is a financial institution regulated and supervised by the BSP, as mandated by the New Central Bank Act, as amended, ensuring that its operations adhere to the standards and guidelines set by the BSP.

The LANDBANK's Board of Directors holds primary responsibility for approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance, and core values.

The Bank's financial statements are audited by the Commission on Audit ("**COA**") in accordance with International Standards of Supreme Audit Institutions. While the Bank's management is responsible for the preparation and fair presentation of these financial statements, the Board oversees the financial reporting process, ensuring that all financial statements are reviewed, approved, and submitted to regulators, creditors, and other stakeholders.

As a GOCC and a Government Financial Institution ("**GFI**"), LANDBANK is also under the supervision of the Governance Commission for GOCCs ("**GCG**"). The Bank operates in accordance with established governance structures and adheres to the principles of good corporate governance – accountability, transparency, fairness and responsibility – by the GCG.

Organizational Chart

The following chart provides an overview of the organizational structure of the Bank as of 30 September 2025:

Land Bank's Participation in Government Programs and Developmental Activities

The LANDBANK participates in handling the following Government purposes:

(1) Accelerated Loans for Empowered, Resilient and Transformed Agrarian Reform Beneficiary Organizations (ALERT ARBOs) Program

Launched in 2022, the ALERT ARBOs is a program tie-up among the Department of Agriculture ("DA"), Department of Agrarian Reform ("DAR"), Department of Environment and Natural Resources ("DENR"), Agricultural Credit Policy Council ("ACPC") and LANDBANK. It aims to facilitate credit access of ARBs and support the implementation of Republic Act No. 9700, otherwise known as the Comprehensive Agrarian Reform Program Extension with Reforms ("CARPER") Law.

A credit program to provide accessible, adequate, timely, and affordable loans to eligible ARBOs and their member-ARBs for the purpose of financing their individual or communal agriculture and fisheries activities, agri- and fishery-based enterprises, and other agri-related projects.

It uses the ₱600.00 million from the DA-ACPC for on-lending to eligible ARBOs to finance the agricultural production and agri-enterprise projects of their ARBs/household members.

As of 30 September 2025, total cumulative releases to 159 ARBOs reached ₱742.26 million benefitting 13,586 beneficiaries/ARB-sub-borrowers.

(2) AGRISENSO Plus Lending Program ("AGRISENSO Plus")

AGRISENSO Plus is the consolidation of the Accessible Funds for Delivery to Agrarian Reform Beneficiaries (AFFORD-ARBs) Program, and the Sikat Saka Program (SSP). The program, formerly known as AGRISENSO, aims to provide credit assistance and other support services to small farmers and fishers (SFFs), individual ARBs, MSMEs, and other players/stakeholders in the agricultural value chain that will improve agricultural productivity.

The program was enhanced in October 2024 and renamed AGRISENSO Plus to comply with R.A. 11901, boosting its competitiveness by lowering interest rates, simplifying documentary requirements, streamlining processes, and broadening market access through an expanded list of eligible borrowers and projects.

It was again enhanced in October 2025 to comply with R.A. 11321 or the Sagip Saka Act and R.A. 9178 or the Barangay Micro Business Enterprises ("BMBE") Act of 2002, reducing further the interest rate not only for SFFs and ARBs but to include BMBEs, Graduates of agri-fishery related courses, FFCAs/ARBOs, and farmers and fishery cooperatives and enterprises under Sagip Saka.

As of 30 September 2025, cumulative releases under the program reached ₱1,952.61 million benefitting 12,325 borrowers.

(3) Conditional Cash Transfer ("CCT") Program

The CCT Program also known as Pantawid Pamilyang Pilipino Program (4Ps) is a social protection program that focuses on human capital development through the provision of cash grants to eligible poor households. It is one of the flagship social protection programs of the National Government that seeks to enable poor households to meet certain human development goals, particularly for health and education outcomes, aimed at breaking the intergenerational cycle of poverty. The provision of cash grants is based on compliance by the beneficiaries with the program conditionalities.

LANDBANK as a Government-owned bank was engaged by the DSWD to act as its depository and disbursing bank in the implementation of the CCT Program.

Cash grants for the 4Ps beneficiaries are made available through LANDBANK Cash Cards. The total cash grants paid from January to September 2025 to eligible and compliant Pantawid Pamilya household beneficiaries amounted to ₱70.33 billion, benefiting 4.4 million active households, as shown in the following table:

Year	No. of Beneficiaries (in Millions)	Amount (in ₱ Billion)
2017	4.395	75.473
2018	4.226	75.884
2019	4.363	73.944
2020	4.363	80.058
2021	4.400	123.745
2022	4.400	92.396
2023	4.400	99.991

Year	No. of Beneficiaries (in Millions)	Amount (in ₱ Billion)
2024	4.400	98.93
September 2025	4.400	70.33

(4) Pantawid Pasada Program

Pantawid Pasada Program is a fuel subsidy program of the government to the qualified Public Utility Jeepney (PUJ) franchise holders or operators with valid LTFRB franchise. It is one of the social mitigating measures that will provide targeted relief to the public transport sector to cushion the impact of fuel prices brought by excise tax.

The distribution of grants for the program shall be through fuel subsidy card or Pantawid Pasada Program Card. The cards shall only be used by the eligible franchise holder for the sole purpose of fuel purchases with all participating petroleum retail outlets throughout the Program Duration, in consideration of the authorized amount allotted for the period.

The Department of Transportation (“DOTr”), as the lead agency, together with Department of Energy (“DOE”), Department of Finance (“DOF”), Department of Budget and Management (“DBM”), Land Transportation Franchising and Regulatory Board (“LTFRB”) and LANDBANK, by virtue of the Joint Memorandum Circular No. 01, Series of 2018, commit to implement the Pantawid Pasada Program. LANDBANK as the official depository of the Republic of the Philippines, commits to assist and support the DOTr in facilitating the implementation of the Pantawid Pasada Program.

a) Service Contracting Program (“SCP”):

The SCP is being undertaken in line with Bayanihan to Recover as One Act to ensure efficient, safe and financially viable operations of public transportation under these unusual circumstances wherein the Government will provide to operators/drivers performance-based subsidy based on vehicle-kilometers travelled and compliance with agreed performance indicators. The crediting of cash grants is through the existing LANDBANK accounts and other bank accounts via PESONet.

The following are the amount disbursed by LANDBANK as of 30 September 2025:

Year	No. of Beneficiaries	Amount (in ₱ Millions)
2021	136,230	980.86
2022	379,788	2,052.42
2023	572,552	1,530.37
2024*	833,412	1,971.72
September 2025*	547,785	831.46

b) Fuel Subsidy Program (FSP)

The FSP aims to provide fuel subsidy to operators affected by increasing fuel prices, ensure that affected operators are still able to provide public transport services to the commuting public and prevent any fare increase that may be caused by the increasing fuel prices.

LANDBANK has partnered anew with the DOTr and the LTFRB to grant public utility vehicle (PUV) operators fuel subsidy under the Pantawid Pasada Program.

The crediting of cash grants is through the Pantawid Pasada Program fuel cash/prepaid cards, existing LANDBANK accounts and other bank accounts via PESONet.

As of 30 September 2025, the following have been disbursed:

Year	No. of Beneficiaries	Amount (in ₱ Millions)
2021	136,230	980.86
2022	379,788	2,052.42
2023	572,552	1,530.37
2024*	833,412	1,971.72
September 2025*	547,785	831.46

* Consists of fund disbursements for General Appropriations Act 2022, 2023 and 2024.

(5) Resettlement Action Plan (RAP) Program

The project pertains to a provision of cash entitlements to individuals who will be affected by the North-South Commuter Railway Extension (NSCR-Ex) Project which requires the acquisition of Right-of-Way (ROW) being implemented by the DOTr and the Philippine National Railways (PNR). This is in compliance with the requirements under the ADB Safeguard Policy Statement and the JICA Guidelines for Environmental and Social Considerations (collectively, International Social Safeguards).

To facilitate the timely, orderly and transparent distribution of the Cash Entitlements, the RAP Entitlement Distribution Mechanism was established, which shall be effective until all eligible Project-Affected Persons (PAPs) receive their Cash Entitlement, with LANDBANK as the distribution agent. As of 30 September 2025, the following have been disbursed:

Year	No. of Beneficiaries	Amount (in ₱ Millions)
September 2025	944	1,231.12

(6) Expanded Centenarian Act Program

Expanded Centenarian Program expands the benefits granted to Filipino centenarians to include octogenarians, and nonagenarians, providing cash gifts and recognition to senior citizens upon reaching milestone ages of 80, 85, 90, 95 and 100 years old. It aims to honor the elderly for their contributions to the nation while ensuring their well-being. The Inaugural Cash Gift distribution was conducted in Malacañang Palace with the presence of President Ferdinand Marcos, Jr. on 26 February 2025.

As mandated by Republic Act (R.A.) No. 11982, the distribution of monetary benefits will be undertaken by NCSC in coordination with the Office of the Senior Citizen's Affairs (OSCA) and Senior Citizen's Organization for beneficiary identification.

As of 30 September 2025, the following have been disbursed:

Year	Number of Beneficiaries	Amount (In Millions)
September 2025	111,298	1,141.49

(7) Overseas Filipino Workers Reintegration Program

Launched in May 2011, the Overseas Filipino Workers Reintegration Program (OFW-RP) is a tie-up program between the Overseas Workers Welfare Administration (OWWA) and LANDBANK. It aims to provide financial support to assist OFWs in transitioning to local livelihood opportunities as an alternative to overseas employment.

As of 30 September 2025, the total cumulative loan releases amounted to ₱3,085.45 million for 1,502 borrowers. The outstanding loans totaled ₱322.97 million for 389 OFW borrowers.

(8) Agricultural Competitiveness Enhancement Fund ("ACEF") Lending Program

The ACEF Lending Program aims to help increase the productivity of farmers and fisherfolk, and their cooperatives and associations, and micro and small enterprises, through extension of accessible credit assistance, with minimal interest rate and requirements.

As of 30 September 2025, the total loans released under the program is ₱15,744.60 million with 104,122 accounts, in which 102,037 are for small farmers/fishers, 1,455 are for micro and small enterprises, and 630 are for associations/cooperatives.

(9) Expanded Rice Credit Assistance – Rice Competitiveness Enhancement Fund ("ERCA-RCEF") Program

Pursuant to the Rice Tariffication Law (RA 11203), ERCA-RCEF aims to make rice farmers and their cooperatives competitive through provision of accessible financing assistance with concessional interest rate and simplified requirements for rice production, and farm mechanization.

Under the program, a total of ₱3,012.57 million was directly lent to 18,111 rice farmers and their cooperatives.

(10) Coconut Farmers and Industry Development ("CFID") Lending Program

The CFID Lending Program is meant to extend credit assistance to coconut farmers and their organizations - particularly the poor and marginalized - to attain increased incomes, alleviate poverty, and achieve social equality, in compliance with RA No. 11524 or the Coconut Farmers and Industry Trust Fund (CFITF) Act of 2022.

As of 30 September 2025, LANDBANK has released ₱579.29 million to 122 PCA-registered coconut farmers and their cooperatives and associations.

Credit and Development Assistance to Priority Sectors

A major policy thrust of LANDBANK in the pursuit of its social mandate is the expansion of loans to the priority sectors. In 2012, LANDBANK adopted a new definition of priority sector loans to further expand credit outreach to the unbanked and underserved areas and respond to the call of the National Government to support priority investment projects as defined in the Philippine Development Plan 2011-2016. The new definition categorized three major sectors, namely:

1. Mandated Sector – covers SFFs, ARBs and their associations;
2. Support for agriculture and fisheries – includes agri-business, aqua-business and agri-aqua-related projects of LGUs and GOCCs; and
3. Support for National Government Priority Programs (including PPP projects) – includes MSME, communications, transportation, housing (socialized, low-cost and medium-cost), education, health care, environment-related projects (including clean and renewable energy), and tourism. In 2013, the utilities sector was added as a priority sector supporting the National Government.

On 18 June 2014, the BSP issued Circular No. 837 which amended the definition of salary loans. As such, the Bank added salary/livelihood loans as another priority sector.

The Bank is actively pursuing a policy of increasing the exposure of its loan portfolio to these types of borrowers. As of 30 September 2025, the Bank's outstanding loans to priority sector borrowers totaled ₱1,207.50 billion in aggregate principal amount and constituting 94.24% of the Bank's sum of loans of ₱1,281.36 billion to all sectors. This represents a 2.85% increase from the ₱1,174.08 billion in aggregate principal amount of loans (constituting 95.3% of the Bank's loan portfolio) granted to these types of borrowers as of 30 September 2024.

The banking products and services offered by the Bank to its priority sector customers include working capital, term loans, revolving credit lines, overdraft facilities and trade finance. Through supporting these types of borrowers, the Bank seeks to further its policy objective of greater domestic economic stability.

(1) Small Farmers and Fishers including Agrarian Reform Beneficiaries and their Associations

As of 30 September 2025, the Bank's outstanding loans of ₱27.33 billion to this sector constituted 2.13% of the Bank's sum of loans to all sectors. These loans are typically made through co-operatives and rural financial institutions (countryside banks, co-operative banks and development banks).

The Bank provides credit support, technical expertise and infrastructure loans to the agriculture and fisheries sectors in support of the AFMA Program. Republic Act No. 8435, otherwise known as the Agriculture and Fisheries Modernization Act ("**AFMA**") of 1997, was enacted to lay down measures to modernize the agriculture and fisheries sectors and prepare them for the challenges of globalization by providing them with the necessary support services and appropriate funds.

The Bank also provides technical assistance to farmers and fishers cooperatives. Specifically, the Bank supports technology transfer and improved productivity, product quality and value-added operations of farmers and fishers co-operatives through technology promotion centers ("**TPC**"). Created through tie-ups with various agricultural state colleges and universities, the TPCs provide a venue for validation and effective promotion of production and post-production technologies for commercial adoption by farmers and fishers cooperatives, as well as SMEs and other customers of the Bank. Additionally, the Bank carries out a management and financial audit of the farmers and fishers cooperatives that it supports, to identify and provide advice in addressing business weaknesses. The Bank also provides direct capability-building training support.

(2) Agricultural Business (Agribusiness)

The Bank's support to agricultural development and job generation in the agricultural sector extends to the provision of loans to private agricultural business enterprises. As of 30 September 2025, the Bank's outstanding loans to this sector amounted to ₱171.58 billion and constituted 13.39% of the Bank's sum of loans to all sectors.

Projects financed by the Bank in this sector include logistic and transport and other value-adding activities such as processing, packaging and marketing.

(3) Aqua-business

Through its Sustainable Aquaculture Lending Program, the Bank also supports aqua-business enterprises of private entrepreneurs. As of 30 September 2025, the Bank's cumulative loan releases to this sector amounted to ₱3.90 billion.

(4) Agri-Aqua Related Projects of Local Government Units and Government Owned and Controlled Corporations

LANDBANK has been consistently extending financial assistance to LGUs and GOCCs for their agri-aqua related projects.

As of 30 September 2025, the Bank's outstanding loans to this sector reached ₱36.99 billion and constituted 2.89% of the Bank's sum of loans to all sectors.

(5) Micro, small and medium enterprises (MSMEs)

As of 30 September 2025, the Bank's outstanding loans to MSMEs reached ₱92.02 billion and constituted 7.18% of the Bank's sum of loans to all sectors. This represents a 9.06% increase from the ₱84.37 billion outstanding loans as of 30 September 2024.

(6) Communications

The Bank extends loans to finance infrastructure projects relating to communication facilities. As of 30 September 2025, the Bank had outstanding loans of ₱72.60 billion to this sector, which constituted 5.67% of the Bank's sum of loans to all sectors.

(7) Transportation

Outstanding loans to finance projects relating to transportation amounted to ₱38.48 billion as of 30 September 2025, which constituted 3.0% of the Bank's sum of loans to all sectors.

(8) Housing (Socialized, Low-Cost and Medium-Cost)

Another major program which the National Government promotes is housing. The Government aspires to provide affordable housing to a great number of individuals who have been renting or sharing shelters. Housing projects that LBP considers as priority sector are those classified as socialized, low-cost and medium-cost to give opportunities to a wide range of individuals with different paying capacities. As of 30 September 2025, the Bank's outstanding loans for this sector reached ₱146.61 billion and constituted 11.44% of the Bank's sum of loans to all sectors. This represents a 2.12% increase from the ₱143.57 billion of the outstanding loans as of 30 September 2024.

(9) Education

The Bank extends loans for the construction of educational institutions and maintenance of its facilities. As of 30 September 2025, the Bank had outstanding loans of ₱9.58 billion to this sector, which constituted 0.75% of the Bank's sum of loans to all sectors.

(10) Health Care

The Bank also extends loans to finance projects for the construction of hospitals and maintenance of facilities relating to health care. As of 30 September 2025, the Bank had outstanding loans of ₱31.37 billion to this sector, which constituted 2.45% of the Bank's sum of loans to all sectors.

(11) Environment-related projects including clean and renewable energy

The Bank provides credit support to environmental projects undertaken both by Government and the Private Sector to harness renewable and alternative sources of energy such as geothermal, hydro, solar, biomass, biogas, wind and co-generation. Also included in these projects are energy efficiency initiatives that promote energy conservation to help mitigate climate change while improving energy security of the country. As of 30 September 2025, the Bank's outstanding loans for renewable energy and energy efficiency programs reached ₱35.13 billion, an increase from ₱24.60 billion as of 30 September 2024.

LANDBANK is also the Coordinating and Managing Entity (CME) of the Clean Development Mechanism ("**Clean Development Mechanism**") registered under the United Nations Framework Convention on Climate Change (UNFCCC). The Clean Development Mechanism is the mechanism which is being followed by the Carbon Finance Support Facility (CFSF) Program in the verification and delivery of Carbon Emission Reduction (CER) units or

carbon credits. In this regard, LANDBANK has facilitated the delivery of 956,254 CERs equivalent to 956,254 tons of carbon dioxide, mitigated from piggeries and sanitary landfills. The CERs sold to various developed countries, through World Bank, amounts to a total of EUR 3,825,016.

Another major Bank initiative towards a cleaner environment is LANDBANK SPEED PUV, a loan facility to finance the acquisition of modern public utility vehicles in support of the Government's largest non-infrastructure project, the PUV Modernization Program (PUVMP).

As of 30 September 2025, approved loans under LANDBANK SPEED PUV Program reached 9.14 billion.

(12) LANDBANK Lending Program for Former Rebels

The program was developed by LANDBANK in support of the Government's Enhanced Comprehensive Local Integration Program ("**E-CLIP**") pursuant to Administrative Order No. 10 signed by a former President on 3 April 2018. It aims to assist former members of the Communist Party of the Philippines, New People's Army, and National Democratic Front, who expressed their desire to abandon armed struggle and become productive members of society

LANDBANK earmarked a ₱500.00 million credit fund for on-lending to eligible individual former rebels ("**FRs**"), as validated by the Joint AFP-PNP Intelligence Committee ("**JAPIC**"), or their immediate families, to finance their small business or agri-enterprises. Borrower can also be cooperatives and associations with FR members. The credit assistance will be complemented by financial literacy and loan orientation seminars, to make sure that borrowers are equipped with the basic knowledge to manage their finances.

A Memorandum of Agreement was executed by LBP and Task Force Balik-Loob ("**TFBL**") in December 2018 which provides, among others that TFBL shall furnish LANDBANK with the list of FRs eligible for financing, duly endorsed and certified by the JAPIC. TFBL is the committee in charge for the reintegration of FRs, composed of representatives, with a rank not lower than undersecretary, from the DND, DILG, OPAPP, Office of the President and the NHA. Likewise, TFBL shall coordinate with all concerned agencies for the provision of capacity building and skills training to borrowers approved under the lending program, including other necessary assistance.

As of 30 September 2025, approved loans under the E-CLIP reached ₱2.24 million.

(13) Tourism

The Bank also extends loans to finance projects relating to tourism. As of 30 September 2025, the Bank had outstanding loans of ₱39.51 billion to this sector, which constituted 3.08% of the Bank's sum of loans to all sectors.

(14) Infrastructure

The Bank supports the development of the country's infrastructure by extending loans for various projects nationwide. As of 30 September 2025, the Bank's outstanding infrastructure loan portfolio stood at ₱46.14 billion, accounting for 3.60% of its total loans to all sectors.

(15) Utilities

The Bank extends loans relating to utilities for projects pertaining to water, electricity (includes clean power generating plants and distribution) and gas (includes natural gas pipelines). As of 30 September 2025, the Bank had outstanding loans of ₱300.64 billion, which constituted 23.46% of the Bank's sum of loans to all sectors. This represented a 10.31% increase from the ₱272.53 billion outstanding loans as 30 September 2024.

(16) Others (Livelihood/Salary Loans)

The Bank extends loans to finance livelihood or salary loans of employees of private companies and Government offices. As of 30 September 2025, the Bank had outstanding loans of ₱166.4 billion, which constituted 12.97% of the Bank's sum of loans to all sectors.

(17) City Development Lending Program

The Sustainable Multi-dimensional Approach using Revolutionized Technologies ("**SMART**") in City Development Lending Program is a credit program of LANDBANK which aims to provide financial support to cities, highly urbanized LGUs, Small and Medium Enterprises (SMEs), corporations, cooperatives, non-Government Organizations (NGOs), GOCCs and viable enterprises for the development and adoption of digital infrastructures and applications with the use of cutting edge technologies like Internet of Things (IOT), robotics/automation and artificial intelligence aimed at improving the quality of live living in the city or highly urbanized LGUs and in attaining environmental sustainability and making the city economically competitive.

As of 31 December 2024, the program has one (1) approved loan with an approved loan amount of ₱70.00 million and release of ₱70.0 million.

Other Developmental Loans

The Bank also extends loans to finance other developmental projects such as manufacturing, mining, oil manufacturing and refinery, real estate, financial intermediation and other non-agricultural and developmental projects of LGUs. As 30 September 2025, the Bank had outstanding loans funding these types of projects amounting to ₱141.77 billion, which is 15.8% higher than the ₱122.41 billion outstanding loans to LGUs as of 30 September 2024.

Supporting the Comprehensive Agrarian Reform Program

Republic Act No. 6657 (*Comprehensive Agrarian Reform Law of 1988*), as amended by Republic Act No. 9700 (*CARPER Law of 2009*), designated LANDBANK as the financial intermediary of the Government's agrarian reform program. LANDBANK was vested with authority to compute the initial value of private agricultural lands for purposes of acquisition by the Government, with the concomitant duty to release the compensation proceeds to the landowners upon full compliance with the requirements and to collect the land amortizations from the agrarian reform beneficiaries (ARBs) to whom the lands were awarded.

(1) Land Valuation and Compensation

As of 30 September 2025, LANDBANK approved 170,508 claims covering an area of 1,627,597.96 hectares. The valuation of the claims amounted to ₱94,775.97 million broken down into: ₱32,490.63 million cash and ₱62,285.34 million Agrarian Reform (AR) Bonds.

As of 30 September 2025, total valuation paid to landowners amounted to ₱72,173.53 million broken down into: ₱1,486.52 million for PD 27/EO 228; ₱77.76 million for LOI 1180; ₱52.44 million for RA 3844; ₱47,695.49 million for RA 6657; and ₱22,861.32 million for RA 9700.

(2) Turn-Around Time (TAT) on Land Transfer Claim Processing

For 2025, the processing time prescribed by the GCG on the processing of land transfer claims, is twenty (20) working days from receipt of complete documents, which is aligned with the period prescribed by the Ease of Doing Business ("EODB") Act.

For the period 1 January 2025 to 30 September 2025, one hundred percent (100%) of Claim folders were processed within the prescribed processing time.

(3) Collection of Land Amortization from CARP Farmer-Beneficiaries

RA 11953, otherwise known as the New Agrarian Reform Act, which took effect on 24 July 2023, condoned the principal debt of 610,054 ARBs tilling a total of 1,173,101.57 hectares of agrarian reform lands.

In view thereof, collection of land amortization from the ARBs was effectively discontinued.

(4) AR Bond Trading and Marketing

As of 30 September 2025, the total value of AR bond sold amounted to ₱468,522,981.11 with 367 bondholders assisted and 453 AR bond certificates sold, generating an income of ₱9,228,871.87.

Other Financial Services Activities

Apart from its development-based activities, the Bank provides a range of financial services to the Government and the corporate and retail private sectors. The Bank provides a complete cash management service to the Government, assists the Government with revenue generation and its borrowing requirements, provides foreign exchange remittance services to OFWs and undertakes private sector investment banking business.

Cash Management Service for the Government

(1) Modified Disbursement System

The Modified Disbursement System is a procedure whereby disbursements by National Government agencies ("NGAs") chargeable against the account of the Treasurer of the Philippines are effected through Government servicing banks like LANDBANK. As the primary depository bank of the National Government, LANDBANK services the crediting of Notice of Cash Allocations (NCAs) for fund releases to NGAs and the disbursements of

their funds for personal services, maintenance and other operating expenses, retirement gratuity, terminal leave, payables to internal and external creditors and other related projects.

(2) Government Collection Tie-Ups

As a collection arm of Government agencies, the Bank processes remittances and collections for Government agencies such as the Philippine Overseas Employment Administration, Land Transportation Office, Professional Regulations Commission, Overseas Workers Welfare Administration, Home Development Mutual Fund, National Home Mortgage and Finance Corporation, Department of Foreign Affairs, Department of Trade and Industry, Philippine Health Insurance Corporation, Government Social Insurance System, National Housing Authority, most of NCR Local Government Units and Private Clientele such as Bonifacio Heights Residences Condominium, Isetan Department Store Inc., and San Miguel Brewery Inc.

The Bank offers services such as Deposit Pick-Up and payroll and/or cash delivery via Armored Car to various Government agencies and private accounts covered by a memorandum of agreement.

The facility ensures the timely collection and crediting of the deposits in their respective accounts is maintained while the cash requirements are delivered promptly as requested. The risk on the part of the client of going to/from the branch is mitigated by this Bank product.

(3) Revenue Collection for the Government

With its network of branches spread across the country, the Bank becomes a strategic conduit where individuals and corporations can pay duties and taxes. Tariffs and duties for the Bureau of Customs are accepted by the Bank through over-the-counter and through online means using the Electronic Payment System and Payment Application Secure 6 (PAS6). Tax payment transactions for the Bureau of Internal Revenue are accepted by Bank through various payment channels: over-the-counter/Limited Bank Data Entry System (LBDES) at the Bank's branches, through PESONET/PAYGATE, and online using the Link.Biz Portal, Electronic Tax Payment System and Electronic Payment System.

Foreign Exchange Remittance of Overseas Filipino Workers

Overseas Filipino Workers ("OFWs") have been a significant part of the Philippines' economic structure for decades. Their remittances play a crucial role in bolstering the country's economy, especially in terms of foreign exchange, poverty reduction, and family support. The period from 2021 to 2024 witnessed fluctuations in global economic conditions, which in turn impacted the amount of remittances sent back to the Philippines.

In 2023, the Philippine economy was also affected by global inflationary pressures, but the consistent remittance inflow played a crucial role in balancing the national economy. The Government continued to invest in programs that focused on improving the lives of OFWs, such as financial literacy programs, and providing access to entrepreneurship opportunities.

While the global economic environment is more stable, challenges such as inflation, geopolitical tensions, and the normalization of post-pandemic conditions have had a varying impact across OFWs' host countries.

The Bank received around U.S.\$1.39 billion in incoming remittances in 2024, attributed to the resilience of OFWs who continued working in essential sectors like healthcare, technology, and food production. As of 30 September 2025, the Bank has recorded U.S. \$1.07 billion in incoming remittances.

Key developments include:

- **Digital remittance growth:** The digitalization of remittances continues to outpace traditional remittance methods. The LANDBANK Mobile Banking Application ("**MBA**") services have made it easier for OFWs to send money directly and instantaneously to their families.
- **Shift towards investment:** With a growing middle class in the Philippines, OFWs are beginning to explore more ways to invest their earnings, especially in real estate, local stocks, and Government bonds. The LANDBANK MBA provides OFWs an easy, simple, and convenient way to invest in Government bonds through the bond purchase feature. This allowed them to access a fixed-income opportunity, enabling their investments to earn more than traditional savings.

As one of the most trusted banks in the country, LANDBANK plays a pivotal role in ensuring that the remittance business remains robust and continues to support the needs of the OFW community. The Bank's efforts in providing affordable, secure, and accessible remittance services, along with its focus on financial education (FinEd) and investment opportunities, make it a key partner for OFWs and their families. For 2024, the Bank has conducted 1,604 FinEd sessions with a total number of 68,746 participants/departing OFWs. As of 30 September 2025, 1,900 sessions have already been conducted and were attended by 59,945 participants.

Additionally, LANDBANK's commitment to creating strategic partnerships with international financial institutions and remittance companies enhances its ability to offer efficient services to OFWs, wherever they may be. This global network of partnerships allows the bank to facilitate smooth, seamless, and timely remittance transfers, ensuring that families in the Philippines can rely on their OFW relatives for financial support.

The foreign remittance from Overseas Filipino Workers (OFWs) has been a critical part of the Philippine economy, providing stability and support for millions of families. From 2021 to 2024, the flow of remittances has remained strong despite global challenges such as the COVID-19 pandemic, economic downturns, and geopolitical tensions. As OFWs continue to send money home, the Government, private sector, and remittance platforms are working towards ensuring that these funds contribute not only to short-term needs but also to long-term financial stability and growth for OFWs and their families. The future of remittances appears to be increasingly digital and investment-driven, promising a more sustainable future for the Philippine economy.

LANDBANK has proven itself as a strong advocate and support system for the OFW community. Through its comprehensive range of services and financial solutions, the Bank has consistently helped OFWs and their families improve their financial well-being and secure their futures. As remittances continue to be a significant part of the Philippine economy, the partnership between LANDBANK and the OFW community will remain essential in ensuring that these vital funds are used efficiently and effectively for the benefit of all Filipinos. The remittance business, supported by institutions like LANDBANK, will continue to be a cornerstone of the country's economic stability and prosperity.

Trust Banking

The LANDBANK Trust Banking Group ("**LANDBANK-TBG**") has consistently maintained its track record of excellence and expertise in managing complex accounts resulting in significant growth of its assets under management ("**AUM**") which reached ₱513 billion as of 30 September 2025.

In its 50th year, LANDBANK-TBG remains committed to deliver a wide range of trust products and fiduciary services that would cater to the needs of individuals, government agencies, Local Government Units (LGUs), Government-Owned and Controlled Corporations (GOCCs), and private entities.

To better serve the diverse investment needs of retail investors, LANDBANK-TBG offers thirteen (13) regular Unit Investment Trust Funds (UITFs) and two (2) Personal Equity and Retirement Account – UITFs (PERA-UITFs). With a minimum account opening requirement starting at just ₱1,000.00, these investment options are designed to be affordable to the ordinary Filipino, and because these products are accessible in the bank's Mobile Banking App, LANDBANK-TBG's advocacy for financial literacy and inclusion, are just at the tip of the fingers.

In addition to the foregoing, LANDBANK-TBG also provides a variety of specialized services, including personal management arrangements, portfolio management services, retirement plan administration, escrow agency services, mortgage trust indentures, Government program funds, and corporate fiduciary services.

LANDBANK-TBG's strong commitment to its mission to be "*Steward for Growth and Good Governance*" for its clients, replete with the highest degree of professionalism and ethical standards, has already earned various recognitions, awards and accolades. These serve as testament to its status as one of the most pre-eminent trust institutions in the Philippines.

Lending

The Corporate Banking Group ("**CBG**") is the largest lending group under the National Development Lending Sector ("**NDLS**"), offering a broad range of lending products and services, including credit, project finance and trade finance products.

CBG is responsible for the origination, distribution and execution of lending products and services of its corporate and institutional clients, in both Peso and foreign currency denominated loans. The Bank also offers cash management, digital banking services, trade finance, treasury solutions, corporate finance and investment banking solutions to its corporate clients.

CBG works closely with clients to understand their financial goals, facilitate transactions, and offer strategic financial solutions. By providing essential financial products and services, CBG supports its clients' growth and operational efficiency fostering socio-economic development in line with the National Government's agenda.

CBG manages the Bank's relationships of large corporations, major financial institutions and public-sector organizations within the National Capital Region ("**NCR**"). It aims to serve the financing needs of the country's premium market niche through quality loan account management, particularly: Top 1000 Large Corporations, Public Sector Agencies and Entities (GOCCs, LGUs, NGAs, and NCR-based state universities and colleges (SUCs)), NCR-based foreign and local financial institutions, including cooperatives.

CBG loan portfolio:

- Top 1,000 and large corporations
- Public sector agencies and entities (GOCCs, LGUs) in NCR
- Foreign and local financial institutions based in NCR Cooperatives, NGOs; and
- non-BSP regulated Microfinance Institutions based in NCR

Investment Banking

The Bank provides a range of investment banking services to the public and private sectors, such as equity and debt underwriting, financial advisory, project finance and debt syndication, when these activities are identified as supportive of the Bank's developmental objectives. The Bank carries out these services through its Investment Banking Group.

As of 31 December 2024, the Bank was involved in investment banking transactions amounting to a combined issue size of ₱918.89 billion, with LBP's participation reaching ₱274.31 billion. The Bank played significant roles as the Joint Lead Issue Manager ("JLIM") for the Retail Treasury Bonds Tranche 30 (RTB-30) of the National Government thru the Bureau of the Treasury, Joint Issue Manager and Lead Underwriter to the SMC Tollways Corporation Fixed Rate Bonds issued on 5 December 2024, Joint Issue Manager and Lead Underwriter to the Double Dragon Corporation "Otso Buenas" Bonds.

During the period ended 30 September 2025, LANDBANK already participated in various capital market transactions amounting to a total issue size of ₱924.56 billion, with LANDBANK's participation reaching ₱121.34 billion. Notably, the Bank acted as a Lead Arranger in the PSALM's up to ₱60 billion with the Bank's participation of ₱30 billion. Further, the Bank acted as JLIM to the FXTNs and RTB-31 issuances of the Bureau of the Treasury with a total issue size of ₱300 billion and ₱507 billion, respectively.

Deposit Products

The Bank offers demand, savings, and time deposit products to both retail and corporate customers. Demand deposits can be interest bearing or non-interest bearing while savings and time deposits bear interest at varying rates. The interest rates for deposits are adjusted in line with general market rates. To earn interest, deposit accounts are required to maintain a minimum balance. Aside from Peso deposits, the Bank also accepts U.S. dollar deposits in selected branches.

The Bank is the largest among five depository banks of the Government. As of 31 December 2024, the Bank held deposits amounted to ₱2,998.89 billion. As of the same period, 59% of the Bank's deposit base was comprised of Government funds, while the remaining 41% was comprised of private sector funds. In comparison, as of 31 December 2023, 65% of the Bank's deposit base comprised Government funds and 35% comprised private sector funds.

Consumer Finance

The Bank offers salary loans, pension and emergency relief loans, housing/mortgage loans, vehicle loans, small business loans and credit cards to its retail customers. Qualified employees and pensioners of government-owned and private companies are eligible for salary loans of up to ten months' gross salary, with a minimum loan amount of ₱20,000 and a maximum of ₱2,000,000. Additionally, Pension and Emergency Relief (PeER) loans are available for amounts up to ₱300,000. Borrowers affected by calamities may also apply for loans of up to ₱25,000. As of 30 September 2025, the Bank's total outstanding loans amounted to ₱64.74 billion. Also, as of 30 September 2025, the Bank's total outstanding housing/mortgage loans amounted to ₱38.65 billion.

The Bank is a principal issuer of the Mastercard brand. Full migration to the Mastercard platform was completed in 2017. On the same year, the Bank became a member of the Credit Card Association of the Philippines. Offerings include consumer, commercial and government purchase credit cards. As of 30 September 2025, credit card portfolio and gross revenue amounted to ₱514.27 million and ₱84.21 million, respectively.

Vehicle loan is a new product now being offered to employees of Government Institutions and Private companies maintaining payroll account with LANDBANK. Retired employees with verifiable and sufficient monthly pension maintained with LANDBANK are also available for the vehicle loan.

Small Business Loan or SBL is also a new loan product. This is an unsecured credit facility that caters to the existing MSME clients of the Bank, with deposit average daily balance ("ADB") of at least ₱1.50 million for the last three (3) years. Loanable amount is equivalent to 90% of deposit ADB, minimum of ₱1.0 million and maximum of ₱10.0 million. Eligible borrowers are single-proprietorship, partnership and corporation. SBL is for working capital purposes, to augment the business-related expenditures of the Bank's depositors-business owners

Other Investments

In accordance with its universal bank status, the Bank has made equity investments in rural banks, cooperative banks, Government mandated companies, agencies and instrumentalities, as well as entities essential to its operations. These equity investments also include those that were acquired through dacion en pago and other entities outside the financial services sector. The Bank does not intend to exercise management control over these entities but believes they align with its developmental objectives, comply with the National Government directives, are vital to its banking operations or from which it believes it can earn a competitive rate of return in comparison with other financial instruments. As a matter of policy, the Bank's management limits other investments to those from which it can obtain an acceptable internal rate of return. Furthermore, the Bank's management considers the potential benefit that the Bank may derive from its relationship not only with the entity but also with the other investors in that entity.

Branch Network

The Bank's business activities are conducted principally through its extensive branch network in the Philippines. The Bank is the only commercial bank with presence in all of the 82 provinces of the Philippines. As of 30 September 2025, the Bank's branch network comprised of 609 branches. Consumer transactions are generally conducted in cash in the Philippines and customers generally expect to handle their banking transactions through the Bank's branches. As a result, the Bank's extensive branch network plays an important role in providing such services. In addition, the branch network enables the Bank to increase the market reach of its products and gives it access to a diversified source of low-cost deposit funding. The Bank is the largest Government depository bank and one of the five Government depository banks.

Branch expansion is regulated by the BSP, which has a policy of restricting the opening of new branches with a view to encouraging banks to expand through acquisitions.

Information Technology

The Bank considers its information technology structure to be a key factor in meeting its objectives of improved customer service and developing new and enhanced products and services. The Bank leverages the strategic business value offered by information technology to deliver quality service, pursue its mandate and promote institutional viability. The Technology Systems and Applications Management Group ("TSAMG"), focuses its efforts on the development and improvement of delivery systems for its customers and the automation and integration of the core operations of the Bank. On the other hand, the Technology Infrastructure Management Group ("TIMG") is responsible for upholding the integrity and availability of the Bank's information technology infrastructure by implementing a cybersecurity framework that includes multi-tiered security architecture, network segmentation, and secure interconnectivity.

The Bank is currently operating a multi-platform information technology infrastructure and optimizes the features of its servers through the allocation of data based on transaction volume, server capacity and the level of maintenance needed to run the system. Core banking and other high-volume transactions are processed by IBM mainframes. Other banking transactions are captured by utilizing Unix and Windows based servers. The Bank also has an extensive information technology network infrastructure, connecting all branches and offices via IP-VPN and VSAT through various telecommunication carriers.

The Bank operates three (3) data centers which are manned on a 24x7 basis. Two of these sites have remote data mirroring capability and are connected through fiber optic links.

To improve efficiency and customer service, establish better controls and minimize operational risks, the Bank has invested in several IT platforms/solutions such as the deposit system, automated tellering system ("ATM"), modified disbursement scheme (MDS) system, document Imaging, remittance system, treasury system, trust system, general ledger system, commercial loan system, credit risk engine system, human resource and subsidiary ledger system, internet banking, business intelligence, ROPA manager, and loans origination system.

Alternative Delivery Channels

Aside from its traditional banking network, the Bank services its client base through a variety of alternative delivery channels, as follows:

Automated Teller Machines (ATMs)

LANDBANK has the second (2nd) largest network as compared to its peer banks with 3,244 ATMs as of 30 September 2025, 1,817 in Luzon, 660 in Visayas, and 767 in Mindanao.

As a member of Bancnet, LANDBANK cardholders may access at more than 27,600 ATMs nationwide.

Alternative Banking Channels

In 2024, the following new alternative banking channels were installed, reflecting the Bank's commitment to achieve its vision of delivering innovative products and services even to the underserved and unbanked areas in the country:

LANDBANK Easy Access Facility

The LANDBANK Easy Access Facility ("**LEAF**"), situated in unbanked and underserved areas, functions as a Branch-lite unit that hosts ATMs and other machines as well as provides other customer services functions. The Bank has stopped establishing the LEAF after opening the two facilities in 2018. As of 30 September 2025, the Bank has a total of 39 LEAFs.

Cash Deposit Machine

To ease the clogging of customers at the branches for over-the-counter (OTC) transactions, LANDBANK provides automated Cash Deposit Machine ("**CDM**"). Available in all LANDBANK Easy Access Facilities (LEAFs) and selected branches, the CDM is a self-service machine equipped with a cash deposit facility whereby customers are afforded the convenience of doing real-time cash deposit transactions without the need to queue and wait at branch lobbies.

As of 30 September 2025, there were 236 CDMs installed. These CDMs are distributed all over the country – 20 in NCR, 68 in North and Central Luzon, 49 in Southern Luzon, 41 in Visayas and 58 in Mindanao.

Mobile ATMs

The Mobile ATM is an offsite ATM mounted to a customized transport vehicle that can be relocated from one place to another. The deployment and use of the Mobile ATM aim to provide convenient cash banking services to the DSWD – Conditional Cash Transfer ("**CCT**") Program beneficiaries and augment the existing onsite and offsite ATM services of the Bank.

As of 30 September 2025, LANDBANK has 10 installed Mobile ATMs, which provided convenient cash banking services for withdrawal transactions of depositors in various areas, especially for DSWD CCT and Social Amelioration Program ("**SAP**") beneficiaries, pensioners, LGU employees and front liners for their payroll or salary, government employees of agencies for their loan proceeds and those in areas affected by calamities.

Electronic Salary Loan

Electronic Salary Loan ("**eSL**") is an electronic-based salary loan product of LANDBANK that offers eligible employees of Government agencies and private institutions with a facility to apply for a salary loan, inquire loan details or payment history, and conduct loan payment through LANDBANK's electronic banking channels such as the LANDBANK MBA and receive notifications through SMS or email.

LANDBANK Agent Banking Program (LANDBANKasama)

To intensify the Bank's efforts in supporting the Government's financial inclusion initiatives, the Agent Banking Program (ABP) was developed and implemented.

By partnering with eligible institutions, known as LANDBANKasama, the ABP is able to bring selected banking services of LANDBANK closer to clients residing in unbanked and underserved areas. The ABP is operating in the Agent Banking Application which runs on a smart POS terminal that can process Agent Banking (Prepaid) Card Sale with electronic Know-Your-Client (KYC), Cash-out from LANDBANK Peso-denominated Prepaid Cards or participating BancNet ATM cards, Cash-in/ Top-up, Balance Inquiry, Fund Transfer and Bills Payment.

As of 30 September 2025, a total of 1,872 terminals were deployed at 1,091 Agent Banking Partners/LANDBANKasama located in 206 unbanked and underserved municipalities

Internet Banking

weACCESS

In March 2007, the Bank launched the weAccess, an internet banking facility specially designed for institutional clients. This facility provides a comprehensive range of corporate fund management solutions such as balance inquiry, account statement, fund transfer, fund sweeping, auto crediting, auto debiting, bills payment, checkbook reorder, check status inquiry, loan profile viewing and payments, ATM payroll uploading, collection reports downloading and the EC-NOW Access (i.e., a facility for Countryside Financial Institutions/Rural Banks

(CFIs/RBs)). The weAccess facility also has the Advice of Checks Issued and Cancelled (ACIC) File Upload module that allows NGAs and LGUs to upload the regular Accountant's Advice (AC)/ACIC file. This is to assist NGAs and LGUs who are required by the Commission on Audit (COA) to submit to their depository banks the ACIC for their check disbursements transactions.

As an added major security feature in the weAccess, the Bank employed the One-Time Password (OTP) via email which is the Bank's compliance to BSP Circular No. 958, series of 2017 (Authentication Controls). The OTP provides the BSP required two-factor authentication upon client log-in, further strengthening the User ID and password control protocols.

As of 30 September 2025, total weAccess enrolment reached 103,845.

iAccess

In May 2009, the Bank also launched the iAccess, a retail internet banking facility for individual depositors or retail clients that allows them to do the following banking transactions online: (a) view account summary and transaction details; (b) real-time, future-dated and recurring fund transfers and bills payments; (c) inquire status of issued checks; (d) view returned checks; (e) report lost or stolen ATM card; (f) download application forms and requirements; (g) compute housing loan amortization; and (h) checkbook requisition.

As of 30 September 2025, total iAccess enrolment reached 2,647,060.

Electronic Clearing for NOW Accounts (EC-NOW)

In January 2011, the Bank supported the operations of client Countryside Financial Institutions/Rural Banks (CFIs/RBs) when it enhanced the weAccess to have another module called the Electronic Clearing for Negotiable Order of Withdrawal (EC-NOW) Access. The module allows enrolled CFIs/RBs to download Incoming Clearing Check (ICC) text files and check images and upload exception/ return item files within the prescribed settlement period per BSP Circular No. 681, series of 2010.

e-Card

The Bank's e-Card has the features of an institutional identification card and an ATM card combined into one. As of 30 September 2025, 59,195 eCards have been issued to LANDBANK's partner agencies.

LANDBANK Cash Card (Regular)

LANDBANK Cash Card is a stored-value card that uses EMV chip technology containing the cash card account data. It was launched to provide institutional clients with a more flexible and economical card through which fund releases can be done for loan proceeds, allowances, commissions, other financial benefits and other irregularly occurring disbursements. It is an electronic card that can be transacted via ATM and point-of-sale terminals. The cash card is not a deposit account and therefore has no opening deposit and maintaining balance requirements, dormancy charges, insurance cover, or account interest.

As of 30 September 2025, 10,610,105 LANDBANK cash cards have been issued to various private and Government agencies.

LANDBANK Visa Debit Card

In February 2014, the Bank launched the LANDBANK Visa Debit Card, which includes expanded features of a regular ATM card with worldwide acceptance. It allows the cardholder to withdraw cash at over 23,615 ATMs (as of 31 March 2025) in the Philippines and 3.3 million ATMs in more than 200 countries worldwide where Visa is accepted.

The LANDBANK Visa Debit Card can also be used for cashless purchases to 150 million Visa- accredited merchants worldwide and via BancNet and Visa-ready POS terminals. It allows the cardholder to receive funds (remittance) via Visa Direct from various countries where Visa Partners are located (e.g. Singapore, Taiwan, China, Canada and Middle East). Cardholders can also avail themselves of various discounts or special promo deals where Visa cards are accepted.

As of 30 September 2025, a total of 8,974,574 LANDBANK Visa Debit Cards has been issued.

Link.BizPortal

Another digital banking product is the LANDBANK Link.BizPortal which provides a seamless payment gateway to the Bank's partners in the Government. This allows the citizenry to pay for Government fees, dues, taxes and other obligations over the internet using their LANDBANK and OFBank ATM accounts, PCHC Participating Banks accounts, cash or e-wallets, and internationally-issued debit, prepaid and credit cards. Government agencies currently connected to the LANDBANK Link.BizPortal include the Bureau of Internal Revenue, Land Transportation

Office, and Professional Regulation Commission, among others.

Insurance

LANDBANK's physical and non-financial assets are comprehensively insured under Industrial All Risk, Floaters, Fire, Fine Arts and Comprehensive and Third-Party Liability Insurance Policies. This coverage includes buildings, office premises, their contents, computers, electronic equipment, artworks and motor vehicles, protecting them against fire, natural disaster and other catastrophic perils. The Bank's Bankers Blanket Bond Insurance Policy provides coverage for cash-in-vault and cash-in-transit against robbery and theft.

The Bank, through the Provident Fund Department, manages the Mutual Medical Emergency Assistance Fund (MMEAF), Mutual Aid Benefit Fund (MABF), and Loss of Life Disability Benefit (LLDB) programs. These benefits are funded by employee contributions and provide vital financial support during times of need, reflecting the Bank's commitment to a caring and resilient workplace.

Legal Proceedings

The Bank is a defendant in certain legal proceedings in respect of which there can be no assurance that the Bank will be able to successfully defend against the claims involved.

Nevertheless, the Bank is not aware of any material litigation or proceedings against or affecting it or any of its directors and officers, its subsidiaries and affiliated companies, nor is it aware of any pending or threatened material proceedings of such kind which, if adversely determined, could have a material adverse effect on assets, financial condition, results of operations or business, or ability to issue and comply with the subject Bonds.

Subsidiaries and Associated Agencies

The following table sets out the subsidiaries of the Bank as of 31 December 2024, together with the Bank's ownership interest:

(in ₱ millions)	ASSETS ¹				NET INCOME (after tax) ¹			
Subsidiaries & Associated Agencies	2021	2022	2023	2024	2021	2022	2023	2024
LLFC ²	4,964.63	5,472.58	6,164.78	7,271.80	33.43	40.92	66.79	63.33
LIBI ³	1,750.38	1,867.67	2,130.58	2,004.89	188.15	251.25	186.03	201.40
LBRDC ⁴	820.37	1,788.23	1,833.35	1,945.46	50.40	66.68	17.28	30.53
OF Bank	3,884.88	4,490.04	4,748.67	4,981.75	(130.38)	(13.86)	(50.34)	86.28
USBI ⁵	18,600.48	17,033.07	17,594.65	17,641.49	4.59	37.56	34.18	63.35
ULFC ⁶	2,103.92	1,752.86	1,536.56	1,180.53	14.96	15.81	10.53	13.44
LSI ⁷	322.71	444.71	279.52	318.55	6.78	2.09	(4.57)	(2.65)
LCDFI ⁸	86.24	74.80	75.96	57.51	(1.87)	(5.68)	1.19	(6.74)
MSI ⁹	81.46	80.57	81.47	83.44	(2.14)	(2.43)	1.10	2.21
GHDI ¹⁰	336.68	340.79	340.86	346.70	2.13	2.42	0.80	5.55
UFEC	6.71	6.96	7.07	6.96	0.16	0.24	0.07	(0.17)

¹ COA audited figures as of 31 December 2021, 2022, 2023, and 2024.

² LBP Leasing and Finance Corporation

³ LBP Insurance Brokerage, Inc.

⁴ LBP Resources and Development Corporation

⁵ UCPB Savings Bank Inc.

⁶ UCPB Leasing and Finance Corporation

⁷ LANDBANK Securities Inc.

⁸ LANDBANK Countryside Development Foundation, Inc.

⁹ Masaganang Sakahan, Inc.

¹⁰ Green Homes Development, Inc.

¹¹ United Foreign Exchange Corporation

The Bank also owns a non-stock, non-profit foundation, LANDBANK Countryside Development Foundation, Inc. ("LCDFI").

LBP Leasing and Finance Corporation

LBP Leasing and Finance Corporation (“**LLFC**”) contributes to the pursuit of the Bank’s objectives by extending lease and financing facilities to SMEs, agri-agra business enterprises, corporate accounts, government offices, cooperatives and financial institutions.

As of 31 December 2024, LLFC realized a net income after tax (NIAT) of ₱63.33 million, lower than the ₱66.79 million NIAT as of 31 December 2023.

LBP Insurance Brokerage, Inc.

The LBP Insurance Brokerage, Inc. (“**LIBI**”) was established by LANDBANK to service the insurance requirements of the Bank and its clients. It is engaged in the business of General insurance brokerage and management and consultancy services on insurance-related activities. Insurance product lines include fire, life, engineering, aviation, motorcar insurance, property floater, bond, liability, crop insurance, marine hull and cargo, travel insurance, among others. Recently, other insurance product lines brokered are the Director’s and Officer’s Liability Insurance (DOLI), and micro insurance to cater farmers and fishers.

As of 31 December 2024, LIBI realized a NIAT of ₱201.40 million, higher than the ₱186.03 million as of 31 December 2023. Likewise, the NIAT for 2024 exceeded its 2024 NIAT target of ₱192.25 million by 4.76% or ₱9.15 million. The net premium volume produced in 2024 was ₱1,147.21 million, presenting a decrease of 39.04% or ₱734.60 million compared to 2023 premium volume of ₱1,881.82 million primarily due to decline in Credit Life Insurance (CLI) premium due to implementation of Bancassurance in May 2024. The 2024 premium volume was lower compared to the 2024 premium target of ₱1,661.15 million by 30.94% or ₱513.94 million.

Return on Equity (ROE) for the period ended 31 December 2024 was 14% while Return on Asset (ROA) was 10%. The ROE in 2024 was the same compared with the 2023.

LANDBANK Countryside Development Foundation, Inc.

The LANDBANK Countryside Development Foundation, Inc. (“**LCDFI**”), as the corporate foundation of the Bank undertakes programs and projects to promote and advance the lives of LANDBANK’s key partners and priority sectors including SFFs, ARBs, OFWs, indigenous people (IPs), and other marginalized sectors. These programs include training and capacity-building, educational assistance, and livelihood development projects.

Digital Financial Literacy Program

In 2025, LANDBANK engaged the LCDFI to conduct the Digital Financial Literacy Training (DxFinLit) under the Agri-Fishery Support through Capability Enhancement for Nationwide Development (ASCEND) program.

As of 30 September 2025, a total of 25,296 SFFs participated — 21,749 in training implementations and 3,547 in support activities

Financial Literacy Program

The Financial Literacy Training Program (FLP) was adopted in 2020 by the LCDFI in response to the initiative of the LANDBANK to promote inclusive growth, especially in the unbanked areas. It was a two-pronged approach to inclusive growth as ensured by (1) the Banks’ innovation of financial products and services through digitization and (2) engaging in a “whole-of-nation” approach to financial inclusion. The BSP defines an “unbanked municipality” as those without a banking presence and financial access points.

The Financial Literacy Training Program was designed to introduce key financial concepts and products to small farmers, fishers, and farm laborers located in unbanked and underserved municipalities across the Philippines. These municipalities under LCDFI are located in regions 1, 2, 4A & B, 5, 7, 8, 9, 10, 11, 12, 13, CAR, and BARMM.

Partnership is the key feature and cornerstone of the Program. The Financial Literacy Program involves partnerships designed to provide training and developmental interventions by identified Government institutions using a fund created for such purpose and tapping networks/linkages with partner agencies/institutions to improve farmers’ financial management skills and create “agriprenuership” or improve farmers’ organization/association’s capacity to deliver quality services to its membership, positively impacting to their business performance. The program is geared to contribute to increased and stable household incomes and improved access to economic, social, and financial services.

As of 31 December 2024, LCDFI has successfully collaborated with 50 partners. A total of 116,213 SFFs from unbanked municipalities have been trained, contributing to a cumulative total of 495,836 SFFs trained since 2020. Eight batches of Financial Literacy Training Monitoring have been conducted, and developmental interventions have been carried out for 168 Farmers Associations (FAs).

Capacity Building Program

As of 30 September 2025, LCDFI has conducted 73 batches of training benefiting 1,773 participants from 406 LANDBANK Borrowing Cooperatives and conducted 13 batches of Cooperative Operations Assessment.

LCDFI has conducted 86 batches of training, benefiting 2,136 participants from 546 LANDBANK borrowing cooperatives as of December 31, 2024. Additionally, twelve batches of Cooperative Operations Assessments have been conducted.

As of 31 December 2023, LCDFI conducted a total of 64 training batches benefiting 2,025 cooperative officers and personnel from 529 LANDBANK Borrowing Cooperatives, accomplishing 100% of the 64 target training batches for the year 2023, which is 39% higher compared to the 46 training batches in 2022.

Cooperatives strengthened their operations through the LCDFI training modules on cooperative management and governance, financial management, internal control, strategic planning, risk assessment and management, and leadership and values orientation. Their technical capabilities were also enhanced through trainings on topics such as account management and credit administration, remedial management, human resource management and development, employee relations and performance management, accounting for non-accountants, entrepreneurship and business management, parliamentary procedures, policy formulation, cooperative legal issues and remedies, and records management.

Iskolar ng LANDBANK Program

LANDBANK has established the “Iskolar ng LANDBANK Program” to benefit poor but deserving students who will help provide opportunities to improve the lives of their families and communities and allow them to contribute to nation-building and in serving the nation.

The program carries the theme: “600@60: Developing Scholars and Nurturing Talents Towards Serving the Nation.”

The following are the salient features:

1. 60 scholars per year beginning 2023 for six years, bringing the total number of LANDBANK Scholars to 600 by 2028.
2. The Program will cover 12 eligible courses which are:
 - a. Agribusiness Management
 - b. Horticulture
 - c. Animal Science
 - d. Food Technology
 - e. Agricultural Engineering
 - f. IT Engineering
 - g. Industrial/Management Engineering
 - h. Civil Engineering
 - i. Mechanical Engineering
 - j. Accounting
 - k. Information Technology
 - l. Data Analytics/Science

LANDBANK, through the Corporate Affairs Group (CAG) entered into a Service Level Agreement with the LCDFI for the management of the scholarship program subject to appropriate program management fees.

LCDFI shall be the lead coordinator and shall oversee the program monitoring, as follows:

1. Act as the Program Administrator
2. Trustee of the Program Fund
3. Coordinate with partner universities and Program Scholars

As of 31 December 2024, LCDFI has successfully onboarded 60 scholars for Batch 2024, with a total of 120 scholars.

Successful scholars receive a total annual grant of ₱100,000.00, less applicable taxes, to cover the following expenses:

- 1) Allowances/stipend
- 2) Book allowances and other requirements of the course
- 3) Clothing/uniform/shoes

As of 30 September 2025, there are 109 active scholars, including 6 scholars who replaced the terminated scholars. The replacement process for 9 terminated scholars is currently ongoing. In addition, 1 scholar is under the exchange student program.

LANDBANK Securities, Inc. (LSI)

LANDBANK Securities, Inc. (Formerly UCPB Securities, Inc.) ("**LSI**") is the wholly-owned stock brokerage subsidiary of the LANDBANK. Founded in 1990, we are an active member of The Philippine Stock Exchange, Inc.

LSI bridges the Bank's clients to the equities field of the Philippine Capital Markets, providing you convenience and access to investment opportunities, while enjoying the stability of the Bank, LANDBANK of the Philippines. LSI connects the Bank's clients to the Philippine stock market, providing them an array of services to invest in listed stock companies at the PSE.

As of 30 September 2025, LSI delivered strong growth in its core brokerage operations, achieving a ₱9.4 million broker's commission a 187% increase compared to the previous year. Interest income also surged by 237%, driven by improved treasury management and higher yields on placements. The decline in trading income was primarily due to market volatility during July-September, which impacted proprietary positions. Operating expenses increased mainly due to compensation adjustments for the accrual of seconded employees' compensation, which was not recorded in the previous year and higher stock exchange fees resulting from the growth in trading volume from ₱2.5 billion to ₱16.9 billion. Despite a significant increase in broker's commission by ₱9.4 million, or 187%, LSI recorded a 5% decrease in total income as of September 2025, primarily due to a decline in trading income. Total operating expenses rose by ₱3.73 million, representing a 23% increase, primarily due to compensation adjustments of seconded employees and higher stock exchange fees. LSI allocated ₱8.59 million as provision during the period. This will decrease as market conditions improve. At the bottom line, LSI recorded a pre-tax loss of ₱3.92 million.

LBP Resources and Development Corporation (LBRDC)

The LBP Resources and Development Corporation ("**LBRDC**") handles the Bank's construction and facility requirements, in particular branch construction, maintenance and relocation. In addition, LBRDC helps the Bank in the disposal of its non-performing assets by providing real estate property upkeep, development and security services with respect to the Bank's foreclosed assets. The LBRDC also provides housekeeping, janitorial and sanitation services to the Bank as well as to other clients.

In 2021, LBRDC also started to offer appraisal services to all DOF-attached and supervised agencies, including its subsidiaries, offices and other instrumentalities. In this year, LBRDC recorded a net income after tax of ₱50.92 million, which is 12.33% higher compared to the 2020 net income after tax of ₱45.33 million.

In June 2022, LBRDC acquired the facilities of the only Special Economic Zone in Metro Manila, located at Tala, Caloocan City, and took over as the operator and developer under PEZA registration number 2022-00055-PEZA-DM-L68-1. As of 31 December 2024, LBRDC realized a net income after tax of ₱30.53 million, an increase of ₱13.25 million compared to the 31 December 2023 figure of ₱17.28 million. The increase in the number of projects implemented for the year as compared to 2023, attributed to the increase in the net income after tax of LBRDC. As of 30 September 2025, LBRDC's total operational revenue is recorded at ₱823.62 million with Net Income After Tax of ₱33.79 million, which is higher by 7.51% compared to NIAT as of 30 September 2024, mainly due to the increases in its manpower operations. LBRDC targets to surpass its 2024 NIAT by at least 5%.

LBRDC is also on a roll in the digitization of some of its core processes (e.g., timekeeping and payroll) in pursuit to further enhance its services to clients.

Overseas Filipino Bank

The establishment of the Overseas Filipino Bank ("**OFBank**") as a subsidiary of LANDBANK is the fulfillment of a former President's campaign promise of setting up a bank that will cater to overseas-based Filipinos, OFWs, and their beneficiaries.

Pursuant to Executive Order No. 44 signed in September 2017, the Philippine Postal Savings Bank became a wholly-owned and fully controlled subsidiary of LANDBANK and was converted into OFBank to serve the banking needs of migrant workers worldwide.

In January 2018, the OFBank was officially launched. On 29 June 2020, the Bank was re-launched as a digital-only, first branchless Philippine Government bank through a virtual event which highlighted OFBank's new offerings such as its digital account opening platform, catering to Overseas Filipinos (OFs), Overseas Filipino Workers (OFWs), and their families/beneficiaries, as well as the Bank's improved website and official Facebook page. The OFBank is envisioned to be the country's leading OFW-centric branchless digital bank committed to providing competitive and innovative products and services through convenient, reliable and secure banking platforms.

OFBank's year to date revenues as of 30 September 2025 reached ₱238.99 million while total expenses totaled to ₱145.41 million, and the year-to-date net income after tax is ₱93.58 million. In comparison to the previous period, total revenues increased by 8% from the 30 September 2024 figure of ₱220.49 million to ₱238.99 million on 30

September 2025. Meanwhile, total expenses decreased by 9% from ₱159.30 million on 30 September 2024 to ₱145.41 million on 30 September 2025.

As of 30 September 2025, resulting net income figure of ₱93.58 million is higher than the previous period's (30 September 2024) net income amount of ₱61.19 million. OFBank delivered a strong financial performance in 2025, marked by significant income growth driven by strategic initiatives and sound financial management. A key contributor was the income generated from loans acquired under the Purchase of Receivable Program (PRP) with LANDBANK, which provided a high-quality, low-risk portfolio ensuring stable revenue. Additionally, Bank achieved increased earnings from diversified investments with theBSP, the Bureau of the Treasury (BTr), and under the Investment Management Agreement (IMA) with LANDBANK. These investments, aligned with OFBank's prudent and low-risk strategy, offered competitive returns while reinforcing financial stability.

UCPB Leasing and Finance Corporation (ULFC)

UCPB Leasing and Finance Corporation ("ULFC") is a wholly-owned subsidiary of LANDBANK, registered with the SEC since 1989. In March 2022, ULFC became part of the LANDBANK Group following the merger between LANDBANK and UCPB. Specializing in financial services, ULFC offers tailored products such as financial leases, amortized commercial loans, and receivable discounting, catering to the needs of the SMEs.

On 24 May 2023, the LANDBANK Board of Directors approved the change in strategy for the merger of ULFC with LBP Leasing and Finance Corp. ("LLFC") as the surviving entity.

The President of the Philippines approved the merger of LLFC and ULFC, with LLFC as the surviving entity through Executive Order No. 65 which was issued on 6 August 2024.

ULFC has already merged with LLFC, with the latter as the surviving entity pursuant to the approval by the SEC effective 1 March 2025. The merger aligns with the Government's broader effort of strengthening state-owned financial institutions by enhancing their capital base and operational efficiency. It positions LLFC to scale up support for agriculture, infrastructure development, and SMEs, aligning with LANDBANK's mission of advancing inclusive and sustainable growth.

UCPB Savings Bank, Inc. (USBI)

UCPB Savings Bank, Inc. ("USBI") started its operation on 18 October 1962, as then Savings Bank of Manila. In 1984, 98% of its stocks was acquired by the UCPB and later merged with other UCPB-owned thrift banks. In 2005, UCPB Rural Bank, another subsidiary of UCPB, was merged with the Savings Bank, with USBI as surviving entity, allowing it to further extend its financial products & services in rural areas; a partner in progress. On 4 January 2021, USBI received its welcome letter from the GCG, formally recognizing it as a Government Financial Institution (GFI). On 25 June 2021, with the enactment of Executive Order No. 142, UCPB was merged with the LANDBANK, making USBI its subsidiary effective 1 March 2022, further bolstering its vision of being a catalyst for financial inclusion and strengthening its resolve to expand the communities it serves.

As of 30 September 2025, the Bank operates 48 Branches, 12 Branch Lites, and 3 Lending Offices across the Philippines. Its registered principal address is at 7F Robinsons Cybergate Magnolia, Aurora Boulevard corner Doña Hemady Street, New Manila, Quezon City.

The Bank provides a wide range of financial services including:

- Savings and Time Deposit products
- Salary Loan, Auto Loan, Real Estate Loan, and Commercial Loan
- Cash Management: DPU & Payroll
- Remittance services: Pesonet & RTGS

With its strong heritage, government backing, and commitment to inclusive growth, UCPBS remains steadfast in its role as a reliable partner for progress in the financial sector.

Assets and Liabilities of the Bank

Loan Portfolio and Credit Exposure

As of 30 September 2025, the Bank's sum of loans to all sectors (excluding interbank loans, loans to BSP and Domestic Bills Purchased Lines and inclusive of Unsecured Subordinated Debt Facility on Rural Banks) amounted to ₱1,281.36 billion representing approximately 37.10% of its total resources of ₱3,454.25 billion based on BSP reporting framework as of that date.

The following table sets out the Bank's sum of loans to all sectors as to priority sectors and other sectors, as of the dates indicated:

		As of 30 September			
		2025		2024	
(in PHP billions, except percentages)					
SECTORS		Amount	%	Amount	%
I	<u>Mandated Sector</u>				
1.	Small farmers including agrarian reform beneficiaries and their associations	27.20	2.12	32.08	2.60
2.	Small fishers and their associations	0.14	0.01	0.18	0.01
	Sub-Total	27.33	2.13	32.26	2.62
II	<u>Support for Agriculture and Fisheries</u>				
3.	Agribusiness	171.58	13.39	178.31	14.47
4.	Aqua-business	3.90	0.30	1.79	0.15
5.	Agri-Aqua related projects of LGUs and GOCCs	36.99	2.89	38.19	3.10
	Sub-Total	212.48	16.58	218.30	17.72
III	<u>Support for Other Government Priority Programs (including PPP projects)</u>				
6.	Micro, small and medium enterprises	92.02	7.18	84.38	6.85
7.	Communications	72.60	5.67	72.82	5.91
8.	Transportation	38.48	3.00	99.70	8.09
9.	Housing (Socialized, Low Cost and Medium Cost)	146.61	11.44	143.57	11.65
10.	Education	9.58	0.75	10.17	0.83
11.	Health Care	31.37	2.45	33.36	2.71
12.	Environment-related projects including clean and renewable energy	24.60	1.92	23.13	1.88
13.	Tourism	39.51	3.08	47.18	3.83
14.	Infrastructure	46.14	3.60	-	-
15.	Utilities	300.64	23.46	272.53	22.12
16.	Others	166.14	12.97	136.68	11.09
	Sub-Total	967.69	75.52	923.52	74.95
	TOTAL PRIORITY SECTOR LOANS	1,207.50	94.24	1,174.08	95.28
	<u>Others</u>				
17.	Other LGU Loans	-	-	-	-
18.	Other GOCC Loans	0.88	0.07	1.22	0.10
19.	Others	72.98	5.70	56.93	4.62
	TOTAL OTHER SECTOR LOANS	73.86	5.76	58.16	4.72
SUM OF LOANS TO ALL SECTORS		1,281.36	100.00	1,232.23	100.00

Notes:

The Sum of Loans to All Sectors are exclusive of Interbank Term Loan Receivable and Loans and Receivables arising from Repurchase Agreements/Certificates of Assignment/Participation with Recourse/Securities Lending and Borrowing Transactions and Domestic Bills Purchased Lines and inclusive of Unsecured Subordinated Debt Facility on Rural Banks.

The Interbank Term Loan Receivables are very short-term loans, usually on an overnight basis, to local banks for liquidity purposes while the Loans and Receivables Arising from Repurchase Agreements/Certificates of Assignment/Participation with Recourse/Securities Lending and Borrowing Transactions are very short term loans made to the BSP against its government securities holdings.

Industry Concentration

As a countryside development financial institution, the Bank's policy is to increase the composition of loans to priority industry sectors in its loan portfolio. These priority industry sectors are (i) SFFs in particular and the agricultural sector in general; (ii) MSMEs; (iii) agricultural businesses; (iv) agricultural infrastructure projects LGUs; (v) agricultural related projects of GOCCs; (vi) livelihood projects; (vii) socialized housing; (viii) schools and hospitals; (ix) environment-related projects; and (x) other priority programs of the National Government. Historically, loans to these sectors have accounted for the substantial majority of the Bank's loan portfolio.

Under guidelines established by the BSP, loan concentration exists when the total loan exposure to a particular industry exceeds 30.0% of the total loan portfolio. As defined and categorized by the BSP, the Bank is in compliance with all of the requirements of the BSP.

The following table sets out an analysis of the exposure by economic activity (in accordance with BSP criteria) of the Bank's nets loan portfolio, as of the dates indicated:

(in PHP billions, except percentages)	As of 31 December					
	(Audited)					
	2024		2023		2022	
			Restated		Restated	
	Amount	%	Amount	%	Amount	%
Financial intermediation	415.86	26	399.44	27	140.61	12
Agriculture, hunting and forestry	81.48	5	67.30	5	71.37	6
Real estate, renting and business activities	172.32	11	163.67	11	157.99	13
Public administration and defense	118.91	7	107.58	7	94.01	8
Manufacturing	89.53	6	85.16	6	82.98	7
Community, social and personal services	24.50	2	12.65	1	15.71	1
Electricity, gas and water	221.53	14	164.04	11	186.89	16
Wholesale & retail trade, repair of motor vehicles, motorcycles & personal and household goods	103.47	6	105.40	7	100.83	9
Transport, storage and communication	41.44	2	41.36	3	104.39	9
Construction	114.73	7	103.73	7	98.84	8
Private households	66.19	4	60.33	4	55.47	5
Hotel and restaurant	24.49	2	19.86	1	21.19	2
Others	133.18	8	145.45	10	45.16	4
Gross Loan	1,607.63	100	1,475.97	100	1,175.44	100
Allowance for losses	(70.22)		(57.35)		(59.24)	
Net Loan	1,537.41		1,418.62		1,116.20	

Note: The Allowance for Credit Losses is based on PFRS.

As of 31 December 2024, the Bank had outstanding contingent liabilities of ₱877.8 billion consisting principally of trust accounts held by the Bank, forward exchange contracts, and unused letters of credit.

Customer Concentration

Except as may be otherwise approved by the Monetary Board of the BSP (the “**Monetary Board**”) as required under the General Banking Law of 2000 (Republic Act No. 8791), a bank is prohibited from maintaining a financial exposure to any single person or group of connected persons in excess of 25.0% of its net worth, which is defined as the total of unimpaired paid-in capital including surplus, retained earnings and undivided profits, net valuation reserves and other adjustments as may be required by the BSP. As of 31 December 2024, the Bank’s SBL for individual borrowers, set by the BSP, was ₱65.62 billion. In determining whether the Bank meets the SBL, the Bank includes exposure to related accounts (including accounts of subsidiaries and parent companies of the borrower). This limit does not apply to loans that are secured with non-risk assets, including cash deposits, Government securities and loans guaranteed by the Government. The Bank has complied with the SBL in respect of all of its loans.

Secured and Unsecured Loans

The Bank seeks to minimize credit risk by encouraging customers to pledge or mortgage collateral to secure the repayment of loans, if their cash flows are insufficient. Collateral for the Bank’s secured loans is primarily in the form of real estate but may also be in the form of bank deposits or plant and machinery and other fixed assets used in the business.

It is also the Bank’s policy to require security for all term loans of over one year. Term loans made to finance specific projects or developments are usually secured by the project or development property (with full recourse to the borrower). It is the Bank’s policy to disburse such loans in installments against appropriate certificates of completion of each stage in the project or development.

The Bank requires the value of collateral for its secured loans as follows:

Collateral	Maximum Allowable Loan Value
1. Land	
a) Titled (TCT, CCT, and OCT – e.g., Free Patent, CLOA, Homestead Patent, Emancipation Patent)	60.0%
b) Untitled (covered only by TD)	50.0%
2. Buildings and Improvements	60.0%
3. Inventory not covered by warehouse receipts/quedans and Other Chattels (machinery and equipment)	50.0%
4. Deposit with Hold-Out	
a) Current	Hold-out on peso deposits – 90% of face value
b) Savings	Hold-out on dollar deposits – 80% of face value
c) Time Deposits	
d) Foreign Currency	
5. Domestic Stand-by Letter of Credit issued to LANDBANK by other bank with collateral cover of at least 1.0x	100.0%
6. Perishable/non-perishable covered by warehouse receipts/quedans	80.0% of current price
7. Expected produce	50.0%
8. Guarantee of the Republic of the Philippines	100.0%
9. Government Securities (GS)	80.0% of prevailing marked-to-market value as provided by TIBS
10. Agrarian Reform (AR) Bonds	80.0% of unredeemed portion
11. Internal Revenue Allotment (IRA)/Excise Tax Receivables under R.A. 7171	100.0%

As of 31 December 2024, approximately 51.75% of the Bank's loan portfolio is comprised of loans secured by collateral. No collateral is accepted by the Bank unless it has been appraised by a qualified internal or external appraiser as required by the BSP.

The following table sets out the Bank's total secured and unsecured loans, as of the dates indicated:

Loans by Security

(in ₱ millions, except percentages)	As of 31 December Audited					
	2024		2023 (As Restated)		2022 (As Restated)	
	Amount	%	Amount	%	Amount	%
Secured	831,889	51.75	994,369	67.37	692,302	58.90
Unsecured	775,747	48.25	481,601	32.63	483,134	41.10
Total	1,607,636	100.00	1,475,970	100.00	1,175,436	100.00
Allowance for Credit Losses	(70,223)		(57,351)		(59,238)	
Net	1,537,413		1,418,619		1,116,198	

Note: The Allowance for Credit Losses is based on PFRS.

BSP regulations stipulate that the maximum loan value of real estate collateral should not be in excess of 60.0% of the appraised value of the property provided as security for loans.

Loans by Currency Exposure

The Bank mainly lends in Philippine Pesos, but also has some outstanding loans denominated in U.S. dollars and euro. The following table sets out an analysis of exposure of the Bank's loan portfolio (including Treasury Loans - Interbank and GSPURRA) by currency as of the dates indicated:

(in ₱ millions, except percentages)	As of 31 December					
	Audited					
	2024		2023 (As Restated)		2022 (As Restated)	
	Amount	%	Amount	%	Amount	%
Peso	1,571,195	97.73	1,436,418	97.32	1,141,153	97.08
USD	36,441	2.27	39,535	2.68	34,179	2.91
EUR	0	0.00	17	0.00	104	0.01
Total	1,607,636	100.00	1,475,970	100.00	1,175,436	100.00
Allowance for Credit Losses	(70,223)		(57,351)		(59,238)	
Net	1,537,413		1,418,619		1,116,198	

Note: The Allowance for Credit Losses is based on PFRS.

The Bank's practice is to extend foreign currency loans primarily to those customers who have an identifiable source of foreign currency earnings from which to repay the loans and to importers who have authorization from the BSP to purchase foreign currency to service their foreign currency obligations or who are otherwise hedged.

Investment Securities

The following tables show the breakdown of the Bank's investment portfolio:

(in ₱ millions)	As of 31 December		
	Audited		
	2024	2023 (As Restated)	2022 (As Restated)
DOMESTIC			
FVTPL / HFT			
Fixed Rate Treasury Notes	4,852.86	6,219.15	2,163.05
Treasury Bills	4,630.20	80.10	6,369.16
Retail Treasury Bonds	5,063.66	7,962.92	2,262.82
Private Securities	54.52	-	-
Derivative with Positive Fair Value	1,074.71	1,674.15	2,593.56
Equity Securities	988.20	956.57	-
Subtotal	16,664.15	16,892.89	13,388.59
DFVTPL	27.90	27.90	31.26
FVOCI / AFS			
Fixed Rate Treasury Notes	331,649.69	146,406.74	175,681.79
Retail Treasury Bonds	70,773.80	154,770.87	159,563.70
Treasury Bills	-	3,907.78	258.08
BSP Bills	37,388.05	66,801.22	-
Private Securities	14,041.35	3,332.42	4,217.34
Equity Securities	24,962.36	21,491.51	14,740.67
Subtotal	478,815.25	396,710.54	354,461.58
HTC / HTM			
Government Bonds	219.69	118.59	175.35
Fixed Rate Treasury Notes	470,386.99	507,905.37	504,192.13
Retail Treasury Bonds	206,021.81	210,311.60	223,504.64
BSP Bills	-	-	53,926.59
Private Securities	3,948.54	4,773.54	6,266.68
Allowance for Probable Losses	(694.18)	(712.77)	(703.77)
Subtotal	679,882.85	722,396.33	787,361.62
INVESTMENT IN SUBSIDIARIES	6,495.30	6,495.30	6,495.30

Allowance for Probable Losses	(840.93)	(840.93)	(840.93)
Subtotal	5,654.37	5,654.37	5,654.37
INVESTMENT IN ASSOCIATES	50,000.00	-	-
TOTAL DOMESTIC	1,231,044.52	1,141,682.03	1,160,897.42
FOREIGN-REGULAR & FCDU			
FVTPL / HFT			
Government Securities	1,133.37	1,986.45	2,773.13
Mandatory Measured FVTPL	1,213.46	-	-
Derivatives with Positive Fair Value	685.75	352.76	1,617.07
Subtotal	3,032.58	2,339.21	4,390.20
DFVTPL	-	1,111.21	1,091.94
FVOCI / AFS			
Government Securities	106,040.72	73,626.62	78,852.33
Equity Securities	1,078.73	1,746.52	2,489.70
Private Securities	2,223.73	2,149.39	2,436.57
Subtotal	109,343.18	77,522.53	83,778.60
HTC / HTM			
Government Securities	25,212.01	29,217.22	46,011.83
Private Securities	1,258.47	3,584.77	5,903.05
Allowance for Probable Losses	(20.00)	(17.47)	(5.34)
Subtotal	26,450.48	32,784.52	51,909.54
TOTAL FOREIGN	138,826.24	113,757.47	141,170.28
TOTAL	1,369,870.76	1,255,439.50	1,302,067.70

As of 30 September 2025, the Bank's total investment portfolio amounted to ₱1,454,012 million. Of this amount, HTC investments amounted to ₱689,659 million, constituting 47.43% of the total portfolio. On the other hand, FVTPL and FVOCI investments stood at ₱44,192 million and ₱661,403 million, accounting for 3.04% and 45.49%, respectively.

All trading and investment activities are managed according to the guidelines set by the ALCO, aligning with the requirements of the RiskCom and the Board of Directors. The Bank's investment policies are guided by its Board of Directors-approved Investment Policy and Strategy which focuses on diversifying portfolio holdings across asset classes, markets, and risk spectra to mitigate the effects of volatility and fluctuations in asset values. LANDBANK's asset allocation strategy is guided by regulatory constraints and risk management objectives. The Bank primarily invests in government securities/USD-Denominated sovereign issuance (Type 1), investment-grade corporate bonds (Type 2), equities (Type 3), and other securities (Type 4), which are categorized based on risk levels. The asset allocation process takes into account the impact of the securities on capital.

The execution of trading and investment activities are covered by treasury manuals and levels of approval for these activities are specifically outlined in the Codified Approving and Signing Authority.

Identification, management and monitoring of risks are covered under the risk management manual. Approved money market lines and risk limits act as key parameters for investment and trading strategies. The Market and Liquidity Risk Management Department ("MLRMD") determines risk controls, such as position and loss limits. This department quantifies risks associated with the investment and trading portfolios and establishes management alert triggers and limits. Additionally, risk limits such as position limits, loss alerts, and stop-loss limits are set by the Board of Directors and are reviewed regularly.

The Financial Institutions Department (FID), an independent unit responsible for establishing standard internal operating controls, managing money market lines and counterparty exposures, sets counterparty limits.

The Bank's transaction processes and operating guidelines are outlined in treasury operations manuals, which cover internal control measures, market practices, and conventions for investing and trading Government and private securities. The manuals also incorporate the Bank's general trading investment policies, which are governed by regulations from the BSP and SEC.

Credit Management Policies and Procedures

Credit Approval

The Systems and Methods Department (“SMD”) formulates and reviews credit policies and guidelines before they are submitted to the Credit Committee (CRECOM), the Investment and Loan Committee (“ILC”) and Board of Directors for approval. These are incorporated in the credit manual of the Bank, which is disseminated to all group heads and lending unit heads through the official email or platform within the Bank. The policies cover the entire credit process from initiation, documentation, administration, credit review and remedial management. The policies are intended to ensure that Bank-financed projects conform to applicable environmental laws, regulations and requirements and to mitigate credit risks arising from adverse impact of projects on the environment.

Credit initiation, evaluation, negotiation, and packaging of loan proposals are performed by account officers based at various lending units and conducted in accordance with predetermined portfolio strategies and the target market of the Bank. The Bank’s account officers evaluate the creditworthiness of a borrower based on, among other things, its financial strength, current and projected cash flows, quality of management, ownership, credit standing, industry standing, value of collateral if required and the business it is expected to bring in, before presenting the loan proposal to the appropriate loan approving group for consideration.

The Bank utilizes Credit Risk Engine System (“CRES”) Scoring Facility as a standardized tool for assessing the credit worthiness of various borrower segments, including corporates, MSMEs, LGUs, cooperatives, livelihood loans and credit card. In addition, the Bank employs a manual Credit Ratings System (CRS) for universal, commercial, offshore and foreign banks and partner financial institutions. For consumer lending, the Bank has implemented the Consumer Loans Origination System (CLOS) which integrates embedded credit scoring models for our consumer loans – vehicle loans, housing loans and small business loans.

These scoring and rating systems form an integral part of decision-making when considering the approval of a loan application and enable the Bank’s loan approving group to evaluate the quality of a particular credit quickly. To further enhance credit risk management, the Bank has issued a policy aligning the loan pricing with internal ratings.

The following table sets out the loan approval limits which currently apply within the Bank to the granting of loans:

Approval of New, and Renewal of Credit Facilities (Loan/Line) Including Omnibus Term Loan Facility (OTLF) ⁽¹⁾

Transactions/Limits		Head Office	Field Units
1.1	Loan/Line, etc. on Secured/Unsecured Basis		
	1.1.1 Fully Secured Loan/Line ^(2/3)		
	Up to Php5,000,000 or	Head, Lending Unit (LU) (below AVP)	Head, LU (below AVP)
	Up to Php10,000,000	Head, LU (AVP and above)	Head, LU (AVP and above)
	- Up to Php30,000,000 - Up to Php200,000,000	Above; plus Group Head ⁽⁴⁾	Above; plus Group Head ⁽⁴⁾
	Up to Php500,000,000	Above; plus Credit Committee (CreCom)	Above; plus CreCom
	Up to Php500,000,000	Above; plus Investment and Loan Committee (ILC)	Above; plus ILC
	Over Php500,000,000	Above; plus Board of Directors (BOD)	Above; plus BOD
	1.1.2 Partially Secured Loan/Line ⁽³⁾		
	- Up to Php30,000,000 if the unsecured portion of the loan is: - Up to Php15,000,000 - Over Php15,000,000	Head, LU; plus Group Head ⁽⁴⁾	Head, LU; plus Group Head ⁽⁴⁾
	Up to Php200,000,000 if	Above; plus CreCom	Above; plus CreCom

Transactions/Limits		Head Office	Field Units
	the unsecured portion of the loan is: - Up to Php100,000,000 - Over Php100,000,000 Up to Php500,000,000 if the unsecured portion of the loan is: - Up to Php250,000,000 - Over Php250,000,000 Over Php500,000,000	Head, LU; plus Group Head; plus CreCom Above; plus ILC Head, LU; plus Group Head; plus CreCom; plus ILC Above; plus BOD Head, LU; plus Group Head; plus Crecom; plus ILC; plus BOD	Head, LU; plus Group Head; plus CreCom Above; plus ILC Head, LU; plus Group Head; plus CreCom; plus ILC Above; plus BOD Head, LU; plus Group Head; plus Crecom; plus ILC; plus BOD
1.1.3	Clean/Unsecured Loan/Line ^(3/5) - Up to Php15,000,000 - Up to Php100,000,000 - Up to Php250,000,000 - Over Php250,000,000	Head, LU; plus Group Head⁽⁴⁾ Above; plus CreCom Above; plus ILC Above; plus BOD	Head, LU; plus Group Head⁽⁴⁾ Above; plus CreCom Above; plus ILC Above; plus BOD
1.2	Investment and Underwriting Commitment Line ⁽³⁾ - Up to Php15,000,000 - Up to Php100,000,000 - Up to Php250,000,000 - Over Php250,000,000	Head, LU; plus Group Head⁽⁴⁾ Above; plus CreCom Above; plus ILC Above; plus BOD	Head, LU; plus Group Head⁽⁴⁾ Above; plus CreCom Above; plus ILC Above; plus BOD

Notes:

- (1) Drawdowns from the Local Government Unit (LGU)-OTLF shall be approved by one level lower Loan Approving Group (LAG) which originally approved the transaction, with Lending Group Head as the minimum approver, and as long as the Terms and Conditions (T&Cs) in the Special Transaction Offering Ticket (STOT) is consistent with the approved general T&Cs of the LAF-approved LGU-OTLF.
- (2) Loan with full collateral/security cover of a) 1.0x based on loan value by any of the following: i) Real Estate Mortgage (REM)/Mortgage Trust Indenture (MTI); ii) Combination of REM/MTI and Government Securities (GS); iii) Assignment of National Tax Allotment (NTA); iv) Holdout on deposit and/or holdout on GS; v) Guarantees issued by the National Government or its Guarantee Agencies; vi) Domestic Standby Letter of Credit Issued to LANDBANK by other Bank; or (b) 1.50x based on loan value of the combination of REM/MTI and Chattel Mortgage (CM)
- (3) Loan proposals with credit policy deviations shall be escalated to the next higher approving authority.
- (4) In instances when the Group Head is also the LANDBANK representative in the BOD of the client, approval shall be elevated to the CreCom.
- (5) Loan accounts with no securities to cover the associated credit risk.

The decision to grant credit including extensions or renewals is governed by internal credit policy guidelines approved by ILC as well as policies imposed by external regulatory agencies such as the BSP.

DOSRI Loans

The Bank, in the normal course of its business, grants loans to its directors, officers, stockholders and their related interests ("DOSRI"). It is the Bank's policy that these loans be extended on terms no less favorable to the Bank than those offered to third parties of comparable risk. Pursuant to BSP Circular No. 514 (2006), the BSP regulations relating to DOSRI loans were made generally applicable to GOCCs except local water districts. At present, the Bank is unable to accurately predict the effect, if any, that in respect of borrowings by the Government, its political subdivisions and instrumentalities as well as this policy change will have on its financial condition and results of operations.

As of 31 December 2024, the Bank's total outstanding DOSRI loans amounted to ₱141.57 billion. The Bank

believes that it has complied with and currently complies with applicable laws and relevant BSP requirements in relation to DOSRI loans. The Bank is required to submit reports to the BSP on the level of its DOSRI loans on a weekly basis. The Board of Directors has sole authority to approve loans to DOSRI.

Credit Monitoring and Review Process

The Bank's credit manual contains the Bank's policies on the credit monitoring and review process. Generally, the relevant account officer is responsible for credit monitoring and review, as well as notifying borrowers when payments are overdue. The process includes physical inspections to check the borrower's compliance with loan terms and conditions, timely payment of loan amortization funds and compliance with covenants, as well as performing regular appraisals and valuations of any relevant security granted as collateral.

The independent credit review aims to assess the quality of loans and ensure compliance with the bank's existing policies and procedures for all loan proposals and transactions under review. The assessment includes but is not limited to the following:

- Verification of the appropriate Loan Approving Group
- Validation of compliance with the Bank's internal policies and regulatory requirements, such as:
 - Single Borrower's Limit (SBL);
 - Large Exposures Monitoring Threshold Limits;
 - Loans to Directors, Officers, Stockholders, and Related Interests (DOSRI);
 - Industry Limits;
 - REST Limits, and Sovereign/Country Limits, as applicable; and
 - Risk Assets Acceptance Criteria (RAAC); among others.
- Viability of the proposal based on the borrower's existing performance, projections and operations
- Viability of the borrower to perform payments of obligations
- Leverage of the Bank over the proposal
- Terms and Conditions, and
- Overall risk assessment to the borrower and to the proposal highlighting significant areas that may be crucial in approving the loan.

Additionally, Credit Review Unit ("**CRU**") is responsible for the conduct of post-approval credit review by preparing a risk assessment report:

- On existing borrowers on a per-account/group/industry basis (based on the instructions of loan committees or requests from various units of the Bank);
- On issuance on new lending programs;
- On red-flagged accounts; and
- On adverse news; among others.

Furthermore, the Credit Review Unit (CRU) plays a pivotal role in executing post-approval credit assessments. This includes preparing comprehensive risk evaluations related to the issuance, amendment, or revision of policies and CASA accounts. Additionally, the CRU conducts thorough risk assessments of existing borrowers, which may be analyzed on a per-account, group, or industry basis. The unit also engages in risk assessments with adverse news or red-flag credit indicators to ensure a thorough understanding of potential risks.

The Bank closely monitors all of the outstanding loan obligations of its customers to ensure prompt payment at maturity of the principal, accrued interest and any other charges or expenses. The Loans Operations Management Department and the International Trade Department (for head office) and Accounting Centers (for field units) prepare a report on maturing loans for the relevant account officers each month. If no payment is received at maturity, the account is considered as being in past due status in accordance with the rules and regulations of the BSP. The booking units report past due loans to the Financial Accounting Department on a monthly basis through submission of the consolidated statement of condition, as required by the BSP. Past due loans at the field level are reported by the different Accounting Centers, while head office-level loans are reported by the Loans and Implementation Department. These reports are consolidated by the Accounting Department and reported to the Bank's management, Board of Directors and regulators. Such past due accounts are then reported to the concerned committees and the President of the Bank for close monitoring of their status. No accrual of interest income is allowed on loans that have become past due in accordance with BSP requirements.

The Bank also has policies requiring account officers to implement collection strategies when the account is in past due status. The account officer sends a series of reminder/collection letters and in addition, is required to perform a series of checks, including checking the activity of the account balances for possible set-off of deposits, conducting credit checks on the borrower and conducting asset searches on the borrower. If collection activities by the account officers are unsuccessful and an account is rapidly deteriorating, a final demand letter is sent and the account is referred to the Banking Legal Services Department so that appropriate legal action can be taken against the borrower.

Loan Administration and Loan Loss Provisioning

The table below sets out details of the Bank's non-performing loans, non-accruing loans, non-performing assets, restructured loans and write-offs for loan losses as of and for the dates indicated:

(in ₪ billions, except percentages)	As of 31 December Audited					
	2024		2023 (As Restated)		2022 (As Restated)	
	Amount	%	Amount	%	Amount	%
Non-performing loans	90.82		68.66		58.72	
Total gross loans	1,607.64		1,475.97		1,175.44	
Total NPL to Total gross loans		5.65		4.65		5.00
Non-accruing loans (day 1): past due (PD) + items and litigation (ITL)	18.69		10.54		11.87	
Non-accruing loans to total gross loans		1.16		0.71		1.01
Investment Property-at cost	22.19		18.15		17.80	
Non-performing assets at Gross	115.56		89.55		79.32	
Non-performing assets as percentage to total resources at Gross		3.36		2.73		2.53
Allowance for credit losses loans and accumulated depreciation for loans, sales contract receivables (SCR), non-cash assets held for sale (NCAHS), and IP	76.50		62.76		64.74	
Allowance for credit losses – loans	70.22		57.35		59.24	
Allowance for probable losses – Investment Property & SCR & NCAHS	1.71		1.06		1.34	
Accumulated Depreciation – Investment Property	4.57		4.35		4.16	
Allow for credit losses-loans as percentage of Non-Performing Loans		77.32		83.53		100.89
Allow for credit losses-loans, SCR, NCAHS and IP as percentage to total Non-Performing Assets		66.20		70.08		81.62
Total Restructured loans (current and past due obligations)	78.82		68.14		71.20	
Classified as performing Restructured Loans	46.16		42.74		50.77	
Classified as non-performing Restructured Loans	32.66		25.40		20.43	
Restructured loans as percentage of total gross loans		4.90		4.62		6.06
Loans written-off	3.52		0.58		0.98	

BSP Classification and Provisioning Requirements

The Bank classifies its loans according to perceived levels of risk and in order to maintain loss reserves that are in aggregate adequate to absorb probable losses arising from its loan portfolio pursuant to BSP regulations. The following classifications are not solely dependent on the number of days the relevant loan is overdue:

Stage 1: Credit exposures that are considered “performing” and with no significant increase in credit risk since initial recognition or with low credit risk

Stage 2: Credit exposures that are considered “under-performing” or not yet non-performing but with significant increase in credit risk since initial recognition

Stage 3: Credit exposures with objective evidence of impairment, thus considered as “non-performing”

The Bank has adopted the Expected Credit Loss (“ECL”) Parameter-Based Estimation Approach as its impairment methodology. ECL calculations are conducted quarterly to ensure accurate and timely recognition of credit risk and potential losses. This approach enhances the Bank's ability to proactively manage credit risk and comply with regulatory requirements.

The following table sets out the Bank's total classified loans based on risk classification and the allowance for probable losses provided for these loans, as of the dates indicated:

Loan Classification (in ₱ billions, except percentages)	As of 30 December			
	2024 ⁽¹⁾		2023 ⁽¹⁾	
	Amount	%	Amount	%
Stage 1	1,151.77	88.14%	1,055.32	90.40%
Stage 2	73.33	5.61%	51.21	4.39%
Stage 3	81.66	6.25%	60.88	5.21%
Total	1,306.76	100%	1,167.41	100%

(1) Based on the Expected Credit Loss (ECL) Assessment and Calculation of Credit Risk Management Department

(in ₱ billions)	As of 31 December Audited		
	2024	2023	2022
Allowance for credit probable loan losses			
Specific Loan Loss Provision	55.92	43.75	52.19
General Loan Loss Provision	14.30	13.60	7.05
Total	70.22	57.35	59.24

The percentage of loans classified sub-standard (unsecured), doubtful or loss in the above table represents that percentage of classified loans not covered by realizable collateral. The realizable value of collateral is taken into account in the classification of loans with collateral. The greater the realizable value of the collateral, the lower the risk classification of the loan. Allowance for loan losses on classified accounts with confirmed and identifiable collateral is based on the principal balance of the loan. Loans classified as "loss" assets are generally written off by the Bank in accordance with BSP guidelines. These guidelines stipulate that such loans are only to be written off, and therefore removed from the Bank's balance sheet, after they have been fully provided for and the Bank is satisfied that there is no prospect of any recovery. The Bank, upon approval of the Board of Directors, may write-off loans against allowance for probable losses after it is satisfied that such loans are worthless, except for those that are considered as DOSRI transactions, which require prior approval of the Monetary Board.

The Bank also provides a general allowance for probable loan losses of 1.0% of the gross loan portfolio in accordance with BSP requirements. The adequacy of the Bank's allowance for probable loan losses is evaluated quarterly based on reports from senior management and loan officers. Any addition to the allowance will be made at the end of the relevant fiscal period to the extent it is deemed deficient.

As of 31 December 2024, based on BSP reporting framework, the Bank's specific loan loss reserves were ₱55.92 billion, an amount equivalent to approximately 3.48% of its total outstanding loans and approximately 61.57% of its non-performing loans.

Past Due Accounts

The Bank follows the Administrative Order ("AO") No. 010 series of 2018 pursuant to BSP Circular No. 941 Series of 2017 in the booking and reporting of past due and non-performing loans. Generally, a loan is considered to be in past due status if it is not paid on its amortization due date. The Bank provides a cure period not to exceed thirty (30) days from maturity date (i.e., contractual/amortization date) to allow the borrowers to catch up on their late payment without being considered as past due.

The following table sets out the Bank's reconciliation of non-performing loans over the periods indicated:

(in ₱ millions)	As of 31 December Audited		
	2024	2023	2022
Interbank Loans	174.56	286.78	287.28
Regular Loans	90,643.30	68,376.49	58,436.28
Total	90,817.86	68,663.27	58,723.56

Note:

⁽¹⁾ See description of Assets of the Bank under Loan Administration and Loan Loss Provisioning and Restructuring for the treatment of restructured loans.

As of 31 December 2024, the Bank's gross non-performing loans amounted to ₱90.82 billion. The following table sets out reconciliation of the bank balance of reserves for loan losses over the periods indicated:

<i>(in ₱ billions)</i>	As of 31 December		
	2024	2023	2022
Balance of reserves at beginning of period	57.35	59.24	26.69
Provision for credit losses	18.46	7.60	20.00
Written-off	(3.52)	(0.58)	(0.99)
Reversals/transfer and other adjustments	(2.07)	(8.91)	13.54
Balance at end of period	70.22	57.35	59.24

The following table sets out the Bank's gross non-performing regular and interbank loans by the respective borrowers' economic activity (in accordance with BSP criteria) and as a percentage of the Bank's gross non-performing loans as of the dates indicated.

<i>(in ₱ billions, except percentages)</i>	As of 31 December					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Financial intermediation	4.02	4.43	2.07	3.01	1.43	2.43
Agriculture, hunting and forestry	5.57	6.13	5.14	7.48	3.94	6.72
Real estate, renting and business activities	18.61	20.49	16.57	24.13	15.30	26.05
Public administration and defense	0.24	0.26	0.23	0.34	0.30	0.51
Manufacturing	7.67	8.44	7.05	10.28	7.67	13.06
Community, social and personal services	1.45	1.60	1.22	1.78	0.35	0.59
Electricity, gas and water	1.57	1.73	0.60	0.88	0.54	0.92
Wholesale & retail trade, repair of motor vehicles, motorcycles & personal and household goods	23.50	25.88	12.43	18.1	10.05	17.12
Transport, storage and communication	8.16	8.98	4.76	6.94	3.91	6.66
Construction	8.21	9.04	7.84	11.41	5.07	8.63
Private households	4.22	4.65	5.51	8.02	5.66	9.65
Hotel and restaurant	2.28	2.51	0.93	1.35	0.60	1.02
Others	5.32	5.86	4.31	6.28	3.90	6.64
	90.82	100	68.66	100	58.72	100

None of the Bank's DOSRI loans are non-performing.

Restructuring

The Bank will generally restructure a loan if the borrower's cash flow projections indicate that it will be able to meet its obligations under the loan and it is committed to reducing its controllable outgoings.

As of 31 December 2024, the Bank's total restructured loans gross of allowance for credit losses amounted to ₱78.82 billion, ₱10.68 billion or 15.67% greater than the same period last year.

Second and subsequent restructuring of the account with or without additional exposure should be approved based on approving levels as provided in the Bank's CASA. Where the loan is restructured, the term of the loan is generally extended and/or a grace period for the payment of interest is granted depending on the Bank's estimate of the

borrower's future cash flows. The Bank does not waive principal and generally does not enter into debt for equity swaps or waives interest as part of a loan restructuring.

If a decision is made not to restructure the loan or enter into an amicable repayment arrangement, the collateral, if any, is immediately foreclosed and/or other available legal actions are pursued, in coordination with counsels, to protect the interest of the Bank. Any loan that has become non-performing following a restructuring may be restored to performing status following the AO 010 Series of 2018-BSP 941 after a satisfactory track record payment is made.

Restructured loans that have been restored to performing status shall immediately be considered non-performing loans in case of default of any principal or interest payments.

Under Act No. 1956, as amended, borrowers are entitled to petition the court for the suspension of payments on their loans where such borrowers possess enough property to cover all of its debts but they nevertheless foresee the impossibility of meeting interest and principal payments as they respectively fall due. In case such petition is given due course by the court, all actions for repayment of interest and principal or foreclosure of collateral in respect of such loans will be suspended. Under applicable law and regulations, a corporate debtor may also petition the court for corporate rehabilitation and, upon appointment of a rehabilitation receiver or a management committee, all actions for claims against such corporate debtor shall likewise be suspended. Once a rehabilitation plan is approved, the obligation of the borrower to make payments under the loan resumes in accordance with the provisions of the plan. In these instances, the Bank actively participates in the court proceedings, i.e. evaluates and provides comments and/or opposition to the Petition for rehabilitation and the related Rehabilitation Plan in coordination with handling counsel as well as the other creditors and the court-appointed Receiver.

Foreclosure

Under Philippine law, when a borrower falls in arrears with its payments, the Bank may commence proceedings to foreclose any collateral provided. It generally takes about two to three months to foreclose on mortgaged collateral, which is generally sold by public auction. However, an individual mortgagor continues to have the right to repurchase such collateral within a year, or three months for corporate mortgagors, reckoned from the date as specified by law in return for payment of the redemption price (principal, interest/bank charges and litigation expenses).

Philippine law allows another method of payment through a process known as *dacion en pago*. Under this process, payment is made via the conveyance of property in lieu of cash. Thus, title to a borrower's real property is transferred to the lender in exchange for extinguishing its outstanding obligations under the loan to the extent of the amount agreed upon by the parties, but usually for an amount not exceeding the appraised value of the property.

The Bank's loan recovery efforts prioritize remedial cashflow -derived workout programs over drastic, litigation-driven measures. However, once amicable options have been exhausted and borrowers' repayment capabilities have been ascertained to be inadequate to sustain cash -driven repayment schemes, recovery options shift to asset -based alternatives such as foreclosures and *dacion en pago* arrangements. Generally, the Bank may resort to foreclosure if it is conclusively apparent from ongoing negotiations that no amicable resolution option is possible.

The real property transferred to the Bank as a result of foreclosure or *dacion en pago* is transferred to the ROPA account under the BSP reporting framework at the lesser of its bid price or *dacion en pago* value and the outstanding loan principal plus the booked interest. Once ROPA is booked, the related loan is removed from the non-performing loan classification. To the extent that the appraised value of the ROPA account is less than the value of the loan, a provision for loss is made for the amount of the difference. ROPA is generally appraised every two years.

ROPA (at cost) amounted to approximately ₱19.42 billion as of 31 December 2024. The Bank's ROPA consists primarily of real properties for residential, commercial and office use. The Bank also makes a provision for any impairment in the value of its ROPA, when the recoverable amount of the asset falls below its carrying amount. This allowance amounted to ₱554.02 million as of 31 December 2024.

Assets acquired upon issuance of Certificate of Sale and booking of ROPA is administered by the Bank's Special Assets Department. This unit aim to maximize the realization value of the property for the Bank by either selling the ROPA (in cash or installment basis over a period of one (1) year to ten (10) years) or leasing the same.

The Bank's ROPA is generally disposed through the following ways:

- public bidding wherein the public is invited and allowed to submit their bids to purchase not lower than the price set by the Bank; and
- negotiated sale wherein the buyer and the Bank mutually agree on the terms, price and conditions of the sale.

The following table sets out the movement in the Bank's ROPA (gross of allowance) over the periods indicated:

<i>(in ₱ billions)</i>	As of 31 December		
	2024	2023	2022
Balance at beginning of period (gross)	17.80	17.57	8.57
Additions (net of transfers, if any)	4.71	2.58	11.67
Sold/Disposed	(3.09)	(2.35)	(2.67)
Balance at end of period (gross)	19.42	17.80	17.57

As of 31 December 2024, 2023 and 2022 audited financial statements, the ROPA accounts transferred/reclassified were as follows:

<i>(in ₱ billions)</i>	As of 31 December		
	2024	2023	2022
a) land and buildings, to investment property	17.61	16.02	15.89
b) office furnitures & equipment to property, plant and equipment	1.81	1.78	1.68
Total	19.42	17.8	17.57

Funding and Liquidity

LANDBANK relies mostly on deposits for its funding requirements. Bulk (99%) of its funds is sourced from deposits and only 1% comes from Official Development Assistance (“ODA”). In terms of structure, LANDBANK’s funding is skewed towards more deposits with minimal reliance on capital market instruments. The Bank is planning to issue an ESG/Sustainable Bond in the near term to generate medium-term funds. These funds will be directed towards ESG/Sustainability loans in support to BSP’s sustainability financing activities.

As of 30 September 2025, the Bank’s total resources amounted to ₱3.45 trillion. Of this figure, deposits comprised ₱3.07 trillion or 89% of the Bank’s resources. The Bank seeks to maintain stable and low-cost funding primarily from Government deposits, given its role as a Government depository bank. The Bank’s deposit base was comprised of 67% government funds and 33% private sector funds. In terms of cost, the Bank’s deposit mix was 64% low-cost and 36% high-cost deposits.

LANDBANK has recently expanded its deposit base by launching new deposit products such as OptiSaver and the Green Growth deposits to help improve the share of private deposits to the total funding mix. In the medium term, the Bank targets a deposit mix of 50-50 Government – private deposits.

The following table sets out the Bank’s principal sources of funding and its percentage to total funding sources (based on outstanding balances) as of the dates indicated:

<i>(in ₱ billions, except percentages)</i>	As of 31 December (Audited)					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Deposits	2,998.89	87.20	2,882.40	87.91	2,753.62	87.76
Peso Deposits	2,891.33	84.07	2,773.78	84.60	2,632.90	83.91
Foreign Currency Deposits	107.56	3.13	108.62	3.31	120.72	3.85
Bills Payable	13.02	0.38	13.61	0.42	31.59	1.01
Domestic Borrowing	0.14	0.01	0.15	0.01	0.17	0.01
Foreign Borrowing	12.88	0.37	13.46	0.41	31.42	1.00
Others	134.28	3.90	104.65	3.19	132.46	4.22
Capital	293.13	8.52	278.15	8.48	220.16	7.01
Total	3,439.32	100.00	3,278.81	100.00	3,137.83	100.00

Deposits

The Bank’s deposit base is composed of Government deposits and demand, savings, and time deposits. Demand deposits are non-interest bearing while savings and time deposits bear interest at varying rates. The rates are adjusted in line with general market rates. The Bank also accepts deposits in foreign currencies (principally U.S. dollars). These deposits are used to fund in part the Bank’s U.S. dollar-denominated loan portfolio.

The following table sets out the Bank's domestic and foreign deposit portfolio as of the dates indicated:

(in ₦ billions, except percentages)	As of 31 December Audited					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Domestic Deposit Liabilities						
Demand deposits	1,472.86	49.11	1,386.35	48.09	1,367.25	49.65
Savings deposits	1,410.46	47.03	1,383.79	48.01	1,245.16	45.22
Time deposits	8.01	0.27	3.65	0.13	20.49	0.75
Total	2,891.33	96.41	2,773.79	96.23	2,632.90	95.62
Foreign Deposit Liabilities						
Savings deposits	31.95	1.07	32.92	1.14	33.34	1.21
Time deposits	75.61	2.52	75.69	2.63	87.38	3.17
Total	107.56	3.59	108.61	3.77	120.72	4.38
Total Deposit Liabilities	2,998.89	100.00	2,882.40	100.00	2,753.62	100.00

The following table sets out the contribution made to the Bank's deposit base by the Government and private sector depositors:

(in ₦ billions, except percentages)	As of 31 December Audited					
	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Source						
Government	1,783.89	59	1,860.55	65	1,866.34	68
Private Sector	1,215.00	41	1,021.85	35	887.28	32
Total	2,998.89	100	2,882.40	100	2,753.62	100

As of 31 December 2024, the Bank held deposits of ₦2,998.89 billion, which represented a 4% increase of the ₦2,882.40 billion of deposits held as of 31 December 2023. As of 31 December 2024, 59% of the Bank's deposit base comprised Government funds and 41% comprised private sector funds. In comparison, as of 31 December 2023, 65% of the Bank's deposit base comprised Government funds and 35% comprised private sector funds.

RISK MANAGEMENT

Risk Management Structure

Risk management is a critical part of the Bank's organizational structure. The risk management process is a top - down process that emanates from the Board of Directors. The Board risk management oversight function is rendered through various board-level committees such as the Audit and Compliance Committee ("**ACCom**"), Corporate Governance Committee ("**CGCom**"), Related Party Transactions Committee ("**RPTCom**"), Risk Oversight Committee ("**ROC**"), and the Trust Committee ("**TrustCom**"). In general, the ROC serves as the overseer for managing the Bank's credit, market, liquidity, operational and other bank-wide risks in a coordinated manner within the organization. Specifically, it approves policies and evaluates the effectiveness of the Bank's risk management framework.

Risk management ("**RM**") oversight at LANDBANK is done at three levels: Board of Directors, Management, and Operating and Support Units. (Please see Figure 1 below) Overall, RM oversight is a responsibility of the Board of Directors together with, first and foremost, the ROC, a board -level committee. It is at this level where RM policies, strategies and plans are given final approval, and the effectiveness of the RM framework is evaluated.

At the Management level, the President & CEO acts as the comprehensive risk executive that defines the Bank's risk priorities, arbitrates/resolves conflicts and aligns business and risk strategies and policies. At this level too, risks are mapped with the appropriate management-level committees. The Management Committee ("**ManCom**") exercises oversight of strategic business and reputational risks, asset-liability management capital management and provides recommendations and inputs to the President & CEO and the Board to enable better-informed decision-making. Meanwhile, management-level committees such as the Asset and Liability Committee ("**ALCO**"), the Investment and Loan Committee ("**ILC**") and the Information Technology Committee ("**ITCom**") focus on overseeing the Bank's major risks, including credit, market, liquidity, operational, and information technology risks.

RM oversight at the operating and support unit levels is a responsibility of the sector and group heads. The operating and support units identify, measure, manage and report their respective risks to ManCom and other management-level committees ensuring continuous improvement of processes as well as implementation of existing controls.

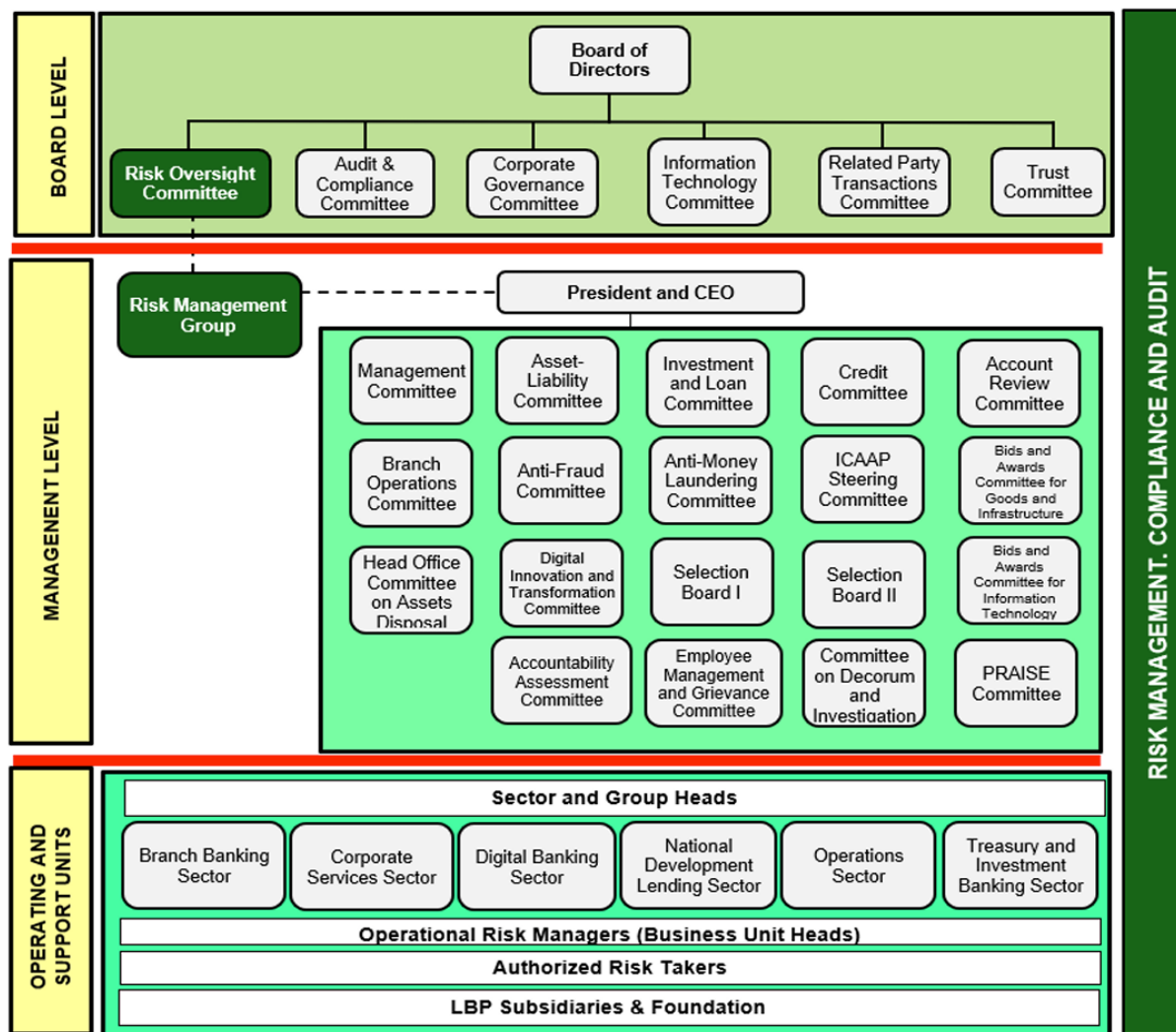
Risk Oversight Committee

The ROC is comprised of at least three members of the Board of Directors, each of whom is required to possess at least adequate understanding of the Bank's financial management systems and operating environment.

Presently, ROC is composed of the following members of the Board of Directors:

Chairman	:	Dir. Omar Byron T. Mier
Vice Chairman	:	Department of Finance Secretary Frederick D. Go
Members	:	Dir. Gaudencio S. Hernandez, Jr.

Figure 1. Levels of Risk Management Oversight in LANDBANK



The ROC shall perform the following specific duties and responsibilities:

- Fulfill statutory, fiduciary and regulatory responsibilities
- Advise the Board of Directors of the overall current and future risk appetite, oversee senior management's adherence to the risk appetite statement
- Ensure alignment of risk management objectives with overall business strategies and performance goals
- Report on the state of the risk culture of the Bank by developing and overseeing the risk management programs of the Bank which include the following:
 - Oversee the Bank's risk management framework.
 - Oversee the enterprise risk management framework and ensure that there is periodic review of the effectiveness of the risk management systems and recovery plans.

2. Ensure that corrective actions are promptly implemented to address risk management concerns.
- b. Oversee adherence to risk appetite.
 1. The committee shall ensure that the current and emerging risk exposures are consistent with LANDBANK's strategic direction and overall risk appetite.
 2. It shall assess the overall status of adherence to the risk appetite based on the quality of compliance with the limit structure, policies and procedures relating to risk management and control, and performance of management among others
 - c. Oversee the risk management function and approval of proposals regarding the Bank's enterprise-wide policies, procedures, and adoption of best practices relative to asset and liability management, credit, market, interest rate, liquidity and business operations risks, among others, ensuring that:
 1. Risk Management systems are in place;
 2. Limits/tolerance levels are observed;
 3. System of limits remain effective; and
 4. Immediate corrective actions are taken whenever limits are breached or whenever necessary.
- Ensure compliance to written policies and procedures relating to the management of risks throughout the Bank;
 - Oversee the continuing education program to enhance its members' understanding of relevant regulatory and banking industry issues;
 - 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 risk-taking activities of the Bank.
 - Ensure that appropriate records (e.g. minutes of meetings or summary of matters reviewed and decision taken) of their deliberations and decisions are maintained. Such records shall document the committee's fulfillment of its responsibilities and facilitate the assessment of the effective performance of its functions.

Risk Management Group

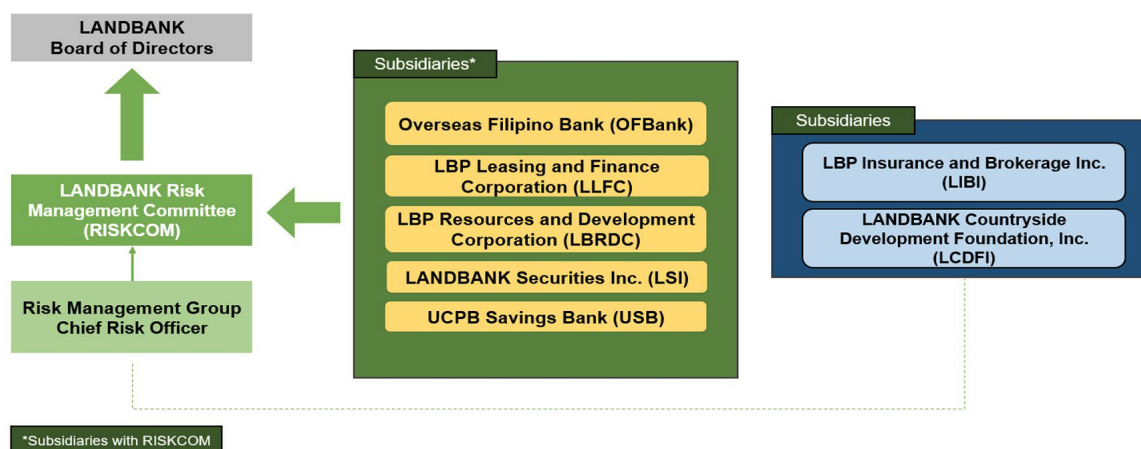
The Risk Management Group ("RMG") is a unit of the Bank reporting functionally to the ROC and administratively to the President and CEO. It is responsible for providing oversight into the risk management initiatives of the Bank, particularly in developing a robust risk management framework and the implementation of processes that would better manage the existing and potential risks of the Bank.

The RMG consists of four departments and one team: the Credit Risk Management Department, Market and Liquidity Risk Management Department, Operational Risk Management Department, Information Security and Technology Risk Management Department, and the Internal Capital Adequacy Assessment Process ("ICAAP") Team, which reports directly to the group. These units are responsible for establishing and enforcing risk policies and limits, measuring and monitoring risks and performance, reporting exposures and results, validating risk management strategies, and fostering a strong risk culture across the organization through education and training.

The RMG is primarily responsible for overseeing the Bank's Enterprise Risk Management (ERM). ERM activities encompass identifying and prioritizing risks in collaboration with senior management and the Board, maintaining and refining the risk dictionary to establish a common risk language, updating the Bank's risk appetite statements, modeling risk interrelationships, analyzing risk drivers, measuring risks, formulating risk management strategies, assessing risk management capabilities, and developing action plans to mitigate risks effectively.

The RMG, through the CRO, defines the risk management strategies, processes, and communication framework for the entire group (parent and subsidiaries), provided that this shall be done in consultation and coordination with respective board of directors of the subsidiary. The management of risk exposure for each subsidiary is the ultimate responsibility of its board of directors (ROC).

Figure 2. Risk Management Oversight to Subsidiaries



Note: The LANDBANK Subsidiaries and Foundation have their respective risk committees that meets on a regular basis.

Additionally, the RMG is responsible for preparing the annual ICAAP and recovery plan documents, which are submitted to the BSP by 31 March and 30 June of each year, respectively. In collaboration with the ICAAP Technical Committee, the RMG oversees the entire ICAAP preparation process, ensuring that all necessary risk assessments, capital adequacy evaluations, and stress testing are conducted. The RMG also facilitates the review and approval of the ICAAP document by the ManCom, ROC, and the Board of Directors, ensuring compliance with regulatory requirements and timely submission to the BSP within the prescribed period.

Market and Liquidity Risk Management Department

The Market and Liquidity Risk Management Department (“MLRMD”) performs the oversight function in risk identification, measurement and assessment, control/mitigation, monitoring and reporting of market, interest rate, liquidity and counterparty credit risks in treasury and bank-wide operations; establishes a sound and formally structured treasury risk management framework. This is accomplished through the establishment of applicable systems, policies and procedures in accordance with regulatory requirements; employment of qualitative and quantitative tools and techniques for risk measurement, assessment and control; conduct of validation of results of operation through back testing; impact assessment of actual and probable risks or risk events through stress testing and scenario analysis; provision to management with periodic reports on market risk exposures and compliance to limits and controls; implementation of BASEL Accord principles and industry best practices and standards as maybe applicable; and promotion of risk awareness through the conduct of relevant training, seminar and orientation on treasury risk management.

MLRMD oversight function covers the following risks:

- Market Risk – the risk to earnings or capital arising from adverse movements in factors that affect the market value of both on and off-balance sheet instruments, products, and transactions in an institution’s overall portfolio. Market risk arises from market-making, dealing, or position-taking in instruments, structure or strategies the income from which are sensitive to movements in interest rates, foreign exchange rates, credit spreads and equities and commodities prices.
- Foreign Exchange Risk – the risk to earnings or capital arising from adverse movements in foreign exchange rates.
- Interest Rate Risk in the Banking Book – the current and prospective risk to earnings and capital arising from adverse movements in interest rates that affect the Bank’s banking book positions.
- Liquidity Risk – 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. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources.
- Counterparty Credit Risk: Investments – failure to anticipate and manage the risk of counterparty default (for investment securities and derivatives) might lead to severe financial and economic losses for the Bank. This includes Pre-settlement Risk which refers to the risk when the counterparty fails to meet the term of the contract and default prior to the settlement date of the transaction.
- Treasury Operational Risk – is the risk of loss arising from the failure to meet professional obligations to clients, faulty product design, unethical business practices, and the failure to execute transactional processes.

MLRMD, in coordination with the Treasury and Investment Banking Sector ("**TIBS**"), recommends market risk, interest rate risk in the banking book, counterparty risk and liquidity risk management policies and methodologies. These considers the Bank's current capital and identified funding sources. These policies and methodologies are presented to ALCO, RISKCOM and Board of Directors for approval.

Liquidity Risk Management

The Bank's liquidity RM process is consistent with its general RM framework covering risk identification, measurement and analysis, monitoring and control. The policies and procedures that govern liquidity RM are reviewed and endorsed on a regular basis by ALCO and RISKCOM for approval of the LANDBANK Board of Directors. The basic liquidity policy of the Bank is to maintain fund availability at all times and hence, to be in a position to meet all of its obligations, in the normal course of business.

The Bank considers liquidity risk based on market and funding liquidity risk perspectives. Trading or market liquidity risk refers to the inability to unwind positions created from market, exchanges and counterparties due to temporary or permanent factors. It is the risk that the Bank cannot easily offset or eliminate a position at the market price because of inadequate market depth or through market disruption.

Funding liquidity risk is the risk that the Bank will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the Bank. Funding liquidity risk is being monitored and controlled through the classification of maturities of assets and liabilities over time bands and across functional currencies as reflected in the Liquidity Gap Report (LGR).

The Board of Directors exercises oversight through ROC and has delegated the responsibility of managing the overall liquidity of the Bank to the ALCO. The ALCO and the TIBS are responsible for the daily implementation and monitoring of relevant variables affecting the Bank's liquidity position. The ALCO reviews the Bank's assets and liabilities position on a regular basis and, in coordination with the TIBS, recommends measures to promote diversification of its liabilities according to source, instrument and currency to minimize liquidity risks resulting from concentration in funding sources.

The RMG, through the MLRMD is responsible for the oversight monitoring of the Bank's liquidity risk positions and ensures that reports on the Bank's current risk are prepared and provided to ALCO and RISKCOM in a timely manner.

The Bank performs a comprehensive liquidity risk measurement and control using as tool the LGR covering the bank-wide balance sheet. Risk models used in liquidity RM are subjected to independent model validation as conducted by MLRMD - Risk Modeling & Quantitative Analytics Unit ("**RMQAU**") and model audit by the Internal Audit Group ("**IAG**").

The Bank has institutionalized the following measures to properly manage liquidity risk:

1. **Liquidity Risk Management Governance** – The Board of Directors defines LANDBANK's risk appetite, funding strategy, and other key metrics that set the levels of acceptable liquidity risk that can be taken by the Bank. The Board of Directors approves the organizational and reporting structures for the management of liquidity risk. It delegates to ALCO the management and optimization of the Bank's liquidity risk position.
2. **Risk Management Policies and Procedures** – The Bank ensures proper documentation of Liquidity Risk policies and procedures duly approved by Board of Directors and applied on a consolidated basis. These include Liquidity Risk limits, fund management strategies, lines of authority and reporting structure, RM tools, and contingency fund which are periodically reviewed and updated.
3. **Liquidity Risk Approving Authorities** – The Bank has identified approving levels and authorities in the formulation of risk management policies and procedures, risk measurement methodologies, limit setting and verification of limit allocation, monitoring, and control procedures.
4. **Diversified funding sources** – The Bank utilizes the following sources to raise funds:
 - Get Fresh Funds from BTr
 - Get Fresh Funds from Big Ticket Fund Providers
 - Get Green, social, sustainability, sustainability-linked and other deposits
 - Sell FVOCI Portfolio
 - Execute Repo Transaction with BTr / Counterparties
 - Avail of BSP Discount Window Facility
 - Avail Money Market Credit Lines
 - Issue LANDBANK bonds
 - Avail of BSP-Overnight Lending Facility
 - Sell HTC portfolio
 - Emergency Loan from BSP (Section 285 of the MORB Dec 2020)

5. Statutory deposit with BSP – Under BSP regulations, universal banks/commercial banks (“**UBs/KBs**”) are required to maintain reserves against their deposit liabilities. The required reserve requirement is 5% of the Bank’s deposit and deposit substitute liabilities.

UBs/KBs, starting 01 January 2018 are no longer required to maintain a liquidity floor reserve for Government Deposits. Previously, they are required to maintain an additional 30% reserve for their Government Deposit and Deposit Substitute Liabilities.

6. Daily Liquidity Monitoring – The ALCO and TIBS are responsible for the daily implementation and monitoring of relevant variables affecting the Bank’s liquidity position. The Financial Markets Group (“**FMG**”) and Asset and Liability Management Group (“**ALMG**”) submit to the head of TIBS and the LANDBANK President and Chief Executive Officer (CEO) of the Bank a Daily Treasury Report that includes the Bank’s cash/near cash investments and other data related to liquidity to assist the Management in decision making.
7. Liquidity Position Monitoring Report – ALMG through the Liquidity and Reserve Management Department prepares weekly reports on liquidity position which are presented during TIBS and ALCO meetings. These reports summarize the bank’s projected cash flow in succeeding months and guide the committee on strategies to implement in order to address funding deficiencies or deploy funding surpluses.
8. Liquidity Gap Analysis – The Bank conducts liquidity gap analysis using the LGR. This risk measurement tool is used in identifying the current liquidity position and the Bank’s ability to meet future funding needs. It categorizes balance sheet items according to estimated maturities of assets and liabilities in order to determine any future mismatch such as long-term assets growing faster than long term liabilities.
9. Foreign Currency Liquidity Management – The Bank also applies the same liquidity risk management systems and processes on its foreign currency exposures through the RBU-FX Regular and FCDU.
10. Liquidity Limit Setting – The guidelines for liquidity risk limit setting have been established for the proper and prudent management and control of liquidity risks consistent with the nature and complexity of LANDBANK’s business activities and overall level of risk.
11. Liquidity Risk Limit Structure
 - Maximum Cumulative Outflow (“**MCO**”) – This measures the liquidity gap between maturing assets and liabilities. The MCO puts a cap on the total amount of negative gaps in the near time buckets set per book: RBU (Peso and FX Regular), FCDU, and Consolidated Book.
 - The following liquidity ratios are monitored to ensure compliance with regulatory requirements:
 - Liquidity Coverage Ratio (“**LCR**”) – The ratio of high-quality liquid assets (“**HQLAs**”) to total net cash outflows is designed to ensure that the Bank has the necessary assets on hand to ride out short-term liquidity disruptions.
 - Net Stable Funding Ratio (“**NSFR**”) – The ratio of the Bank’s available stable funding (ASF) to its required stable funding (RSF) to promote long-term resilience of the Bank against liquidity risk
12. Liquidity Contingency Plan (“**LCP**”) – To ensure that the Bank has sufficient liquidity at all times, the Bank formulated a liquidity contingency plan using extreme scenarios of adverse conditions and evaluate the Bank’s ability to withstand these scenarios. The contingency plan focuses on the Bank’s strategy for coordinating managerial action during a crisis and includes procedures for making up cash flow shortfalls in adverse situations.

The plan details the amount of funds (such as unused credit facilities) the Bank can access and the scenarios under which it could use them. The plan provides guidance for managing liquidity risks in the following market scenarios:

- Business-As-Usual/Going Concern - The Bank manages its liquidity risk by: a) getting fresh funds from BTr, b) getting fresh funds from big ticket fund providers, c) green, social, sustainability, sustainability-linked and other deposits, d) selling of FVOCI portfolio, e) execute Repo Transaction with counterparties, f) availing BSP Discount Window Facility, g) availing money market credit lines, and h) issuing LANDBANK bonds.
- Stress Scenario - In addition to the Business-As-Usual funding sources, the Bank will seek to manage its liquidity risk in stress specific circumstances by: i) avail of BSP Overnight Lending Facility, j) selling HTC Portfolio and k) BSP Emergency Loan (Section 285 of the MORB Dec 2020).

The LCP likewise contains guidelines on Business Continuity Plan (“**BCP**”) towards a transition to normal liquidity condition. This plan defines expectations from various sectors during the transition period from crisis to normal condition.

13. Stress Testing and Scenario Analysis – The Bank conducts regular stress testing and scenario analysis to

further assess the Bank's vulnerability to liquidity risk. This activity supplements the risk models used by the Bank that simulates various probable to worst-case scenarios happening in the industry that would affect LANDBANK. The following are the stress testing that are conducted by the Bank:

- Liquidity Stress Test/Scenario Analysis
- FX Regular Stress Test
- FCDU Stress Test

Moreover, the Bank has adopted a more granular approach in analyzing funding sources against the resulting gaps for each liquidity stress test scenario. A simulation is conducted which considers fund sources available for certain scenario. On 04 January 2018, BSP issued Circular 989 or otherwise known as Guidelines on the Conduct of Stress Testing Exercise. The Bank has aligned its Stress Testing framework with the said circular to meet regulatory requirements.

14. Independent Model Validation – The Bank adopts backtesting as the basic technique in verifying the quality of various behavioral models (e.g. core deposit level).

Under the backtesting process, an exception occurs if actual results exceeded projected figures produced by the behavioral model. The number of exceptions is noted and the model is classified into one of the three zones as follows:

ZONE CLASSIFICATION	CUMULATIVE BINOMIAL PROBABILITY PER TRIALS
Safe/Green Zone	< 95%
Non-Conclusive/Yellow Zone	>= 95% but < 99.99%
Problematic/Red Zone	>= 99.99%

Backtesting results are presented to ALCO and RISKCOM for notation.

15. Internal Audit Group Process – The IAG conducts periodic review of the Bank's risk management process to ensure its integrity, accuracy, and reasonableness. Items reviewed and validated include:
 - The adequacy of, and personnel's compliance with, the Bank's internal control system;
 - The appropriateness of the Bank's risk measurement system given the nature, scope, and complexity of activities;
 - The accuracy and completeness of the data inputs into the Bank's risk measurement system;
 - The reasonableness and validity of scenarios used in the risk measurement system; and
 - The validity of the risk measurement calculations.
16. Implementation of Asset and Liability Risk Management System ("ALRMS") – The ALRMS was acquired in support of the Bank's initiative to manage its risks while protecting earnings and maximizing economic value. The ALRMS project aims to identify and implement a Bank-wide comprehensive solution for asset-liability and risk management.

In 2015, the Bank purchased an ALRMS which will automate daily liquidity monitoring, among other functionalities. ALRMS has the capability to generate more granular cash flows resulting in a more calibrated approach to cash flow projection and sound liquidity risk management.

17. Fund/Deposit Concentration Monitoring Report – This focuses on liability concentration and the application of deposit/funding concentration thresholds in accordance with the Bank's existing concentration risks management framework related to liquidity risks management. This addresses liquidity risk through deposit/funding concentration thresholds by identifying fund sources of substantial amount, whose unexpected withdrawal can trigger liquidity problems. Through monitoring of these sources, strategies can be undertaken by the Bank such as diversification of fund sources, or investment in more liquid assets.
18. Integrated Treasury System ("ITS") – Provides a centralized front-to-back-office solution with straight-through processing for cash, liquidity and multiple asset classes. The system was updated and went live on 25 June 2018.
19. Adoption of Basel III Liquidity Ratios – The Bank has implemented the use of the following
 - NSFR – Requires banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities.
 - LCR – Requires banks to have sufficient HQLA to survive a significant stress scenario lasting for thirty (30) calendar days.
20. Behavioral and Modelling Assumptions – Behavioral analysis enables the Bank to analyze how an instrument's actual maturity or repricing behavior may vary from the instrument's contractual terms because of behavioral optionalities. The Bank has established the following behavioral modelling assumptions in the quantification of interest rate risk:
 - CASA Repayment;
 - Time Deposit or Term Deposit subject to Early Termination;

- Term Loans subject to Prepayment; and
 - Drawing patterns of credit line and credit card products
21. ICAAP and Recovery Plan – The Bank conducts an annual Internal Capital Adequacy and Assessment Process (ICAAP) and integrated with it is a Recovery Plan that provides the list of options or courses of action that LANDBANK would implement to address future destabilizing events and/or crises scenarios and restore it to its financial strength and viability.

Liquidity Risk Measurement

The Bank manages the liquidity risk using the following tools:

Liquidity Gap Report

Liquidity is being monitored and controlled through maturities of assets and liabilities over time bands and across functional currencies as reflected in the Liquidity Gap Report (“**LGR**”). This report is prepared to provide senior management and the Board with timely appreciation of the Bank’s liquidity position.

The Bank conducts liquidity gap analysis using the LGR. This risk measurement tool is used in identifying the current liquidity position and the Bank’s ability to meet future funding needs. It categorizes balance sheet items according to estimated maturities of assets and liabilities in order to determine any future mismatch such as long-term assets growing faster than long term liabilities.

MLRMD reports RBU (Peso and FX Regular), FCDU, and Solo (Parent) LGR on a monthly basis to ALCO and RISKCOM, respectively. Parent and Financial Allied Subsidiaries LGR is reported on a quarterly basis

The following behavioral assumptions are used in measuring the Bank’s liquidity gap:

- **Non-Maturing Deposits (“NMD”)**: Using historical balances of NMD accounts, a behavioral analysis is conducted to determine the rate of deposit outflow per time bucket. The calculated deposit run-off rates are the basis for the withdrawal pattern or actual behavior of NMDs.
- **Term Deposits (“TD”)**: TDs were bucketed based on maturity with run-off assumption on the balance sheet. A behavioral analysis is conducted to approximate the early termination rate based on a historical deposit data. The early termination rate is used to estimate the amount of deposit that will be withdrawn before its maturity.
- **Fixed Rate Loans**: A behavioral analysis is conducted to estimate the percentage of loan balance that is likely to repay before the due date.
- **Drawing Pattern of Credit Lines and Credit Cards**: A behavioral analysis conducted to capture and estimate the drawing pattern for credit cards and credit line products.

As of 30 September 2025, the Bank has in its possession a comfortable level of highly liquid assets and identified fund sources to cover for liquidity risk that may arise in the earlier tenor buckets. Most assets (particularly loans and investments) have long term maturities.

The Bank has established guidelines for liquidity risk limit setting to enable it to properly and prudently manage and control liquidity risk, consistent with the nature and complexity of its business activities, overall level of risk and its risk appetite.

The MCO limit set by the Board of Directors is one of the tools used to manage and control the liquidity risk in the Bank’s gap report. It is a measure of the liquidity gap between maturing assets and liabilities. MCO limits put a cap on the total amount of negative gaps in the ‘1 day to 1 year’ time buckets.

Financial Ratio Analysis

Financial Ratio Analysis is another liquidity risk measurement tool that calculates and compares liquidity and leverage ratios derived from information on the Bank’s financial statements against set liquidity/leverage limits. The Bank makes use of the following financial ratios for liquidity risk management:

The following table sets out the LANDBANK's liquidity ratios as of the dates indicated:

(in ₱ millions, except percentages)	As of 31 December Audited		
	2024	2023 As Restated	2022 As Restated
Liquid Assets	1,730,101	1,716,454	1,943,519
Financial Ratios:			
Liquid Assets to Total Assets	50.30%	52.35%	61.94%
Liquid Assets to Total Deposit	57.69%	59.55%	70.58%

Liquidity Stress Test

The Bank conducts regular stress testing and scenario analysis to further assess the Bank's vulnerability to liquidity risk. This activity supplements the risk models used by the Bank which simulates various probable to worst-case scenarios happening in the industry that would affect LANDBANK. The following are the stress testing conducted by the Bank:

- Liquidity Stress Test/Scenario Analysis;
- Fund Source Stress Test;
- FX Regular Stress Test; and
- FCDU Stress Test.

Liquidity Coverage Ratio

The LCR is reported monthly to BSP to ensure that the Bank maintains an adequate level of unencumbered HQLA to meet liquidity needs for a 30 calendar-day liquidity stress scenario.

The Bank computes the LCR using the BSP prescribed formula:

$$LCR = \frac{\text{Stock of HQLA}}{\text{Total Net Cash Outflow over the next 30 calendar days}}$$

Where:

- HQLA - Refer to assets that can be converted easily and immediately into cash at little or no loss of value in private markets to meet the Bank's liquidity needs during times of stress.
- Total Net Cash Outflows - Pertains to the sum of the stressed outflow amounts less the sum of the stressed inflow amounts, with the inflow amounts limited to seventy-five percent (75%) of outflow amounts

PARTICULARS	30 September (In Million Pesos)	
	2025	2024
High Quality Liquid Assets	1,973,323	1,983,062
Total Net Cash Outflows	973,754	1,001,310
LCR	202.65%	198.05%

As of 30 September 2025, the Bank's LCR is higher than the 100% minimum requirement.

Interest Rate Risk Management

Interest Rate Risk in the Banking Book Management Framework

Interest Rate Risk in the Banking Book ("IRRBB") is the current and prospective risk to earnings and capital arising from adverse movements in interest rates that affect banking book positions. LANDBANK's IRRBB arises from the core banking activities. The main source of this type of IRRBB is gap risk which arises from timing differences in the maturity (for fixed rate) and re-pricing (for floating rate) of the Bank's assets, liabilities and off-balance-sheet positions.

The Bank manages IRRBB based on approved policies and procedures. LANDBANK uses Re-pricing Gap/Earning-at-Risk ("EaR") and Economic Value of Equity-at-Risk ("EVEaR") to analyze the impact of changes in interest rates to both future earnings and net worth.

The Bank has established guidelines for IRRBB limit setting. To control re-pricing risk, a limit has been set on the EaR, putting a cap on the magnitude of re-pricing gap in the balance sheet. The EaR limit defines the maximum level of loss in net interest income due to changes in interest rates. Breaching this limit would require adjustments to be made in the balance sheet profile of the Bank. RMG-MLRMD recommends interest rate limits in coordination with ALMG and is approved by the ALCO, ROC, and the Board of Directors. On the economic value-based measure, the Bank compares the equity level under various rate scenarios to the equity at a base (or current) level to track change from base scenario.

The Board of Directors defines the Bank's risk appetite and approves business strategies relative to the management of IRRBB. It delegates to ALCO the establishment and management of the Bank's IRRBB position. The ALCO decides and allocates resources to manage IRRBB within the risk appetite set by the Bank. The TIBS ensures that ALCO's decisions pertaining to the management of structural IRRBB are implemented.

IAG is tasked to do model audit of RM models. The conduct involves the review and evaluation of the effectiveness of the system and, where necessary, ensures that appropriate revisions or enhancements to internal controls are made.

In addition, model validation is also being done by the Risk Modeling and Quantitative Analytics Unit ("RMQAU") of MLRMD to check for any enhancements or calibrations needed to the models.

To date, the Bank does not engage in hedging transactions.

Interest Rate Risk in the Banking Book Measurement Models

The two complementary measures of the potential impact of IRRBB are as follows:

1. Earnings-Based Measure: The Bank uses the EaR to estimate changes in net interest income under a variety of interest rate scenarios over a 12-month horizon.
2. Economic Value-Based Measure: The Bank uses the EVEaR to assess the impact of changes in interest rates over the remaining life of its assets, liabilities and off-balance sheet items.

Both measures are assessed to determine the full scope of the Bank's IRRBB exposure. Moreover, IRRBB is not managed in isolation. IRRBB measurement systems are integrated into the Bank's general risk measurement system and results from models are interpreted in coordination with other risks.

The interest rate risk exposures of the Bank are measured and reported to the ALCO and ROC on a monthly basis. Parent and Subsidiary EaR and EVEaR are prepared on a quarterly basis.

Key Behavioral and Modelling Assumptions

Behavioral assumptions enable the Bank to analyze how an instrument's actual maturity or re-pricing may vary from its contractual terms because of behavioral options. LANDBANK has established the following behavioral and modeling assumptions in the quantification of IRRBB:

1. Current Account and Savings Account (CASA) Repayment
Behavioral assumptions for deposits that have no specific maturity/re-pricing date such as NMDs can be a major determinant of IRRBB exposures under the economic value and earnings-based measures. To determine the actual behavior of NMDs, the Bank analyzed its deposits for the past ten (10) years to estimate the proportion of core (stable) and non-core (non-stable) deposits.
2. Term Deposits subject to Early Termination
A behavioral analysis to estimate the amount of term deposits that will be withdrawn before its maturity.
3. Fixed Rate Loans subject to Prepayment
A behavioral analysis to estimate the percentage of loan balances that is likely to repay before the due date.
4. Drawing Pattern of Credit Lines and Credit Cards
Behavioral methodology to capture and estimates the drawing pattern for credit cards and credit line products.

Interest Rate Shocks and Stress Scenarios

The Bank has a wide range of static interest rate shocks consisting of parallel and non-parallel shifts in the yield curve including but not limited to the Market Outlook of LANDBANK's economist, interest rate volatility for the past ten (10) years and standardized rate shocks prescribed under Basel Committee on Banking Supervision ("BCBS") framework on IRRBB.

The Bank conducts Interest Rate Stress Testing using EaR and EVEaR. Results of scenario analysis help the Bank focus on coming up with contingency measures to reduce the impact of IRRBB.

Interest Rate Risk in the Trading Book

Interest Rate Risk represents exposures to instruments whose values vary with the level or volatility of interest rates as a result of market making and portfolio taking. LANDBANK continues to manage interest rate risk in trading activities through factor sensitivities and the use of an effective and independently validated value-at-risk (“**VaR**”) methodology and stress testing. Government Securities (“**GS**”) and Foreign Securities (“**FS**”) are subject to daily mark -to-market and controlled through risk limits such as position, VaR, MATs and Stop Loss.

Market Risk Management

LANDBANK is exposed to market risks in both its trading and non-trading banking activities. The Bank assumes market risk in market making and position taking in GS and other debt instruments, equity, FX and other securities, as well as, in derivatives or financial instruments that derive their values from price, price fluctuations and price expectations of an underlying instrument (e.g., share, bond, FX or index). The Bank’s exposure on derivatives is currently limited to currency swaps and currency forwards to manage FX exposure. The Bank is also exposed to derivatives that are embedded in some financial contracts, although, these are relatively insignificant in volume.

The Bank uses a combination of risk sensitivities, VaR, stress testing, Capital Adequacy Ratio (CAR) and capital metrics to manage market risks and establish limits. The Board of Directors, ROC and the ALCO, define and set the various market risk limits for each trading portfolio. The TIBS, particularly the FMG which manages the Bank’s trading units, and the ALMG which manages the liquidity and reserve positions, conducts risk-taking activities within limits and ensures that breaches are escalated to the senior management for appropriate action.

The Bank controls and minimizes the losses that may be incurred in daily trading activities through the VaR Limits, PV01 Limits, Net Unrealized Loss Limits and Stop Loss Limits. Positions are monitored on a daily basis to ensure that these are maintained within established position limits to control losses. Position limits are subordinated to MATs, VaR and Stop Loss limits. Macaulay and modified duration are used to identify the interest rate sensitivity of the bond portfolio of the Bank. In the same way, certain subsidiaries of the Bank independently quantify and manage their respective market risk exposures by maintaining their respective RM system and processes in place.

Foreign Exchange Risk Management

Net Open Position limit set by the regulator to monitor the foreign exposure of the Bank is monitored through the submission of the Foreign Exchange Position Report to the BSP on a daily basis. In addition, the exposure monitoring (NOP limit) is supplemented by risk monitoring through NOP VaR. This measure estimates foreign exchange losses as a result of an imbalance in the foreign currency structure. NOP VaR is also computed and is incorporated in the market risk reports.

Credit Risk Management

The risk of non-payment due to the inability or unwillingness of a customer or counterparty to meet its financial obligations to the Bank is actively monitored. Exposure to credit risk arises primarily from lending, trade finance, treasury activities and trading activities.

Credit risk is managed to ensure an acceptable level of risk in the asset portfolio and loss minimization. An integral factor in asset and liability management is the credit policies that guide lending officers in effective and prudent decision-making. The Bank maintains a set of credit policies approved by ILC and confirmed by the Board of Directors covering the different phases of the lending process, starting from credit initiation to remedial management and collection. Guidelines pertaining to credit approval limits and process, credit risk rating and portfolio quality review have also been established. The lending process has also built-in check and balance mechanisms that are effected by independent units of the Bank to ensure that the policies are complied with.

A part of the Bank’s credit risk management strategy is the implementation of an internally developed risk rating system for its borrowers. Thus, during credit evaluation, the Bank’s loan approving groups also consider the credit risk ratings of borrowers, which enable them to quickly evaluate the quality of a particular credit.

In the area of credit risk monitoring, the Bank has set a system for the continuous and regular review of its loan portfolio quality. Among the outputs of the review are reports on loan portfolio quality and asset quality, past due, written-off, restructured and non-performing loans, which are reported to the Board of Directors and/or higher management.

LANDBANK’s Credit Risk Engine System (“**CRES**”) serves as the main platform for the development of statistically-based credit rating models which will be used to conduct automated credit ratings of borrowers to help determine their credit worthiness. The Bank undertakes continuing development and implementation of the automated CRES scoring facility to provide support to its ongoing initiatives for the adoption of applicable banking regulations and global best practices and approaches in credit risk management.

The said credit ratings are also needed for the eventual adoption of the advance approaches in credit risk management under the BCBS principles on sound credit risk management.

Toward this end, the Bank has developed the following statistically-based credit scoring models and their corresponding rating guidelines in 2024:

1. Existing scoring facilities:
 - a. CRES Cooperative Scoring Facility (CCOSF);
 - b. CRES Large Enterprise Scoring Facility (CLESF);
 - c. CRES MSME Scoring Facility (CMSF);
 - d. CRES Partner Financial Institution (CPSF);
 - e. CRES LGU Scoring Facility (CLSF);
 - f. CRES Credit Card Scoring Facility (CCCSF); and
 - g. CRES Livelihood Loans Application Scoring Facility (CLASF).
2. The CRES EHL Scoring Facility (CESF) has been decommissioned on 26 July 2024, in line with the adoption of the Consumer Loans Origination System (CLOS) Credit Scoring Model for Real Estate Loan and Vehicle Loan.
3. Latest CRES Implementation Guidelines used as references are EO 52 s. 2022 and EO 22 s. 2021.

Nonetheless, the Bank shall continue to use the expert-based credit rating system for universal banks, commercial banks and offshore banks.

Operational Risk Management (“ORM”)

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This includes legal risk but excludes strategic and reputational risk. Operational risk is inherent in all activities, products and services, and cuts across multiple activities and business lines within the Bank (BSP Circular No. 900, Series of 2016 – Guidelines on Operational Risk Management).

Operational risks have both financial and non-financial impact. The sources of operational risks include:

1. Process Risk- the risk arising from faulty overall design and application of business process.
2. People Risk - the risk that arises when the Bank does not have adequate talents who are fit and proper to deliver Bank products and services and the risk that arises when people do not follow the organization’s procedures, practices and/or rules. People Risk in turn consists of eight (8) risk components; (i) Recruitment and Selection Risk, (ii) Remuneration and Compensation Risk, (iii) Training and Development Risk, (iv) Performance Management Risk, (v) Succession Planning Risk, (vi) Adequacy of Manpower Complement Risk, (vii) Disciplinary Actions Risk, and (viii) Separation from Service Risk.
3. Systems/Information Technology (IT) Risk - refers to the business risks associated with the use, ownership, operation, involvement and adoption of IT within the Bank that may lead to potential adverse outcome, damage, loss, violation, failure or disruption.
4. Event Risk or Business Continuity Risk - the risk of loss resulting from physical damages due to natural calamities such as earthquake, tsunami, volcanic eruption, typhoon, flood, storm surge and other weather disturbances. It also includes man-made risk events such as vandalism and tampering of Bank facilities, war/siege, terrorism, bomb explosion, holdup/robbery/theft, arson and other fire incidents.
5. Legal Risk - the risk to operations arising from lawsuits and adverse judgments that may lead to financial losses for the Bank.

The Bank continuously strengthens its ORM system to fully adhere with Sections 146 (Operational Risk Management), 148 (Information Technology Risk Management) and 149 (Business Continuity Management) of the MORB for Banks and other standards.

The Bank conducts a regular review and enhancement of its various ORM frameworks; (a) Business Process Risk Management Framework, (b) People Risk Management Framework (c) IT Risk Management Framework (d) Business Continuity Management Framework, and (e) Legal Risk Management Framework.

The frameworks aim to establish and implement RM strategies and best practices to effectively manage and address operational risk that are embedded in the day-to-day operations. It integrates the governance structure, policies, procedures and ORM tools to provide guidance in managing operational risks.

The Operational Risk Management Department (“ORMD”) as the Bank’s overseer of operational risks has the following major functions:

Process Risk Management

ORMD formulates, reviews, updates and disseminates the framework, policies and guidelines on business process risk management ("**BPRM**"); builds-up, maintains and validates the ORM tools and database on BPRM (RCSA, Risk Event Monitoring Report), Customer Complaints, Non-Loan Related Write-Offs, implement KRI and conduct scenario analysis. ORMD oversees the implementation of the Risk and Control Self-Assessment ("**RCSA**"). The Bank's RCSA is a bottom-up approach in risk identification specific to operational risks and accomplished by all head office business units of the Bank while on a per group basis for field units with homogeneous functions. It identifies granular risks and corresponding controls in place at the transaction level. The result of RCSA is a risk score indicating overall impact of operational risk.

RCSA results of the Bank are escalated to group heads concerned and the sector heads. The ORMD validates, analyzes, consolidates all RCSAs and results are reported to Mancom and ROC, concerned business unit group heads and Audit for proper risk monitoring.

People Risk Management

People or Human Resource is a critical source of operational risk in all organizations. In 2016, the People Risk Management Framework ("**PRMF**") was developed to address people risk as an important component of operational risks since it cuts across other risks. The PRMF is aligned with Section 7 of MORB Section 146 Operational Risk Management, particularly on "Management of Human Resource-related Risk".

The framework outlines the governance structure, risk management processes, strategies and best practices, roles and responsibilities and the implementation of various risks tools to aid the Board of Directors, the Management and the authorized risk takers in managing people risks that are embedded in the day-to-day operations of the Bank.

Business Continuity Management

The Bank has a Business Continuity Management ("**BCM**") Framework and General Policy that is compliant with Section 149 of the BSP MORB (Guidelines on BCM) and aligned with ISO 22301:2019. It outlines the Bank's BCM governance structure and BCM process as follows:

- Board and Senior Management Oversight
- Business Impact Analysis and Risk Assessment
- Business Resumption and Recovery Strategy Formulation
- Plan Development
- Plan Testing and Exercising
- Personnel Training and Plan Maintenance

The Bank's Board of Directors and Senior Management have over-all responsibility in the implementation of the Bank's BCM activities. The Business Continuity Officer (BCO), who is the working arm of the ROC and Senior Management, performs the oversight functions in the implementation of the business continuity activities of the Bank.

As part of the Bank's BCM Process, annual Business Impact Analysis ("**BIA**") and Business Continuity Risk Assessment ("**BCRA**") are being conducted to determine the appropriate strategy for business continuity. Based on the results of BIA, the Bank revisits the prioritization of the Bank's critical functions and IT systems. Resource requirements and dependencies to be able to continue the identified critical functions in case of disasters are likewise determined based on the BIA. Identification and analysis of risks that may affect the Bank's ability to continuously perform its critical functions are also conducted annually through the BCRA. Results of risk mapping based on DOST's hazard maps are being used as input in the BCRA.

Based on the results of BIA and BCRA, the Bank reviews and updates its BCP annually. Various simulation, drills and table top exercises are also being conducted regularly to ensure that the BCP remains accurate, relevant and operable. Results of the testing are used as reference for continuous enhancement of the BCP.

To ensure that employees are aware of the business continuity issues and can successfully perform their tasks in case of disasters, regular trainings and awareness sessions are being conducted for all Bank personnel.

Legal Risk Oversight

ORMD oversees Legal Risk in collaboration with the Legal Risk Management ("**LRM**") Focal Person of the Legal Services Group ("**LSG**").

The Bank has an approved LRM Framework aligned with MORB Section 146 Operational Risk Management. The LRM Framework defines the governance structure in managing legal risks and provides the sources of legal risks, LRM Process and RM tools/reports. Legal risks tools highlight management of legal cases, monitoring of legal

exposures and controls to address legal risks. Bank processes and activities with legal implications are pre-identified, actively monitored and reported to the Management and the Board of Directors.

Trust Operations Risk Oversight

ORMD oversees the risk-taking activities of Trust Banking Group (“**TBG**”) using an enterprise-wide approach to ensure that TBG is operating within the approved risk policies and procedures set by the Trust Committee. ORMD spearheads the development and implementation of risk management tools for risk identification and assessment, risk monitoring and reporting, and risk control and mitigation in the Trust and Other Fiduciary Businesses and the Investment Management Account.

The Bank has an RM Framework on Trust Banking Operations which outlines the governance structure, responsibilities/accountabilities, RM processes and RM tools for Trust Operations Risk. This is to ensure that TBG remains focused to the overall institutional goals of LANDBANK as a Trust Entity.

LANDBANK Subsidiaries Oversight

RMG provides RM oversight to LANDBANK’s Subsidiaries, acknowledging that their operations also bear impact on the Bank’s financial statements.

The RM Framework for LANDBANK’s Subsidiaries is aligned with LANDBANK’s RM Framework, taking into account key aspects from the Risk Governance Framework and the Sustainable Finance Framework implemented by the BSP. This alignment ensures a cohesive and integrated approach to risk management across all subsidiaries. The RM Framework for LANDBANK’s Subsidiaries includes the following essential elements:

1. Active and appropriate Board and Senior Management Oversight;
2. Adequate RM policies, processes and infrastructure;
3. Appropriate Risk Identification, Risk Measurement and Evaluation, Risk Control and Risk Monitoring;
4. Comprehensive Internal Risk Controls and Independent Audit; and
5. Active participation and communication/escalation of risks by the Authorized Risk Takers (“**ARTs**”)/Business units.

The RM process, practices and strategies of the LANDBANK Subsidiaries are anchored on their respective business mandates, taking into consideration their vision/mission, strategies & business objectives, structures and policies as tempered by their respective Risk Appetites. The RM Process shall be implemented in communication and consultation with the BUs which includes Risk Identification and Assessment, Measurement, Monitoring and Reporting.

The Senior Management and Subsidiaries Risk Oversight Committee (“**SROC**”) of the LANDBANK Subsidiaries is apprised on relevant RM issues/concerns on material risks through timely and accurate risk reporting. This assists them in rendering a well-informed and sound decision-making, specifically in determining viable solutions to address key risks issues.

Risk reports are being generated by the primary risk owners and/or ARTs of each LANDBANK Subsidiary and are subsequently reported to the SROC. The Central Point of Contact (“**CPC**”) of the subsidiary furnishes ORMD with a copy of risk reports/SROC minutes of the meeting, and ORMD is responsible for preparing RM report to LANDBANK ROC for notation. Once the ROC members provide any instructions or directives, the LANDBANK ROC Secretariat will coordinate the completion of LANDBANK ROC directives and recommendations for the Subsidiaries, keeping ORMD informed, until all directives are fully completed.

Other ORMD Initiatives

As part of the oversight function on the Consumer Protection Risk Management System (“**CPRMS**”), ORMD ensures that board-approved CPRMS policies and procedures are in place, complaints management are strictly implemented, escalation of CPRMS-related issues are within the set timeline and training of Bank personnel are undertaken.

Further, ORMD submits periodic report on a summary and analysis of the Customer Service Incident Reports (“**CSIRs**”) to ROC to regularly assess the trends of customer complaints and determine potential risk exposures on a continuing basis. ORMD also conducts risk assessment of new, modified, or expanded processes, products, programs, services, electronic channels and other activities, including outsourcing to third party service providers (“**TPSP**”) to deliver quality service and protect LANDBANK’s clients.

In coordination with other RMG units, ORMD facilitates the identification, measurement, analysis and evaluation of risks associated with all processes, products, programs, services, electronic channels and other activities of the Bank. ORMD oversees the implementing units in monitoring the risks associated with the outsourced activities and TPSP to provide adequate information on material developments in the operational risk profile of the outsourced activity. The results of the risk assessment form part of the operational risk monitoring/reporting of ORMD to ROC.

To further strengthen the risk management culture, ORMD conducts awareness cascading sessions on ORM and BCM to various units of the Bank and its Subsidiaries. ORMD actively implements and participates in the conduct of BCP testing, ensure regular review and updating of all BCP components of the Bank.

ORM is too complex and too broad to be handled by a single function of the Bank, thus the “three lines of defense” model is adopted:

1. First line of defense: The first line of defense is provided by the business line management. They are the Operational Risk Managers (SO 400 series of 2021) and risk owners who own and manage operational risks. They are charged with understanding their roles and responsibilities and carrying them out correctly and completely. Systems, internal controls, control environment and culture developed and implemented by them are very important in anticipating and managing operational risks.
2. Second line of defense: Second line of defense is being executed through the independent oversight function of risk and compliance management. It complements the business lines’ operational risk management activities with a reporting structure independent of the risk-generating business lines.
 - a. RMG performs the independent oversight function in the overall implementation of ORM in the Bank.
 - b. Compliance Management Group (“**CMG**”) oversees the effective implementation and compliance of business operations in accordance with all applicable laws, rules and regulations.
3. Third line of defense: Entails an independent review that challenges the Bank’s ORM controls, processes and systems. The IAG provides independent assurance that the risk management and internal control framework is working as designed. Auditors provide the Board of Directors and senior management with reasonable assurance based on the highest level of independence and objectivity that the first and second line of defenses are working effectively and efficiently thru the conduct of on-site operations risk-based audit.

Information Security and Technology Risk Management

The Bank recognizes information as a critical asset and upholds its responsibility to safeguard its confidentiality, integrity, and availability, as well as the privacy and protection of personally identifiable information. The Bank adopts a comprehensive approach to information security and technology risk management anchored on global standards, regulatory requirements, and industry best practices to preserve stakeholder trust and support the Bank’s strategic objectives.

The Bank maintains a robust governance framework through the implementation of organizational, technical, and physical controls designed to manage information security, technology, and cybersecurity risks. These include:

- **Alignment with global standards and frameworks** such as the Swift Customer Security Controls Framework (CSCF), Payment Card Industry Data Security Standards (PCI DSS), ISO standards, National Institute of Standards and Technology (NIST), and Control Objectives for Information Technologies (COBIT).
- **Establishment of documented policies and procedures** covering key domains such as information security, cybersecurity, data privacy, business continuity, acceptable use, and technology operations.
- **Regular internal and external assessments** including vulnerability assessments, IT risk assessments, cybersecurity maturity reviews, and compliance testing to measure and enhance the Bank’s security posture.
- **Implementation of performance and risk indicators** to monitor information security, IT, and cybersecurity effectiveness.
- **Deployment of security technologies and tools** supporting threat detection, monitoring, mitigation, and incident response capabilities.
- **Subscription to global threat intelligence and monitoring services** to remain abreast of evolving threats, attack vectors, and emerging risks.
- **Maintenance of multi-layered network defenses** and secure, redundant IT infrastructure to ensure system availability and resilience.
- **Continuous enhancement of IT infrastructure and digital banking platforms** to support secure and reliable delivery of services.

The Bank fosters a strong culture of security awareness among clients, employees, third-party service providers, subsidiaries, and other stakeholders through regular training, communication programs, and awareness campaigns. These initiatives aim to promote accountability, vigilance, and adherence to security and data privacy requirements.

Through these measures, the Bank demonstrates its commitment to maintaining a resilient information security and technology risk management environment that safeguards client data, supports operational integrity, and upholds confidence in the Bank’s digital and technological platforms.

CAPITAL ADEQUACY

The Philippines adopted capital adequacy requirements based on the Basel Capital Accord in July 2001. In June 2018, the Bank implemented the Basel 3 framework. As of 31 December 2024, the Bank's core capital adequacy ratio (the ratio of Tier 1 capital to risk-weighted assets) was 15.06% while its risk-weighted capital adequacy ratio (the ratio of total capital to risk-weighted assets) was 15.95%.

The following table sets out the capital adequacy ratios of the Bank as of the dates indicated:

	As of 31 December		
	2024	2023	2022
(percentages)	BASEL 3	BASEL3	BASEL 3
Credit risk-weighted			
Core capital ratio (Net Tier 1) ⁽¹⁾	16.98%	17.30%	15.51%
Total qualifying capital ratio	17.98%	18.30%	16.11%
Combined credit and market risk			
Core capital ratio (Net Tier 1)	16.82%	17.07%	15.30%
Total qualifying capital ratio	17.82%	18.06%	15.89%
Combined credit, market and operational risk			
Core capital ratio (Net Tier 1)	15.06%	15.46%	13.90%
Total qualifying capital ratio	15.95%	16.35%	14.44%

⁽¹⁾ Total qualifying capital less Tier 2 capital divided by total credit risk weighted assets.

The following table sets out a breakdown of the Bank's capital base by category of capital as of the dates indicated:

	As of 31 December		
	2024	2023	2022
(in ₱ million)	BASEL3	BASEL3	BASEL3
Paid up Common Stock	163,787.71	163,787.71	163,787.71
Retained Earnings	68,552.54	60,348.06	28,825.65
Undivided Profits	35,358.25	40,268.03	30,058.08
Other Comprehensive Income	8,042.96	2,364.18	(12,080.43)
Minority Interest in subsidiary banks which are less than wholly-owned	-	0	0
Deductions from Tier 1:			
Unsecured Credit DOSRI	(5.19)	(67.18)	0
Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries	(1,756.25)	(2,037.76)	0
Deferred Income Tax Assets	(3,469.57)	(3,473.32)	(3,477.07)
Other Intangible Assets	(1,236.74)	(1,612.26)	(1,922.62)
Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for solo basis only)	(5,983.47)	(6,076.57)	(5,670.98)
Investments in equity of unconsolidated subsidiary securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases)	(1,683.07)	(1,687.41)	(1,549.60)
Significant minority investments (10%-50% of voting stock) in banks and quasi-banks, and other financial allied undertakings after deducting related goodwill, if any (for both solo and consolidated bases)	(117.56)	(117.56)	(121.78)
Minority investments (below 10% of voting stock) in subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for both solo and consolidated bases)	(3,238.55)	(3,465.34)	(467.26)

Other equity investments in non-financial allied undertakings and non-allied undertakings	(24,676.80)	(20,879.16)	(15,940.74)
Net Tier 1 Capital	233,574.27	227,351.43	181,440.97
Tier 2 Capital:			
Gen. Loan Loss Provision limited to 1% of CRWA	13,764.40	13,144.41	7,044.92
Deductions from Tier 2:	0.00	0.00	0.00
Net Tier 2 Capital	13,764.40	13,144.41	7,044.92
Total Qualifying Capital	247,338.67	240,495.84	188,485.89

The following table sets out the breakdown of the Bank's risk-weighted assets by category as of the dates indicated:

	As of 31 December		
	2024	2023	2022
(in ₦ millions)	BASEL3	BASEL3	BASEL3
Risk-weighted on-balance sheet assets			
20%	2,997.97	4,199.67	4,014.27
50%	54,235.09	60,917.68	106,195.20
75%	49,720.32	51,923.81	0.00
100%	1,095,476.45	1,027,559.19	898,055.82
125%	0.00	0.00	0.00
150%	80,823.61	67,440.43	71,020.39
Risk-weighted off-balance sheet exposures			
20%	0.00	0.00	0.00
50%	2,379.13	2,061.46	1,213.09
100%	89,371.22	99,827.28	81,687.99
Total-risk-weighted interest rate and exchange rate-related	1,436.22	550.97	7,456.55
Total credit risk-weighted assets	1,375,905.43	1,313,980.71	1,169,643.32
Market risk-weighted exposures	12,424.02	17,575.89	16,502.05
Operational	162,517.73	139,216.28	119,434.85
Total risk-weighted assets	1,550,847.18	1,470,772.88	1,305,580.22

MANAGEMENT AND EMPLOYEES

Board of Directors

The Board of Directors is the ultimate policy-making and approving body of the Bank and is currently comprised of nine directors. The President of the Philippines appoints the President and Chief Executive Officer, two directors to represent the Agrarian Reform Beneficiaries Sector, and two other directors to represent the Private Sector. The remaining four directors are drawn from the Government, namely the Secretaries of the Departments of Finance, Agrarian Reform, Agriculture and Labor and Employment. The Secretary for the Department of Finance also serves as Chairman of the Board of Directors.

The following are the current members of the Board of Directors.

Name	Designation
Frederick D. Go	Secretary - Department of Finance <i>Ex-Officio Chairman</i>
Ma. Lynette V. Ortiz	President and CEO - Land Bank of the Philippines <i>Vice Chairperson, LANDBANK Board of Directors</i>
Francisco P. Tiu Laurel, Jr.	Secretary - Department of Agriculture <i>Member, LANDBANK Board of Directors</i>
Bienvenido E. Laguesma	Secretary - Department of Labor and Employment <i>Member, LANDBANK Board of Directors</i>
Conrado M. Estrella III	Secretary - Department of Agrarian Reform <i>Member, LANDBANK Board of Directors</i>
Gaudencio S. Hernandez, Jr.	Private Sector Representative <i>Member, LANDBANK Board of Directors</i>
Omar Byron T. Mier	Private Sector Representative <i>Member, LANDBANK Board of Directors</i>
Atty. David D. Erro	Agrarian Reform Beneficiaries Sector Representative <i>Member, LANDBANK Board of Directors</i>
Virginia N. Orogo	Agrarian Reform Beneficiaries Sector Representative <i>Member, LANDBANK Board of Directors</i>

Frederick D. Go

Frederick D. Go is the Secretary of the Department of Finance (DOF) and head of the administration's Economic Team. He was appointed by President Ferdinand R. Marcos, Jr. on 19 November 2025.

As Finance Secretary, he oversees the country's fiscal policy, revenue generation, and debt management, ensuring alignment with the Marcos Jr. administration's broader economic growth and development objectives.

He serves as Chairperson of the Boards of several GOCCs, including LANDBANK, the Maharlika Investment Corporation, and the Philippine Guarantee Corporation. He also concurrently chairs the Fiscal Incentives Review Board (FIRB) and sits as a Member of the Economy and Development (ED) Council and its Committees.

Prior to his appointment as Finance Secretary, Secretary Go was the Special Assistant to the President for Investment and Economic Affairs (SAPIEA), where he advanced the country's economic agenda and accelerated strategic investments. In this capacity, he ensured the effective integration, coordination, and implementation of the Government's economic and investment priorities.

He led major initiatives – including the Digital National ID and e-Visa programs -- and championed landmark reforms that enhance the country's competitiveness and improve the ease of doing business. These include the CREATE MORE Act, PPP Code, Investor's Lease Act, Capital Markets Efficiency Promotion Act, Accelerated and Reformed Right-of-Way Act, and the VAT Refund for Non-Resident Tourists program.

Before entering public service, Secretary Go built a distinguished 35-year career in the private sector, holding senior leadership and board-level positions in over a hundred affiliated companies across a wide range of industries, including real estate, retail, hospitality, banking and finance, media, petrochemicals, power, and aviation.

Among his most notable private-sector roles was his tenure as President and Chief Executive Officer of Robinsons Land Corporation ("**RLC**"), where he led a transformative expansion of the company's portfolio, encompassing lifestyle centers, office developments, condominiums, houses and subdivisions, hotels and resorts, integrated developments, and industrial and logistics facilities. He spearheaded RLC's landmark entry into the PSE as a Real Estate Investment Trust ("**REIT**"), executing the largest REIT initial public offering in the country.

Ma. Lynette V. Ortiz

Ma. Lynette V. Ortiz assumed her post as the 11th President and CEO of the Land Bank of the Philippines on 24 May 2023 following her appointment by President Ferdinand R. Marcos, Jr.

With over 30 years of experience in banking and finance, Lynette held various senior roles in Risk Management, Treasury, Corporate Finance and Capital Markets in foreign and local institutions.

Prior to her appointment, she was the first Filipino CEO of Standard Chartered Bank (“**SCB**”) Philippines. She led strategies to grow the local franchise across the various client segments and deliver sustainable financial performance.

During her tenure in SCB, she spearheaded several landmark transactions in both domestic and international capital markets for Philippine and ASEAN issuers. These include the maiden offerings of both LANDBANK and the Development Bank of the Philippines of Sustainability Bonds. She helped the National Government raise funds through global and domestic bond issues, with SCB serving as book runner for foreign currency denominated offerings of the ROP.

She serves as First Vice President in the Board of the Bankers Association of the Philippines (“**BAP**”), and is also a member of the BAP Executive Committee.

A strong advocate for diversity and inclusion, Lynette was named United Nations 2021 Philippine Women's Empowerment Principles Awards Champion for Leadership Commitment, for her role in setting strong corporate commitments and inclusive leadership.

Lynette took her MBA in Finance and Investments from the City University of New York, Baruch College, and her degree in BA in Economics, Cum Laude, from the University of the Philippines.

Francisco P. Tiu Laurel, Jr.

Agriculture Secretary Francisco “Kiko” P. Tiu Laurel shares the vision of President Ferdinand R. Marcos Jr. to modernize the agriculture sector, uplift the lives of farmers and fishers, and ensure food security for Filipinos.

Secretary Tiu Laurel has decades of experience managing companies engaged in the field of fisheries, most prominently the family-owned Frabelle Fishing Corporation, as well as marine enterprises, food processing, cold chain and logistics, real estate, and power.

His vast experience in these development industries starting from a young age has provided him with invaluable real-world expertise in navigating challenges and opportunities therein.

Beyond his individual success through the years, he has led numerous organizations such as the World Tuna Purse Seine Organization, where he has actively championed sustainable fishing practices, and advocated for responsible resource management and environmental preservation.

As Agriculture Secretary, he aims to revolutionize the sector by focusing on science-based approaches, promoting mechanized farming and leveraging on technological advancements.

He envisions a future where Filipino farmers thrive through improved farming practices — equipped with advanced knowledge and tools to optimize yields and weather challenges — contributing to a food-secure and self-sufficient Philippines.

Secretary Laurel formally assumed office as Secretary of the Department of Agriculture and Ex-Officio member of the LANDBANK Board on 5 November 2023.

Bienvenido E. Laguesma

Bienvenido E. Laguesma is the current Secretary of the Department of Labor and Employment (DOLE), committed to provide responsive support interventions for Filipino workers, especially those in rural and far-urban areas. He also serves as ex-officio member of the LANDBANK Board of Directors.

Secretary Laguesma has a long track record of protecting and promoting the welfare of Filipino workers, having previously served the labor department in various capacities for over 25 years. He started his public service career as a mediator-arbiter at the Bureau of Labor Relations – Department of Labor (now DOLE) in 1976, and rose from the ranks until he was appointed as labor secretary in 1998 under the Estrada administration.

He was a part the Social Security Commission as Commissioner from 2011 to 2016, during the administration of the late President Benigno Aquino III.

Secretary “Benny,” as he is commonly called, obtained a Bachelor's degree in political science from the Lyceum of

the Philippines University in 1971. He then attended the Ateneo de Manila University where he graduated with a law degree in 1975. He was a member of Session XIX of the Career Executive Development Program of the Development Academy of the Philippines in 1985.

Conrado M. Estrella III

Conrado Masonsong Estrella III was appointed by President Ferdinand “Bongbong” Marcos, Jr. as the new Secretary of the Department of Agrarian Reform (DAR), a farm advocate as influenced by his late grandfather, Conrado F. Estrella Sr., that held the same post during the administration of former President Ferdinand E. Marcos, Sr.

Under Secretary Estrella's leadership, the DAR and the LANDBANK Board of Directors approved on 28 September 2022, the landmark Joint Administrative Order providing the implementing rules and regulations (IRR) for Executive Order No. 4 Series of 2022, which declares a moratorium on the payment of land amortization and interests for agrarian reform beneficiaries (ARBs) who received agricultural land under the Comprehensive Agrarian Reform Program (CARP).

He started his career in public service as a provincial board member and was Chairman of the Committee on Agrarian Reform from 1980-1985.

He is a veteran lawmaker, having been elected to the House of Representatives from 1987 to 1995, and again from 2001 to 2010. At the age of 26, he was elected Congressman of the 6th District of Pangasinan and became one of the youngest elected representatives in the 8th Congress, where he remained an active member of the Committee on Agrarian Reform.

Secretary Estrella also served in the Executive Department from 1998 to 2000 as Administrator of the National Electrification Administration.

From 2013 to 2022, he represented the Abono Partylist in the House of Representatives, where he focused on the needs of the agricultural sector and authored more than 90 measures in support of Filipino farmers. He also served as one of the Deputy Speakers of the 18th Congress. His career as a public servant remains undefeated to this day.

Among the bills he filed in the last three years include proposals to strengthen the resiliency of farmers against climate change, improve the financing system for farmers and fishers, and establish "instructional gardening programs" in all elementary and secondary schools in the Philippines.

Mr. Gaudencio S. Hernandez, Jr.

Gaudencio “Goody” S. Hernandez, Jr. was appointed by President Ferdinand R. Marcos Jr. as a Board Member of LANDBANK, representing the Private Sector, and assumed office on 13 February 2025.

Director Hernandez brings a wealth of experience spanning both the private and public sectors, with expertise in finance, corporate governance, and international development.

Currently, he serves as an Independent Director of PHINMA Insurance Brokers Inc., Ovaland Inc., St. Peter Life Plan Inc., and the Philippine International Convention Center; an Advisor to the Office of the President of Concrete Masters, Inc.; Director and Treasurer of TOEI Animation Phils. Inc., and Trustee and Treasurer of the Ateneo Alumni Association Inc. He is likewise a financial consultant for the National Home Mortgage Finance Corporation, contributing to key housing finance initiatives in the country.

From 2010 to 2016, he served as the Philippine Representative to the Asian Development Bank Executive Board, where he played a key role in international financial development and governance. Prior to this, he had a distinguished 31-year career at EEI Corporation as Senior Vice President, Chief Financial Officer, and Treasurer, driving the company's financial strategy and growth.

Director Hernandez holds a Bachelor of Arts degree in Economics from Ateneo de Manila University (1972) and a Master's in Business Administration from the Ateneo Graduate School of Business (1983). He also completed the Top Management Program at the Asian Institute of Management in 1990.

With his extensive background in finance, governance, and international relations, Director Hernandez is a valuable addition to LANDBANK's Board, contributing to its mission of empowering Filipinos for a better future.

Omar Byron T. Mier

President Ferdinand R. Marcos Jr. appointed Omar Byron T. Mier as a Board Member of LANDBANK to represent the Private Sector. He assumed office on 5 March 2025.

A seasoned professional with extensive experience in finance and corporate governance, Director Mier currently serves as Director of Maya and Robinsons Land Corporation.

Prior to his current roles, Director Mier built a distinguished career in the financial sector, including as Independent Director of Robinsons Land, Independent Director of RCBC Leasing, and President and EVP-Chief Credit Officer of Philippine National Bank. His extensive leadership experience also includes roles as Deputy General Manager at Deutsche Bank and Country Risk Manager at Citibank.

A Certified Public Accountant (CPA), Director Mier earned his Bachelor of Arts degree in Economics from the University of the Philippines Diliman.

With his extensive background in banking, risk management, and corporate governance, Director Mier brings invaluable insight and leadership to the LANDBANK Board, further strengthening the Bank's mission of empowering Filipinos for a better future.

Atty. David D. Erro

Atty. David D. Erro is a renowned expert in agrarian reform, land matters, and the challenges faced by both farmers and landowners—making him an integral member of the LANDBANK Board of Directors representing the Agrarian Reform Beneficiaries Sector.

He was previously appointed as Undersecretary of the Department of Agrarian Reform (DAR) in 2016, and served as OIC-Secretary until the end of the Duterte Administration.

During his time in the agrarian department, Director Erro was the only Undersecretary who headed four sectors/offices—Finance, Planning and Administration; Policy, Planning and Research; Field Operations; and External Affairs and Communications Operations, all while serving as the official spokesperson with the longest term.

Among his major accomplishments include the re-activation of the Presidential Agrarian Reform Council (PARC); the coverage of lands in Boracay, Siargao and Dinagat Islands; and resolving critical agrarian issues and land disputes of agrarian reform beneficiaries (ARBs) and landowners nationwide.

Atty. Erro earned his Bachelor's degree in Political Science from the University of the Philippines-Manila before pursuing law at San Beda College and earning his degree from Far Eastern University. He passed the Bar Examinations in 2002.

Director Erro was officially appointed as part of the LANDBANK Board on 20 February 2023. He took his Oath of Office on 23 February 2023.

Virginia N. Orogo

Virginia N. Orogo has built a distinguished and decorated career in public service under various capacities—championing agrarian reform, marginalized and disadvantaged sectors, and gender and development, among many notable causes.

She most recently served under the Department of Agrarian Reform (DAR) as Undersecretary for the Foreign Assisted and Special Project Office from 2020 to 2022, and the Policy, Planning, and Research Office from 2019 to 2020.

Director Orogo was designated Acting Secretary of the Department of Social Welfare and Development in 2018 and ensured the timely execution and significant impact of the department's major programs and services. She also served as Undersecretary from 2017 to 2018, during such time she oversaw the operations of the regional and field offices; and led the implementation of the country's Conditional Cash Transfer (CCT) Program, more commonly known as the Pantawid Pamilyang Pilipino (4Ps) and the Unconditional Cash Transfer (UCT) Program of DSWD which aim to help reduce poverty. Spearheaded the review of existing land tenure holding policies to enhance agrarian policies;

In 1986, she served as Loan and Program Officer of Sta. Maria Della Strata Parish, a Church Livelihood Program in partnership with the Philippine Business for Social Progress. In 1988 to 1990, as Assistant Branch Manager she was also assigned to the Savings and Credit Program for the Philippine Rural Reconstruction Movement, Inc. (PPRM) Bataan Branch as well as Program Officer for the Eco development tourism Program of PRRM from 1998 to 2000.

A professional social worker, Director Orogo has a Bachelor's degree in Social Work from La Concordia College and a Diploma in Social Work from the University of the Philippines. She has also taken multiple skills enhancement programs, including a Certificate in Tourism Projects in Rural Areas from the Development Study Center in Rehovot, Israel; a Certificate in Social Entrepreneurship and Enterprise Development from the Asian Institute of Management;

and training in Developmental Marketing & Alternative Trading from the Development Academy of the Philippines, among others. Director Orogo now represents the Agrarian Reform Beneficiaries Sector as part of the LANDBANK Board of Directors.

Management Committee

As of 30 September 2025, the Management Committee is composed of:

Name	Designation
Ma. Lynette V. Ortiz	President and Chief Executive Officer
Liduvino S. Geron	Executive Vice President, Branch Banking Sector
Alan V. Bornas	Executive Vice President, Operations Sector
Roderick P. Sacro	Senior Vice President, Corporate Services Sector
Leila C. Martin	Executive Vice President, Digital Banking Sector
Ma. Celeste A. Burgos	Executive Vice President, National Development Lending Sector
Gonzalo Benjamin A. Bongolan	Senior Vice President, Treasury and Investment Banking Sector
Nikkolas G. Tolentino	First Vice President, Strategy and Knowledge Management Group
Lilian B. Cruz	Senior Vice President, Technology Systems and Applications Management Group
Joselito B. Vallada	Senior Vice President, Officer-in-Charge, Legal Services Group

Senior Officers

Ma. Lynette V. Ortiz

Ma. Lynette V. Ortiz is the 11th President and Chief Executive Officer of Land Bank of the Philippines (“LANDBANK”).

With over 30 years of experience in banking and finance, Lynette held various senior roles in risk management, treasury, corporate finance and capital markets in major global and domestic institutions.

She leads LANDBANK in implementing strategies that align with the developmental objectives of the National Government. In her leadership role as President and Chief Executive Officer as well as Vice Chairperson of LANDBANK’s Board of Directors, she ensures the implementation of robust corporate governance, effective risk management and controls, compliance with laws and banking regulations.

Lynette, together with LANDBANK’s Management, has led the bank to attain all-time high income levels and healthy financial ratios brought about by sustained strength of banking revenues alongside prudent cost management.

She also serves as Member of the Board of the Maharlika Investment Corporation, tasked to mobilize and utilize the Maharlika Investment Fund to generate optimal returns on investments, while contributing to the goals of economic growth and sustainable development for the Philippines.

Lynette is likewise the Chairperson of Overseas Filipino Bank, the first government digital only-and branchless bank mandated to provide financial products and services tailored to the requirements of Overseas Filipinos.

Prior to her appointment in LANDBANK, she was the first Filipino Chief Executive Officer of Standard Chartered Bank (SCB) Philippines and held the role for over 6 years. Lynette spearheaded several landmark transactions in both domestic and international capital markets for Philippine and ASEAN issuers. She also helped the National Government raise funds through global and domestic bond issues, as issue manager, book runner, as well as sustainability structuring advisor to the Republic of the Philippines.

She also served as First Vice President in the Board of the Bankers Association of the Philippines (BAP) from March 2020 to March 2024.

Lynette is part of Fortune’s 100 Most Powerful Women Asia (MPW Asia) list for 2024, recognizing female executives who are redefining the concept of leadership by transforming companies, disrupting industries and driving growth, while inspiring the next generation of leaders. A strong advocate for diversity and inclusion, she was named United Nations 2021 Philippine Women’s Empowerment Principles Awards Champion for Leadership Commitment, for her role in setting strong corporate commitments and inclusive leadership.

Liduvino S. Geron

Liduvino S. Geron is Executive Vice President and the Head of Branch Banking Sector. EVP Geron has spent more than two decades in LANDBANK, holding various positions that equipped him with the experience and competence to lead the Agricultural and Development Lending Sector from October 2019 to 21 September 2022.

From a management trainee in 1994, he rose from the ranks and has headed different units, including the Bank's Visayas Branches Group, Lending Program Management Group, Credit Policy Department, among others. He also led the Strategic Planning Group that monitors and evaluates the Bank's performance and recommends strategic directions. He also became the head of the Branch Banking Sector from 18 July 2016 – 13 September 2019. He was also appointed as Officer-In-Charge of then UCPB from 2 July 2020 to 28 February 2022. He earned his degree in Agricultural Engineering from the University of the Philippines – Los Baños and pursued his master's degree in Systems Agriculture at the University of Western Sydney which he completed in 1992.

Alan V. Bornas

Alan V. Bornas is Executive Vice President and the Head of the Operations Sector (OS). As Head of LANDBANK's Operations Sector, EVP Bornas provides executive supervision and control over the Bank's Controllershship, Banking Operations, Banking Services, and Technology Management Groups. His nearly four-decade tenure in LANDBANK began with a technical specialist position in 1989, until he eventually occupied various management positions that allowed him to lead the improvement of the Bank's customer service and business processes through automation and IT. Prior to heading the Bank's Operations Sector, he was Senior Vice President of the Technology Management Group and was awarded as Outstanding Chief Information Officer (CIO) at the 10th ASEAN CIO/CSO Summits and Awards held in Ho Chi Minh City, Vietnam. He has a degree in Computer Science from the University of the Philippines and has completed the Pacific Rim Bankers executive banking course at the University of Washington in 2012.

Roderick P. Sacro

Atty. Roderick P. Sacro is a highly accomplished CPA-lawyer with extensive leadership experience in the banking sector. Since joining LANDBANK in 1995, he has built a distinguished career, demonstrating expertise in Management and Operations Audit, Treasury Operations, Risk Management, Asset Recovery and Remedial Management, and Litigation.

Throughout his tenure at LANDBANK, Atty. Sacro has held key leadership roles, including serving as Head of the Litigation Department, Asset Recovery Group, and Legal Services Group. Before joining LANDBANK, he gained valuable experience in various roles at PCI Bank and the ALC Group of Companies.

Atty. Sacro holds a Bachelor's degree in Accountancy from St. Louis University and a Bachelor's degree in Law from Arellano University Law School. He further enhanced his credentials with a Master's degree in Business Administration from Ateneo de Manila University.

Leila C. Martin

Leila is at the forefront of the Bank's Digital Lending Sector, pioneering modern digital solutions. Prior to this, she was appointed as the President and CEO of OFBank in October 2019. She also served as Head of LANDBANK North NCR Branches Group, where her exceptional skills in audit management, branch banking operations, and project management earned her multiple awards of excellence.

Leila has played a pivotal role in enhancing and introducing innovative lending programs as head of the Lending Programs Management Group. With a banking career spanning over forty years, she possesses a comprehensive arsenal of knowledge and experience.

Leila holds a Bachelor's Degree in Mass Communication from the Pamantasan ng Lungsod ng Maynila and a Post Graduate Degree in Business Administration from Colegio de San Juan de Letran. She has further enriched her expertise by attending a rural banking course in Japan and participating in the International Study on Rural Banking and Finance at Massey University in New Zealand.

Her dedication to continuous learning and her significant contributions to the banking sector underscore her leadership and commitment to excellence.

Ma. Celeste A. Burgos

Ma. Celeste A. Burgos brings over three decades of credit expertise to the Bank, where she has skillfully managed loan accounts for top corporations, mid-sized companies, government agencies, financial institutions, LGUs, and cooperatives. Her innovative approach has enhanced the quality of loan proposals and strengthened banking relationships with clients.

Prior to heading the National Development Lending Sector, she has held various positions in different lending groups: Corporate Banking Group, Northern & Central Luzon Lending Group, and Mindanao Lending Group. She is also one of the home-grown leaders of the Bank, wherein she rose from being a Project Analyst in 1989 to becoming an Executive Vice President at present.

Throughout her distinguished career at the Bank, Celeste has exemplified leadership and versatility. She has held key positions across various lending groups which included the Corporate Banking Group, Northern & Central Luzon Lending Group, and Mindanao Lending Group. Her remarkable journey from a Project Analyst in 1989 to her current role as Senior Vice President is a testament to her unwavering dedication and exceptional skills.

Celeste is a Certified Public Accountant with a bachelor's degree from St. Paul College of Manila. She has completed the requisite units for a Master's Degree in Business Administration through the Top Executive Program at Pamantasan ng Lungsod ng Maynila. In her pursuit of continuous professional development, she has also undertaken the Banking and Finance Development Program at the Nanyang Technological University in Singapore and the International Study on Rural Banking and Finance at the Massey University in New Zealand.

Gonzalo Benjamin A. Bongolan

Gonzalo Benjamin A. Bongolan has extensive expertise in investment banking, corporate finance, and capital markets. As the Head of the Treasury and Investment Banking Sector at Land Bank of the Philippines, he oversees the bank's treasury operations, investment portfolio, financial advisory services, and capital market initiatives.

Prior to his current role, he led the Investment Banking Group at LANDBANK for over seven years, spearheading numerous landmark and award-winning transactions that significantly contributed to the Bank's growth and market presence.

A certified capital markets professional in equities, fixed income, treasury and money markets, Mr. Bongolan holds a Master's degree in Economics from the University of the Philippines School of Economics, where he has taught. He is also a sought-after speaker, lecturer, resource person, contributing to the development of the Philippine capital markets through market education and mentorship.

A prominent national student leader of the 1980s, Mr. Bongolan was Chairman of the UP Diliman University Student Council and a member of the UP Board of Regents, representing the studentry.

Nikkolas G. Tolentino

Atty. Nikkolas G. Tolentino (Nikki) is First Vice President and Group Head of the Strategy and Knowledge Management Group (SKMG). In concurrent capacity, Nikki is also Chief of Staff of the President and Chief Executive Officer (PCEO) of LANDBANK.

SKMG collaborates with business and support units and plays a key role in formulating and mapping out the Bank's strategic goals and corporate direction as well as crafting its strategic performance measures. SKMG also supports bank units by providing economic and industry specific research and spearheads the Bank's data analytics efforts to support data-driven decision making. Furthermore, management of operational quality and innovation efforts are likewise driven by SKMG. Nikki also serves as a member of Management-level committees such as the Management Committee, Asset and Liability Committee and Information Technology Committee.

In his role as Chief of Staff, Nikki provides essential support and serves as a strategic partner, operational manager and advisor to the PCEO. He assists in analyzing complex matters, research, and the development and execution of strategies and initiatives. He assists in building and maintaining relationships with internal and external stakeholders to ensure effective communication, collaboration across bank units, and alignment with Management's strategic direction.

Prior to joining LANDBANK, Nikki held the role as Director for Capital Markets, ASEAN at Standard Chartered Bank – Philippines and Director at China Bank Capital Corporation, the investment banking arm of China Banking Corporation. He was responsible for cultivating long-term relationships with major onshore clients and identifying customer and origination opportunities for debt capital markets and investment banking transactions. He also held various roles at the Development Bank of the Philippines after completing its management associate program including leading its Capital Markets business.

Nikki earned his Bachelor of Arts and Juris Doctor degrees from De La Salle University - Manila in 2007 and 2017, respectively. Nikki was admitted to the Philippine Bar in 2018.

Lilian B. Cruz

Lilian B. Cruz is a powerhouse in IT, bringing three decades of expertise and innovation to the committee. Her journey began at RCBC in 1994 as a Programmer, where she quickly rose through the ranks—becoming a Project Analyst and eventually leading the IT department. She later took the helm of BDO's IT Group, further cementing her reputation as a leader in digital transformation.

Now, as Senior Vice President and Head of the Technology Systems and Applications Management Group, Lilian spearheads the Bank's IT modernization, driving core system upgrades to keep pace with evolving technological advancements.

With a Bachelor's degree in Computer Engineering from Mapúa Institute of Technology, she blends technical mastery with visionary leadership—ensuring the Bank stays ahead in the digital era.

Joselito “Toti” B. Vallada

Atty. Joselito “Toti” B. Vallada is the Senior Vice President, Head, and General Counsel of the Legal Services Group at LANDBANK. In this role, he provides expert legal counsel, strategic guidance, and regulatory oversight across the Bank's operations. He is a key advisor to the Board of Directors (BOD), Investment and Loans Committee (ILC), Management Committee (ManCom), Office of the President (OPCEO), and various other LANDBANK committees and units, ensuring compliance with legal and corporate governance standards.

Atty. Toti's distinguished career in government service began in April 2003 when he joined LANDBANK as a litigation lawyer under its Litigation Department. His expertise and leadership abilities led to his appointment as Department Head of the Bank's Personnel Administration Department in 2012. In 2017, he was further entrusted with the role of Head of the Human Resource Management Group, where he played a pivotal impact in shaping LANDBANK's human capital strategy.

In 2024, Atty. Toti transferred to the Legal Services Group as General Counsel, assuming a critical leadership position within the Bank. With nearly 22 years of dedicated service, he has been instrumental in strengthening LANDBANK's legal framework, corporate policies, and governance practices.

Atty. Toti holds a bachelor's degree in Economics from the University of the Philippines Los Baños and a law degree from Manuel L. Quezon University (MLQU) School of Law. He also pursued graduate studies in development management and public finance at the Asian Institute of Management.

Employees

As of 30 September 2025, the Bank employed 12,041 permanent employees. The following table sets out the number of employees by category as of the dates indicated:

	As of 30 September	As of 31 December	
	2025	2024	2023
Operating staff	10,583	10,402	10,686
Officers	1,458	1,461	1,600
Total	12,041	11,863	12,286

Industrial Relations

LANDBANK has an employees' organization accredited by the Civil Service Commission (CSC), known as the Land Bank of the Philippines Employees Association (“**LBPEA**”), which represents its rank-and-file (“**R&F**”) employees. The Bank recognizes employees' rights to form, join, or assist in the formation of employee organizations. However, this right to self-organization granted to LANDBANK R&F employees does not include the right to engage in any form of prohibited concerted activity or mass action that causes or intends to cause work stoppages or service disruptions, even temporarily. LBP Executive Order (EO) No. 098, s. 2015, Rules on Prohibited Concerted Mass Actions, was issued in accordance with the provisions of CSC Resolution No. 021316, dated 11 October 2002, Omnibus Rules on Prohibited Concerted Mass Actions in the Public Sector. Per CSC resolution, prohibited concerted activity or mass action refers to “any collective activity undertaken by Government employees, by themselves or through their employees' organization, with the intent of effecting work stoppages or service disruptions to realize their demands or force concessions, economic or otherwise, from their respective agencies or the Government. It includes mass leaves, walkouts, pickets, and acts of a similar nature.”

Nevertheless, the Bank strives to maintain a harmonious relationship with its employees. Negotiations between management and R&F employees, represented by the LBPEA as its sole and exclusive negotiating agent, are conducted through meetings to establish a Collective Negotiation Agreement (“**CNA**”) which will remain valid and in effect for four years in accordance with recent regulations from the Public Sector Labor Management Council.

Since 2002, there have been eight (8) CNAs between LANDBANK and the LBPEA. The 8th CNA, effective from 22 October 2024, to 21 October 2028, was finalized after eight (8) negotiation sessions from April to July 2024. Key provisions of the 8th CNA include: (a) allocating at least (2) hours of the Bank's employee orientation seminar to the LBPEA for discussing relevant issues with newly hired R&F employees; (b) continuing the grant of LBPEA Time-off to the union's officers and members for union-related activities; (c) providing LBPEA with a digital copy of the Bank's annual reports and the quarterly Statement of the Bank Address by the President, and involving LBPEA in developing proposals and policies that directly impact the rights and welfare of R&F employees; (d) representing LBPEA in various Bank committees; (e) including LBPEA in the periodic review of the LANDBANK Program on Awards and Incentives for Service Excellence (PRAISE); (f) informing LBPEA of relevant plans and programs of the Bank in relation to the reassessment of the yearly grant of the CNA Incentive; (g) reviewing and updating the grievance machinery; (h) improving the implementation of leave benefits, especially for parents and women, and

utilizing the annual mandatory leave during audits; (i) involving LBPEA in designing components of the employees' annual Employee Wellness Program and other initiatives, as well as their implementation; (j) engaging LBPEA in studying the feasibility and planning of establishing day care centers in the field and provinces; and (k) enhancing occupational safety and health initiatives.

On matters concerning and affecting the interests and welfare of LBPEA members, dialogues between the LBPEA Officers and the Human Resource Management Group are conducted monthly, every other month, or as needed/when necessary. LBPEA Officers also sit in various Bank Committees and are given a voice in issues affecting the rights and welfare of their members.

The Bank also recognizes the Land Bank of the Philippines Middle Management Officers Association, Inc. ("**LBPMMAOI**") as a voluntary organization for middle managers and officers. Although the group does not have the same negotiating power as the LBPEA, they can freely discuss matters, issues, and concerns with management that may affect its members.

Learning and Development

LANDBANK considers its employees as its greatest assets. Responding to the increasing need for a future-ready workforce, LANDBANK gives emphasis in ensuring that its talents are provided with the right knowledge and skills sets, technical capabilities, and expertise in various fields for its sustainable growth, to have an advantage over others in a competitive banking industry.

In its pursuit for a high-performance values driven culture, LANDBANK motivates and develops its human capital by investing in them, ensuring that they are provided with fair and equal opportunity to various inclusive and strategic Learning and Development (L&D) programs and interventions.

Year	Approved Annual Training Budget (in ₱ millions)
2025	₱118.00
2024	₱113.00
2023	₱100.00
2022	₱100.00

Compensation

The aggregate compensation paid to employees by the Bank for the past three years are as follows:

Year	Total Compensation (in ₱ billions)
As of 30 September 2025	₱18.59
2024	₱19.58
2023	₱21.15
2022	₱18.73

Pursuant to Republic Act No. 4537, the Bank has established a provident fund for its employees, which is a defined contribution retirement benefit plan consisting of contributions made by both the Bank and its employees. The Bank adopted in October 2021 the adjustment of the Provident Fund contributions, setting the employer's share at 10% and the employee's share at a minimum rate of 3%.

BANKING REGULATIONS AND SUPERVISION

The following is a general discussion of Philippine Banking Regulation and Supervision. It is based on the laws, regulations, and administrative rulings in force as at the date of this Offering Circular and is subject to any changes in law occurring after such date, which changes can be made on a retroactive basis. It does not purport to be a comprehensive description of all the laws, regulations, and administrative rulings of the Philippine banking industry.

General

Republic Act No. 7653 or the New Central Bank Act of 1993 (the “**New Central Bank Act**”), as amended by Republic Act No. 11211, and Republic Act No. 8791 or the General Banking Law of 2000 (the “**General Banking Law**”) vest the Monetary Board of the BSP with the power to supervise the operations of banks or banking institutions such as universal banks, commercial banks, thrift banks (composed of savings and mortgage banks, stock savings and loan associations, and private development banks), rural banks, cooperative banks as well as branches and agencies of foreign banks in the Philippines. The BSP also exercises regulatory and examination powers over the quasi-banking operations of non-bank financial institutions and as may be determined by the Monetary Board, it shall likewise exercise regulatory and examination powers over money service businesses, credit granting businesses, and payment system operators. Entities performing quasi-banking functions, trust companies, non-stock savings, building and loan associations and other non-deposit accepting entities, while not considered banking institutions, are also subject to regulation by the Monetary Board of the BSP. Based on Republic Act No. 11211, money service business, credit granting businesses, and payment system operators are now also under the supervision of the BSP.

The supervisory power of the BSP under the New Central Bank Act, as amended, extends to the subsidiaries and affiliates of banks and quasi-banking institutions engaged in allied activities. A subsidiary is defined as a corporation with more than 50% of its voting stock owned by a bank or quasi-bank. An affiliate is defined as a corporation whose voting stock, to the extent of 50% or less is owned by a bank or quasi-bank or which is related or linked or such other factors as determined by the Monetary Board. In this regard, an affiliate is defined under the MORB as an entity linked directly or indirectly to a bank by means of: (a) ownership, control (as defined under the relevant portion of the Manual), or power to vote, of at least twenty percent (20%) of the outstanding voting stock of the entity, or vice-versa; (b) interlocking directorship or officership, where the concerned director or officer owns, controls, or has the power to vote of at least twenty percent (20%) of the outstanding voting stock of the entity; (c) common stockholders owning at least ten percent (10%) of the outstanding voting stock of the bank and at least twenty percent (20%) of the outstanding voting stock of the entity; (d) management contract or any arrangement granting power to the bank to direct or cause the direction of management and policies of the entity; and (e) permanent proxy or voting trusts in favor of the bank constituting at least twenty percent (20%) of the outstanding voting stock of the entity, or vice-versa.

The power of supervision of the BSP under the General Banking Law includes the issuance of rules of conduct or standards of operation for uniform application, conduct examination to determine compliance with laws and regulations, to oversee compliance with such rules and regulations and inquire into the solvency and liquidity of the covered entities. Section 7 of the General Banking Law provides that the BSP in examining a bank shall have the authority to examine an enterprise which is owned or majority-owned or controlled by a bank.

As a general rule, no restraining order or injunction may be issued by a court to enjoin the BSP from exercising its powers to examine any institution subject to its supervision. The BSP may compel any officer, owner, agent, manager or officer-in-charge of an institution subject to its supervision or examination to present books, documents, papers or records necessary in its judgment to ascertain the facts relative to the true condition of the institution as well as the books and records of persons and entities relative to or in connection with the operations, activities or transactions of the institution under examination, to the extent permitted by law. In addition to the general laws such as the General Banking Law and Republic Act No. 9160 or the Anti-Money Laundering Act of 2001, as amended, among others, banks must likewise comply with letters, circulars and memoranda issued by the BSP some of which are contained in the BSP’s Manual of Regulations for Banks (the “**MORB**”).

The MORB is the principal source of rules and regulations for the operation of banks in the Philippines. The MORB contains regulations that include those relating to the organization, management and administration, deposit and borrowing operations, loans, investments and special financing programs, and trust and other fiduciary functions, of the relevant bank. Supplementing the MORB are rules and regulations promulgated in various circulars, memoranda, letters and other directives issued by the Monetary Board.

The Financial Supervision Sector (“**FSS**”) of the BSP is primarily responsible for the regulation of banks and other BSP-supervised financial institutions (“**BSFIs**”). It also exercises oversight and supervision of financial technology and the operations of payment systems. The FSS is responsible for ensuring the observance of applicable laws and rules and regulations by banking institutions operating in the Philippines (including Government credit institutions, their subsidiaries and affiliates, non-bank financial intermediaries performing quasi-banking functions, non-bank financial intermediaries performing trust and other fiduciary activities under the General Banking Law, non-stock

and savings loans associations under Republic Act No. 3779 or the Savings and Loan Association Act, and pawnshops under Presidential Decree No. 114 or the Pawnshop Regulation Act).

BSP Circulars and Memoranda

On 14 March 2020, the BSP issued BSP Memorandum No. M-2020-008. Recognizing the significant impact of the COVID-19 pandemic on the operations of BSFIs, the BSP offered a regulatory relief package which all BSFIs were eligible to avail of within one year from 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922. The period of eligibility could be extended depending on the developments of the COVID-19 pandemic. The relief package includes exclusion from the past due loan ratio of loans to affected borrowers for a year and the staggered booking of provision for probable losses for five years for all types of credits extended to individuals and businesses directly affected by the COVID-19 pandemic as of 8 March 2020, subject to the prior approval of the BSP.

In an effort to mitigate the adverse effects of the COVID-19 pandemic on the operations of BSFIs, the BSP issued BSP Memorandum No. M-2020-011 dated 19 March 2020, as amended by BSP Memorandum Circular No. M-2020-049 dated 9 June 2020 and Memorandum No. M-2020-057 dated 21 July 2020. BSP Memorandum No. M-2020-049 provides for the relaxation in the regulations governing the submission of reports and other documents to the BSP FSS. Thus, the submission of required reports to the BSP FSS that fall due within the months of March to June 2020 is suspended until further notice, except for the submission of the Financial Reporting Package for Banks ("FRP"), the Consolidated Foreign Exchange ("FX") Position Report, event-driven report requirements and reserve requirement-related reports. Memorandum No. M-2020-057, on the other hand, increased the single borrower's limit from 25% to 30% until 19 March 2021.

BSP Memorandum No. M-2020-008 was further amended by Memorandum No. M-2020-032 issued on 27 April 2020. Memorandum No. M-2020-032 provides that the exclusion from the past due and non-performing classification shall be allowed from 8 March 2020, the date of declaration of the President of the state of public health emergency under Presidential Proclamation No. 922, until 31 December 2021. For this purpose, the BSP documentary requirements for restructuring of loans may be waived, provided that the BSFI will adopt appropriate and prudent operational control measures.

On 19 March 2020, in a bid to spur the economy amid the slowdown caused by COVID-19, the BSP announced it would be pulling down the interest rate on the BSP's overnight RRP facility by 50 basis points to 3.25%. Overnight deposit and lending rates were likewise trimmed to 2.75% and 3.75%, respectively, effective 20 March 2020. On 20 March 2020, in response to the ECQ imposed by the Philippine government to prevent the spread of COVID-19, the BSP issued Memorandum No. M-2020-013, which amended standard operating procedures for Philippine holidays in view of the COVID-19 outbreak.

On 27 March 2020, the BSP issued Circular No. 1080, which granted some operational relief measures to BSP stakeholders for the duration of the community quarantine imposed to contain the spread of COVID-19 (including the general, modified, and enhanced versions thereof). The Circular allowed for, among others, the submission of documentary requirements for the sale of foreign exchange by authorized agent banks through electronic means; documents with e-signatures/digital signatures, soft copies of duly accomplished forms; and grace periods for the registration of unregistered foreign investments.

On 31 March 2020, BSP Circular No. 1082 was issued, which lowered the rates of required reserves against deposit and deposit substitute liabilities in local currency of banks, with effect from reserve week of 3 April 2020 for universal and commercial banks, to 12% against demand deposits, "NOW" accounts, savings deposits (excluding basic deposit accounts), time deposits, negotiable CTDs, long-term non-negotiable tax exempt CTDs, deposit substitutes, peso deposits lodged under due to foreign banks and Peso deposits lodged under due to Head Office/Branches/Agencies Abroad of banks.

On 15 April 2020, the BSP issued Memorandum No. M-2020-031 which provides for the suspension of PESONet and InstaPay fees for the duration of the ECQ period. The same suspension was further strongly encouraged to be extended for the fees charged by BSFIs for other fund transfer services and interbank ATM transactions.

On 22 April 2020, as part of the Government's financial assistance program and in light of the effects of the COVID19 pandemic on micro, small and medium-sized enterprises ("MSMEs"), the BSP issued Circular No. 1083, which provides that loans that are granted to MSMEs shall be allowed as alternative compliance with the required reserves against deposit and deposit substitute liabilities, subject to the following conditions: (1) that the MSME loan was granted after 15 March 2020; and (2) that the MSME loan is not hypothecated or encumbered in any way, or rediscounted with the BSP, or earmarked for any other purpose. Qualified MSME loans are to be valued at amortised cost, gross of allowance for credit losses. The use of MSME loans as allowable alternative compliance with the reserve requirement is available to banks from 24 April 2020 to 30 December 2021.

On 27 May 2020, the BSP issued Circular No. 1087 amending Circular No. 1083, which provides the following allowable alternative modes of compliance with the required reserves against deposit and deposit substitute liabilities:

A. Peso-denominated loans that are granted to MSMEs, excluding banks and non-bank financial institutions with quasi-banking license (“**NBQB**”), subject to the following conditions:

- i. that the MSME loan was granted, renewed or restructured after 15 March 2020; that the MSME loan that was granted on or before 15 March 2020 but has been renewed or restructured after 15 March 2020 may be used as alternative compliance with the reserve requirements; provided, that the bank demonstrates an increase in its MSME loan portfolio during the month preceding the reserve day. For purposes of determining the increase in the bank’s MSME loan portfolio, the bank shall exclude accrued interest and accumulated charges which have been capitalized or made part of the principal restructured MSME loans; and
- ii. that the MSME loan is not hypothecated or encumbered in any way, or rediscounted with the BSP, or earmarked for any other purpose.

Pursuant to BSP Circular No. 1176 (issued on 29 June 2023), the use of MSME loans as allowable alternative compliance with the reserve requirement shall be available to banks from 24 April 2020 to 30 June 2023 only. In case of thrift banks, rural banks, and cooperative banks, outstanding MSME loans that are utilized as alternative compliance with the reserve requirement as of 30 June 2023 shall remain eligible for such purpose until said loans are fully paid but not later than 31 December 2025. MSME loans which subsequently become past due or non-performing, or are extended, renewed, or restructured, shall no longer be eligible as alternative compliance with the reserve requirement. In addition, new MSME loans granted after 30 June 2023 by banks shall no longer be eligible as an allowable alternative mode of compliance with the reserve requirement under the MORB.

B. Peso-denominated loans that are granted to large enterprises, excluding banks and NBQBs, subject to the following conditions:

- i. that the loan to the large enterprise was granted, renewed or restructured after 15 March 2020; that the loan to the large enterprise that was granted on or before 15 March 2020 but has been renewed or restructured after 15 March 2020 may be used as alternative compliance with the reserve requirements; provided, that the bank demonstrates an increase in its loan portfolio to large enterprises during the month preceding the reserve day. For purposes of determining the increase in the bank’s loan portfolio to large enterprises, the bank shall exclude accrued interest and accumulated charges which have been capitalized or made part of the principal restructured MSME loans; and
- ii. that the loan to the large enterprise is not hypothecated or encumbered in any way, or rediscounted with the BSP, or earmarked for any other purpose.

A large enterprise shall refer to a sole proprietorship, partnership, corporation or cooperative that meets all of the following criteria: (a) it does not belong to a conglomerate structure; (b) it has an asset size (less land) of more than ₱100 million and an employment size of two-hundred (200) employees or more; and (c) it is a critically-impacted business enterprise that has been directly and adversely impacted by the COVID-19 pandemic such that: (x) its liabilities has become more than its assets; or (y) it has experienced at least a 50% decline in gross receipts for at least one calendar quarter; and, in either instance, is generally unable to pay or perform its obligations as they fall due in the ordinary course of business, as a result of COVID-19 pandemic, or as determined by the appropriate regulatory agency or agencies, as applicable.

Pursuant to BSP Circular No. 1176 (issued on 29 June 2023), the use of loans to large enterprises as allowable alternative compliance with the reserve requirement shall be available to banks from 29 May 2020 to 30 June 2023 only. In the case of thrift banks, rural banks, and cooperative banks, outstanding loans to a large enterprise that are utilized as alternative compliance with the reserve requirement as of 30 June 2023 shall remain eligible for such purpose until said loans are fully paid but not later than 31 December 2025. Loans to a large enterprise which subsequently become past due or non-performing, or are extended, renewed, or restructured, shall no longer be eligible as alternative compliance with the reserve requirement. In addition, new loans to a large enterprise granted after 30 June 2023 by banks shall no longer be eligible as an alternative mode of compliance with the reserve requirement under the MORB.

On 21 July 2020, the BSP issued Memorandum No. M-2020-057, which relaxed the maximum penalty to be imposed for deficiencies under Section 255 of the MORB/ Section 215-Q of the MORNFI. For the duration of the ECQ until 31 March 2021, the maximum penalty that may be imposed by the BSP for reserve deficiencies shall be the Overnight Lending Facility rate plus 10 basis points, provided that the maximum reserve deficiency of the institution is 200 basis points, and the excess above that will be subject to regular penalties. The same Memorandum also relaxed notification requirements related to changes in business days and hours, the temporary closure of branches, branch-lite units, and offices or service units, and the submission of documents and reports to the FSS of the BSP.

On 27 July 2020, the BSP issued BSP Memorandum Circular No. 1092 reducing the reserve requirements against deposit and deposit substitute liabilities in local currency of banks, with effect from 31 July 2020 for thrift banks, to

3% against demand deposits, “NOW” accounts, savings deposits (excluding basic deposit accounts), time deposits, negotiable CTDs, long-term non-negotiable tax exempt CTDs, and deposit substitutes.

On 3 August 2020, the BSP issued Memorandum No. M-2020-061 which provides for the supervisory expectations on the measurement of expected credit losses (“ECL”) and the treatment of regulatory relief measures granted amid the COVID-19 pandemic. The supervisory expectations provide, among others, that BSFIs that will avail of the regulatory relief measures to exclude eligible loans from past due and non-performing classifications and to stagger the booking of allowance for credit losses shall continue to report actual past due and non-performing loans and allowance for credit losses in the Financial Reporting Package (FRP) and the Capital Adequacy Ratio (CAR) reports. This is to facilitate the generation of industry statistics and provide the BSP with information on the true health of the banking system.

BSP Memorandum No. M-2020-062 dated 5 August 2020 directs BSFIs to ensure continuous availability of financial services to the general public as well as to reinforce their operational capabilities to support the anticipated increase in account opening and basic financial and payment transactions through online financial platforms (i.e. internet and mobile banking). BSFIs should likewise ensure that basic cash services are always available through timely and adequate provisioning of cash in the ATM terminals and to closely monitor other operational issues that may have significant business impact.

On 24 September 2020, the BSP issued Circular No. 1098 which provides for the ceiling on interest or finance charges for credit card receivables. The said Circular shall take effect starting 03 November 2020 after publication and states that banks and credit card issuers shall impose an interest or finance charge on all credit card transactions not to exceed an annual interest rate of 24%, except credit card installment loans which shall be subject to monthly add-on rate not exceeding 1%. For credit card cash advances, aside from the foregoing applicable maximum interest rate caps, no other charge or fee shall be imposed or collected apart from the processing fee in the maximum amount of ₱200 per transaction.

Further, the Circular also provides that the rate of interest and other charges on any loan or forbearance of any money, goods or credits regardless of maturity and whether secured or unsecured shall not be subject to any regulatory ceiling, except for the interest or finance charges imposed on credit card receivables, including cash advances and installment purchases and the maximum processing fee for credit card cash advances.

On 19 January 2023, the BSP issued Circular No. 1165 which provided new thresholds in the imposition of interest or finance charges on all credit card transactions. The Circular states that banks shall impose an interest or finance charge on all credit card transactions not to exceed an annual interest rate of thirty-six (36%), except credit card installment loans which shall be subject to monthly add-on rate not exceeding one (1) percent. Maximum interest rate caps for credit card cash advances remain at ₱200 per transaction.

On 11 March 2025, the BSP issued Circular No. 1211 reducing the reserve requirement ratios of deposit and deposit substitute liabilities of banks and non-bank financial institutions with quasi-banking functions to five percent (5%) effective 28 March 2025.

On 23 October 2025, the BSP issued BSP Circular No. 1221 (approved under Monetary Board Resolution No. 930 on 18 September 2025), updating the Regulatory Relief Policy to provide clearer guidelines on granting temporary relief measures to BSP-supervised financial institutions during exceptional circumstances such as natural disasters, public health emergencies, or other crises.

Regulations with Respect to Branches

Section 20 of the General Banking Law provides that universal and commercial banks may open branches within or outside the Philippines upon prior approval of the BSP. The same provision of law allows banks, with prior approval from the Monetary Board, to use any or all of their branches as outlets for the presentation and/or sale of financial products of their allied undertakings or investment house units. In line with this, BSP Circular No. 854, Series of 2014 provides various minimum capitalization requirements for branches of banks, depending on the number of branches (e.g., ranging from a minimum of ₱6.0 billion for up to 10 branches of universal banks to a maximum of ₱20.0 billion for more than 100 branches of universal banks).

BSP Circular No. 759 liberalized its policy on the establishment of branches by removing the limit set on the number of branches allowed to be applied for by a bank. It permitted a bank to establish as many branches as its qualifying capital can support in accordance with existing rules. In BSP Circular No. 987 Series of 2017, the BSP approved the guidelines on the establishment of branch-lite units amending relevant provisions of the Manual. BSP Circular No. 987 was amended by BSP Circular No. 1031, including the licensing requirements of branch-lite units. A branch-lite unit refers to any permanent office or place of business of a bank, other than its head office or a branch which performs limited banking activities and records its transactions in the books of the head office or the branch to which it is annexed.

At present, pursuant to BSP Circular No. 932, issued in 2016, all banks, including rural and cooperative banks, as a general rule are allowed to establish branches anywhere in the Philippines, including in cities previously

considered as restricted areas.

BSP Circular No. 847, series of 2014, imposed licensing fees on relocation of head offices, branches and other banking offices, approved but unopened branches and other banking offices to restricted areas.

Regulations with Respect to Management of Banks

The board of directors of a bank must have at least five and a maximum of 15 members, at least one-third but not less than two of whom shall be independent directors. In case of merged or consolidated banks, the number of directors shall not exceed 21.

An independent director is a person who: (i) is not or was not a director, officer or employee of the bank, its subsidiaries, affiliates or related interests during the past three years counted from the date of his election/appointment; (ii) is not or was not a director, officer, or employee of the bank's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment; (iii) is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the institution, or in any of its related companies or of its majority corporate shareholders; (iv) is not a close family member of any director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the board of directors of the bank or any of its related companies or of any of its substantial stockholders; (v) is not acting 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; (vi) is not or was not retained as professional adviser, consultant, agent or counsel of the bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election; (vii) is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the bank or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment; (viii) was not appointed in the bank, its subsidiaries, affiliates or related interests as Chairman "Emeritus", "Ex-Officio", Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his appointment; (ix) is not affiliated with any non-profit organization that receives significant funding from the bank or any of its related companies or substantial shareholders; and (x) is not employed as an executive officer of another company where any of the bank's executives serve as directors.

Non-Filipino citizens may become members of the board of directors to the extent of the foreign participation in the equity of the bank. Further, SEC Memorandum Circular No. 24, Series of 2019, on the Code of Corporate Governance for Publicly-Listed Companies requires the board of directors of publicly-listed companies to have a Board composed of a majority of non-executive directors and at least two independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.

Under the MORB, bank directors and officers must meet certain minimum qualifications. For instance, directors must be at least 25 years old, have a college degree or have at least five years' business experience, while officers must be at least 21 years old, have a college degree, or have at least five years' banking or trust experience or related activities or in a field related to his position and responsibilities, and be fit and proper for the position he is being proposed/appointed to.

Certain persons are permanently disqualified from acting as bank directors, including (a) persons who have been convicted by final judgment of a court (i) for an offense involving dishonesty or breach of trust such as, but not limited to, estafa, embezzlement, extortion, forgery, malversation, swindling, theft, robbery, falsification, bribery, violation of Batas Pambansa Blg. 22 (which penalizes the issuance of checks that are not sufficiently funded), violation of Anti-Graft and Corrupt Practices Act and prohibited acts and transactions under Section 7 of R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees), (ii) sentencing them to serve a maximum term of imprisonment of more than six years, (iii) for violation of banking laws, rules and regulations; (b) persons who have been judicially declared insolvent or incapacitated; (c) directors, officers or employees of closed banks who were found to be culpable for such institution's closure as determined by the Monetary Board; (d) directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board has become final and executory; and (e) directors and officers of banks or any person found by the Monetary Board to be unfit for the position of directors or officers because they were found administratively liable by another government agency for violation of banking laws, rules and regulations or any offense/violation involving dishonesty or breach of trust, and which finding of said government agency has become final and executory. On 22 May 2025, BSP Circular No. 1216 was issued introducing a new ground for permanent disqualification, covering individuals who voluntarily submit an irrevocable sworn commitment to refrain from participating in the ownership or management of any BSP-supervised institution. It also clarifies that persons convicted by final judgment for violations of banking laws, acts of dishonesty, or breach of trust, whether through BSP-initiated proceedings or otherwise, will be recommended for permanent disqualification by the Office of the General Counsel and Legal

Services and subsequently listed in BSP's Disqualification File "A." BSP Circular No. 1216 also provides that all permanently disqualified individuals shall be included in BSP's internal watchlist files.

Meanwhile, certain persons are temporarily disqualified from holding a director position including (a) persons who refuse to fully disclose the extent of their business interests or any material information to the appropriate department of the SES when required pursuant to a provision of law or of a circular, memorandum, rule or regulation of the BSP; (b) directors who have been absent for more than half of directors' meetings during their incumbency and directors who failed to physically attend 25% of all board meetings in any year; (c) persons who are delinquent in the payment of their obligations with the bank where he/she is a director or officer or at least two obligations with other banks or financial institutions under different credit lines or loan contracts are past due; (d) directors and officers of closed banks pending their clearance by the Monetary Board; (e) directors disqualified for failure to observe their duties and responsibilities prescribed under existing regulations; (f) directors who failed to attend the required special seminar for board of directors; (g) persons who have been dismissed/terminated from employment for cause; (h) those under preventive suspension; (i) persons with derogatory records as certified by, or on official files of, the judiciary, National Bureau of Investigation, Philippine National Police, quasi-judicial bodies, other government agencies, international police, monetary authorities and similar agencies or authorities; (j) directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of removal from office is imposed, and which finding of the Monetary Board is pending appeal before the appellate court, unless execution or enforcement thereof is restrained by court; and (k) directors and officers of banks found by the Monetary Board as administratively liable for violation of banking laws, rules and regulations where a penalty of suspension from office or fine is imposed. Under BSP Circular No. 1226 issued on 15 December 2025, a person's temporary disqualification begins from the date they are formally notified by the BSP and, as a general rule, remains in effect for five years, after which the individual would be automatically delisted from the BSP's disqualification list. However, the Circular introduces important exceptions to this automatic delisting process. Individuals with pending legal or administrative cases, or those under investigation by the BSP's Office of the General Counsel and Legal Services, will not be automatically delisted after five years; such persons must instead formally apply for delisting and submit documentary evidence (e.g., favorable court decisions or clearances from appropriate authorities) demonstrating that the underlying issues have been resolved. The Monetary Board retains discretion to approve or deny such delisting requests based on its assessment of the individual's fitness and propriety to serve as a director or officer. The BSP Circular No. 1226 also clarifies that an individual confirmed to be deceased will be automatically removed from the disqualification list upon presentation of proof of death.

In addition, except as may be permitted by the Monetary Board of the BSP, directors or officers of banks are also generally prohibited from simultaneously serving as directors or officers of other banks or non-bank financial intermediaries. The same prohibition applies to persons appointed to such positions as representatives of the government or government-owned or controlled entities holding voting shares of stock of banks/QBs/nonbank financial institutions/trust corporations unless otherwise provided under existing laws (see BSP Circular No. 953 dated 27 March 2017).

The Monetary Board may regulate the payment by the bank of compensation, allowances, bonus, fees, stock options and fringe benefits to the bank officers and directors only in exceptional cases such as when a bank is under conservatorship, or is found by the Monetary Board to be conducting business in an unsafe or unsound manner or when the Monetary Board deems it to be in unsatisfactory condition.

Except in cases allowed under the Rural Bank Act, no appointive or elective public official, whether full time or part time, may serve as officer of any private bank, except if the service is incidental to financial assistance provided by government or government owned and controlled corporation or when allowed by law.

On 22 August 2017, the BSP issued Circular No. 971, prescribing the Guidelines on Risk Governance for BSFIs, and requiring the appointment of a Chief Risk Officer (CRO) in universal and commercial banks to head the risk management function. In addition to overseeing the risk management function, the CRO shall also support the board of directors in the development of the risk appetite of the BSFI and for translating the risk appetite into a risk limits structure. The appointment, dismissal and other changes to the CRO requires the prior approval of the board of directors. On the same date, the BSP also issued Circular No. 972, prescribing the Enhanced Guidelines in Strengthening Compliance Frameworks for BSFIs, and requiring the appointment of a Chief Compliance Officer ("CCO"). The CCO is tasked to oversee the identification and management of the BSFI's compliance risk and shall supervise the compliance function staff. Additionally, the board of directors should ensure that a compliance program is defined for the BSFI and that compliance issues are resolved expeditiously. For this purpose, a board-level committee, chaired by a non-executive director, shall oversee the compliance program.

Regulations with Respect to Bank Operations

A commercial bank, such as the Bank, may open branches or offices within or outside the Philippine subject to the prior approval by the BSP. A bank and its branches and offices shall be treated as one unit. A bank, with prior approval of BSP, may likewise use any of its branches as outlets for presentation and/sale of financial products of its allied undertakings or investment house units.

The Monetary Board shall prescribe the minimum ratio which the net worth of a bank must bear to its total risk assets which may include contingent accounts. In connection thereto, the Monetary Board may require that the ratio

be determined on the basis of the net worth and risk assets of a bank, its subsidiaries, financial or otherwise and prescribe the composition and the manner of determining the net worth and total risk assets of bank and their subsidiaries. To ensure compliance with the set minimum ratio, the Monetary Board may limit or prohibit the distribution of net profits by such bank and require that such net profit be used to increase the capital accounts of the bank until the minimum requirement has been met. It may also restrict or prohibit acquisition of major assets and the making of new investments by the bank.

A commercial bank has , in addition to the general powers incident to corporations, (i) all such powers as may be necessary to carry on the business of commercial banking, such as accepting drafts and issuing letters of credit; discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; accepting or creating demand deposits; receiving other types of deposits and deposit substitutes; buying and selling foreign exchange and gold or silver bullion; acquiring marketable bonds and other debt securities; and extending credit, subject to such rules as the Monetary Board may promulgate, and (ii) to invest in allied enterprise.

Regulation with Respect to Transactions with Related Parties

BSP Circular No. 895 issued on 14 December 2015 provides for the guidelines on related party transactions of banks and their non-bank financial subsidiaries and affiliates. Related parties cover three (3) groups: (i) the bank's subsidiaries as well as affiliates and any party the bank exerts direct/indirect control over or that exerts direct/indirect control over the bank; (ii) the bank's directors, officers, stockholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies; and (iii) such other person/juridical entity whose interest may pose potential conflict with the interest of the financial institution. Circular No. 895 covers outstanding transactions entered into with an unrelated party that subsequently becomes a related party. Further, there is disputable presumption of control whenever there is ownership or holding – direct or indirect – of 20% or more of a class of voting shares of a company.

BSP Circular No. 895 requires the board of directors to adopt and approve a group-wide related party transaction (“**RPT**”) policy which shall encompass all entities within the banking group. The said RPT policy shall cover not only transactions that give rise to credit and/or counterparty risks, but also those that could pose material/special risk or potential abuse to the bank/financial institution and its stakeholders.

The RPT policy shall provide clear guidelines in ensuring the RPTs are conducted at arm's length terms, provide for measures to identify and prevent or manage conflicts of interest, identify materiality thresholds and excluded transactions, whistle blowing mechanisms and measures for restitution of losses and other remedies for abusive RPTs or those not engaged at arm's length terms. BSP Circular No. 895 likewise mandates the creation of an RPT Committee, especially for banks that are part of a conglomerate, which will monitor and evaluate RPTs and oversee the implementation of the system for identifying, monitoring, measuring, controlling and reporting RPT including, periodic review of RPT policies and procedures.

In addition to the required reports on DOSRI and transactions with subsidiaries and affiliates under existing regulations, universal/commercial banks which are part of conglomerates are now required to report all entities in the conglomerate structure and likewise disclose the beneficial owners of shareholdings that are in the name of PCD nominee corporation. The report on conglomerate structure shall be submitted within 30 calendar days after the end of every calendar year. Aside from this report, banks are also required under Circular No. 895 to submit a report on material exposures to related parties including the material RPTs of their non-bank financial subsidiaries and affiliates within 20 calendar days after the end of the reference quarter starting with the quarter ending 31 March 2016. In this connection, the circular provides that supervised non-bank financial subsidiaries and affiliates are expected to report their material RPTs to the parent bank, which in turn shall report the same to the BSP. The reportorial requirement on conglomerate structure is not applicable to branches of foreign banks. Moreover, the governance principles including the adoption of group-wide RPT policy shall be complied with by the branches of foreign banks only to the extent possible since these entities have a distinct organizational set-up.

BSP Circular No. 969, dated 22 August 2017, further codified the BSP's thrust to strengthen oversight over related party transactions by enhancing corporate governance guidelines which includes improvement of the duties and responsibilities of the related party transactions committee of BSP supervised financial institutions.

On 25 April 2019, the Philippine SEC issued Memorandum Circular No. 10, series of 2019 (Rules on Material Related Party Transactions for Publicly Listed Companies), mandating additional disclosure/reportorial requirements for material related party transactions (“**MRPTs**”) amounting to 10% or higher of a publicly listed company's total assets. The circular requires all publicly listed companies to submit to the Philippine SEC a policy on MRPTs. Advisement Reports on MRPTs shall also be filed with the SEC in accordance with the circular within three calendar days after the execution of a covered transaction. Finally, a summary of MRPTs entered into by the company during the reporting year shall be disclosed in the company's Integrated Annual Corporate Governance Report (“**I-ACGR**”) submitted annually every 30 May.

Regulation Relating to Capital Structure

Pursuant to the General Banking Law, no entity may operate as a bank without the permit of the BSP through the Monetary Board. The SEC will not register the incorporation documents of any bank or any amendments thereto without a Certificate of Authority issued by the Monetary Board.

A bank can only issue par value stocks and it must comply with the minimum capital requirements prescribed by the Monetary Board. A bank cannot purchase or acquire its own capital stock or accept the same as security for a loan, except when authorized by the Monetary Board. Any stock so purchased or acquired must be sold within six months from the time of its purchase or acquisition.

Under Section 121 of the MORB, universal banks are required to have capital accounts of at least ₱3.0 billion if for head office only, ₱6.0 billion for head office with up to 10 branches, ₱15.0 billion for head offices with 11 to 100 branches, and ₱20.0 billion for head office with more than 100 branches. Commercial banks are required to have capital accounts of at least ₱2 billion for head office only, ₱4 billion for head office with up to 10 branches, ₱10 billion for head office with 11 to 100 branches, and ₱15 billion for head office with more than 100 branches. Thrift banks with head office in Metro Manila are required to have capital accounts of at least ₱500 million for head office only, ₱750 million for head office with up to 10 branches, ₱1 billion for head office with 11 to 50 branches, and ₱2 billion for head office with more than 50 branches. Thrift Banks with Head Office in all other areas outside area are required to have capital accounts of at least ₱200 million (for Head Office only); ₱300 million (for up to 10 branches); ₱400 million (for 11 to 50 branches); and ₱800 million (for more than 50 branches). Rural banks are required to have capital accounts of at least ₱50 million (for Head Office only); ₱50 million (for up to 5 branches); ₱120 million (for 6 to 10 branches); and ₱200 million (for more than 10 branches). Finally, digital banks are required to have capital accounts of at least ₱1 billion. These minimum levels of capitalization may be changed by the BSP from time to time.

For purposes of these requirements, the MORB states that the term capital shall be synonymous to unimpaired capital and surplus, combined capital accounts and net worth and shall refer to the total of the unimpaired paid-in capital, surplus and undivided profits, less:

- treasury stock;
- unbooked allowance for probable losses, which includes allowance for credit losses and impairment losses;
- total outstanding unsecured credit accommodations, both direct and indirect, to DOSRI granted by the bank;
- total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries;
- total outstanding unsecured loans, other credit accommodations and guarantees granted to related parties that are not at arm's length terms as determined by BSP;
- deferred income tax;
- equity investment of a bank in another bank or enterprise, whether foreign or domestic, if the other bank or enterprise has a reciprocal equity investment in the investing bank, in which case, the investment of the bank or the reciprocal investment of the other bank or enterprises, whichever is lower; and
- in the case of rural banks, the government counterpart equity, except those arising from conversion of arrearages under the BSP rehabilitation program.

On 15 July 2014, Republic Act No. 10641 further liberalized the industry by providing that the Monetary Board may authorize foreign banks to acquire up to 100% (previously 60%) of the voting stock of one domestic bank. Under Republic Act No. 10641, established, reputable and financially sound foreign banks may be authorized by the Monetary Board to operate in the Philippine banking system through any one of the following modes of entry: (a) by acquiring, purchasing or owning up to 100% of the voting stock of an existing bank; (b) by investing in up to 100% of the voting stock of a new banking subsidiary incorporated under the laws of the Philippines; or (c) by establishing branches with full banking authority. The foreign bank applicant must also be widely-owned and publicly-listed in its country of origin, unless the foreign bank applicant is owned and controlled by the government of its country of origin. A foreign bank branch authorized to do banking business in the Philippines under Republic Act No. 10641 may open up to five sub-branches as may be approved by the Monetary Board. Locally incorporated subsidiaries of foreign banks authorized to do banking business in the Philippines under Republic Act No. 10641 shall have the same branching privileges as domestic banks of the same category. Privileges shall include the eligibility to operate under a universal banking authority subject to compliance with existing rules and regulations. Notwithstanding the entry of foreign banks, the BSP is mandated to adopt necessary measures to ensure that at all times the control of 60% of the resources or assets of the entire banking system is held by domestic banks, which are majority owned by Filipinos.

Under Republic Act No. 10641, the Monetary Board was authorized to issue such rules and regulations as may be needed to implement the provisions of RA 10641. On 6 November 2014, the Monetary Board issued Resolution No. 1794 providing for the implementing rules and regulations of Republic Act No. 10641 and on 21 November 2014, the BSP issued Circular No. 858, amending the relevant provisions of the Manual, accordingly. On 15 February 2016, BSP issued Circular No. 902, Series of 2016 to implement the phased lifting of the moratorium on the grant of new banking license or establishment of new domestic banks pursuant to its policy to promote a competitive banking environment.

The stockholders of individuals related to each other within the fourth degree of consanguinity or affinity, whether legitimate, illegitimate or common-law, shall be considered family groups or related interests, the relationship of which must be fully disclosed in all transactions by such an individual with the bank. Moreover, two (2) or more corporations owned or controlled by the same family group or same group of persons shall be considered related interests, the relationship of which must be fully disclosed in all transactions with the bank.

A bank cannot declare dividends greater than its accumulated net profits on hand deducting therefrom its losses and bad debts. A bank cannot also declare dividends, unless at the time of declaration, it has complied with the following:

- clearing account with BSP is not overdrawn;
- liquidity floor for government funds for five or more consecutive days;
- minimum capitalization requirement and risk-based capital ratios as provided under applicable and existing capital adequacy framework;
- capital conservation buffer requirement as defined in Appendix 59, Part III of the MORB;
- higher loss absorbency (“HLA”) requirement, phased-in starting 1 January 2017 with full implementation by 1 January 2019, in accordance with D-SIB Framework as provided under Section 128 of the MORB; or
- has not committed any unsafe or unsound banking practice as defined under existing regulations and/or major acts or omissions as determined by BSP to be grounds for suspension of dividend distribution, unless this has been addressed by the bank as confirmed by the Monetary Board or the Deputy Governor, Supervision and Examination Sector of the BSP.

Banks are required to ensure compliance with the minimum capital requirements and risk-based capital ratios even after the dividend distribution.

Capital Adequacy Requirements and Reserve Requirements

The Philippines adopted capital requirements based on the Basel Capital Accord in July 2001.

On 1 July 2007, the BSP issued Circular No. 538, which is the implementing guideline of the revised International Convergence of Capital Measurement and Capital Standards known as Basel II.

In December 2010, a new update to the Basel Accords, known as Basel III, was issued by the BCBS containing new standards that modify the structure of regulatory capital. The Basel III regulations include tighter definitions of Tier 1 capital and Tier 2 capital, the introduction of a leverage ratio, changes in the risk weighting of counterparty credit risk, a framework for counter-cyclical capital buffers, and short and medium-term quantitative liquidity ratios. To align with the international standards, the BSP adopted part of the Basel Committee’s eligibility criteria to determine eligibility of capital instruments to be issued by Philippine banks and quasi banks as Hybrid Tier 1 capital and Tier 2 with the issuance of BSP Circular No. 709 effective 1 January 2011, as amended by BSP Circular Nos. 716, 768, and 781.

In January 2012, the BSP announced that the country’s universal and commercial banks, including their subsidiary banks and quasi-banks, will be required to adopt in full the capital adequacy standards under Basel III with effect from 1 January 2014. It aims to replace Basel II, to further strengthen the local bank’s loss absorption capacity and encourage banks to rely more on core capital instruments like Common Equity Tier 1 and Tier 1 issues.

On 15 January 2013, the BSP published Circular No. 781, which prescribed the implementing guidelines on the risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for the Philippine banking system in accordance with the Basel III standards. The reforms were implemented beginning on 1 January 2014. Notable amendments include the following:

- Keeping minimum CAR at 10%, subject to following minimum capital ratios:
 - CET1 ratio of 6%;
 - Tier 1 ratio of 7.5%; and
 - Capital conservation buffer of 2.5%.
- Adopting a new categorization of capital.
- As applicable, allowing the BSP to adopt regulatory deductions in BASEL III.
- Removing existing limits on eligible Tier 1 and Total Tier 2 capital.
- By 1 January 2014, rendering ineligible existing capital instruments as of 31 December 2010 that do not meet eligibility criteria for capital instruments under the revised capital framework.
- By 1 January 2016, rendering ineligible regulatory capital instruments issued under BSP Circular No. 709 and BSP Circular No. 716 before the revised capital framework became effective.
- By subjecting covered banks and quasi-banks to the enhanced disclosure requirements pertaining to regulatory capital.

On 14 February 2014, the BSP issued Circular No. 826 which provides for amendments to the risk disclosure

requirements on loss absorbency features of capital instruments. The said circular requires the following from banks or QBs when marketing, selling and/or distributing Additional Tier 1 and Tier 2 instruments eligible as capital under BASEL III framework in the Philippines:

- The banks/ quasi-banks must subject investors to a client suitability test to determine their understanding of the specific risks related to these investments and their ability to absorb risks arising from these instruments;
- The banks/ quasi-banks must provide appropriate Risk Disclosure Statement for the issuance of Additional Tier 1 and Tier 2 capital instruments;
- The banks/ quasi-banks must secure a written certification from each investor stating that:
 - The investor has been provided a Risk Disclosure Statement which, among others, explains the concept of loss absorbency for Additional Tier 1 and Tier 2 capital instruments as well as the resulting processes should the case triggers be breached;
 - The investor has read and understood the terms and conditions of the issuance;
 - The investor is aware of the risks associated with the capital instruments; and
 - Said risks include permanent write-down or conversion of the debt instrument into common equity at a specific discount;
- The banks/ quasi-banks must make available to the BSP, as may be required, the:
 - Risk Disclosure Statement;
 - Certificate from the investor; and
 - Client Suitability Test of the Investor.

For offshore issuances of Additional Tier 1 and Tier 2 capital instruments, the risk disclosure requirements will be governed by the rules and regulations of the country where these instruments are issued. The subsequent sale and/or distribution of Additional Tier 1 and Tier 2 capital instruments in the Philippines, originally issued overseas, shall comply with all the risk disclosure requirements for issuance in the Philippines.

This allowed local banks one (1) full year for a parallel run of the old and new guidelines prior to the effectiveness of the new standards in 2014, marking an accelerated implementation compared to the Basel Committee's staggered timeline that stretches from January 2013 to January 2017. On 15 January 2013, the BSP issued the implementing guidelines for the adoption on 1 January 2014 of the revised capital standards under the Basel III accord for universal and commercial banks.

The guidelines set new regulatory ratios for banks to meet specific minimum thresholds for Common Equity Tier 1 ("**CET1**") capital and Tier 1 ("**T1**") capital in addition to the Capital Adequacy Ratio ("**CAR**"). The BSP maintained the minimum CAR at 10.0% and set a minimum CET1 ratio of 6.0% and a minimum T1 ratio of 7.5%. The new guidelines also introduced a capital conservation buffer of 2.5% which shall be made up of CET1 capital.

In addition, banks which issued capital instruments from 2011 will be allowed to count these instruments as Basel III-eligible until end-2015. However, capital instruments that are not eligible in any of the three (3) components of capital were derecognized from the determination of the regulatory capital on 1 January 2014.

Under the New Central Bank Act, the BSP requires banks to maintain cash reserves and liquid assets in proportion to deposits in prescribed ratios. If a bank fails to meet this reserve during a particular week on an average basis, it must pay a penalty to the BSP on the amount of any deficiency.

BSP Circular No. 1092, issued on 31 July 2020, requires a commercial bank to maintain regular reserves of 12% against Philippine Peso demand, savings and time deposits, negotiable order of withdrawal accounts, deposit substitutes and certain managed funds.

On 23 March 2020, the Monetary Board authorized BSP Governor Benjamin E. Diokno to reduce the reserve requirement ratios of BSP-supervised financial institutions by up to a maximum of 400 basis points for 2020. The Monetary Board also authorized the BSP Governor to determine the timing, extent, and coverage of the reduction in the reserve requirement. The authority was granted to buttress the negative impact of the COVID-19 pandemic on the Philippine economy and followed announcements of an enhanced community lockdown on the entirety of Luzon by former President Duterte. On 24 March 2020, pursuant to the authority, BSP Governor Diokno announced that the BSP was reducing the reserve requirement ratio by 200 basis points for universal/commercial banks effective 30 March 2020. Potential cuts on the reserve requirements for other banks and non-bank financial institutions would also be explored. Subsequently, BSP Circular No. 1082 was issued, which lowered the rates of required reserves against deposit and deposit substitute liabilities in local currency of banks, effective reserve week of 3 April 2020 for universal and commercial banks, to 12% against demand deposits, "NOW" accounts, savings deposits (excluding basic deposit accounts), time deposits, negotiable CTDs, long-term non-negotiable tax exempt CTDs, deposit substitutes, peso deposits lodged under Due to foreign banks and peso deposits lodged under Due to Head Office/Branches/Agencies Abroad of banks. The same reserve requirements were reiterated in BSP Circular No. 1092, Series of 2020.

On 29 October 2014, the BSP issued Circular No. 856, or the "Implementing Guidelines on the Framework for Dealing with Domestic Systemically Important Banks ("**DSIBs**") under Basel III" to address systemic risk and interconnectedness by identifying banks which are deemed systemically important within the domestic banking

industry. Banks that will be identified as DSIBs shall be required to have higher loss absorbency, on top of the minimum CET1 capital and capital conservation buffer. Compliance with this requirement shall be phased-in starting 1 January 2017, with full compliance on 1 January 2019.

Under BSP Circular No. 1051, series of 2019 issued on 27 September 2019, to determine the banks' systemic importance, the BSP will assess and assign weights using the indicator-based measurement approach based on the following: size, interconnectedness, substitutability/financial institution infrastructure, and complexity. Depending on how they score against these indicators and the buckets to which the scores correspond, the D-SIBs will have varying levels of additional loss absorbency requirements ranging from 1.5% to 2.5%. Aside from the added capital pressure, D-SIBs may be put at an undue disadvantage compared to G-SIBs (or Global Systemically Important Banks) given that this framework was patterned for regional/global banks and thus may not be appropriate for local banks. The phased-in compliance started on 1 January 2017 and will become fully effective on 31 December 2019.

In May 2015, the BSP approved the guidelines for the implementation of Basel III leverage ratio (computed as banks' Tier 1 capital divided by its total on-book and off-book exposure). On 9 June 2015, the BSP issued Circular No. 881 covering the implementing guidelines and accordingly, amending the relevant provisions of the guidelines. Under the guidelines, universal and commercial banks are required to maintain a minimum leverage ratio of 5%, which is more stringent than the 3% minimum leverage ratio under Basel III. The guidelines also provide for a monitoring period up to end-2016 during which banks are required to submit periodic reports; however, sanctions will not be imposed on banks whose leverage ratios fall below the required 5% minimum during the period.

On 26 January 2017, the BSP issued Circular No. 943 which approved the one-year extension of the Basel III Leverage Ratio monitoring period from 31 December 2016 to 31 December 2017, and set new deadlines for the submission of the reporting and disclosure requirements. During the monitoring period, the BSP will continue to assess the calibration and treatment of the components of the leverage ratio. The leverage ratio serves as a backstop measure to the risk-based capital requirements. While this has no material impact given that Philippine banks' ratios are above the required minimum, the leverage ratio along with other pending components of Basel III point to increasing regulatory burden on banks.

On 22 January 2018, the BSP issued Circular No. 990 which approved the extension of the Basel III Leverage Ratio monitoring period from 31 December 2017 to 30 June 2018, and set new deadlines for the submission of the reporting and disclosure requirements. The monitoring of the leverage ratio shall be implemented as a Pillar 1 minimum requirement effective on 1 July 2018.

Further, local banks face new liquidity requirements, namely, the LCR and the NSFR, under Basel III. The LCR requires banks to hold sufficient level of High-Quality Liquid Assets ("**HQLAs**") to enable them to withstand a 30-day liquidity stress scenario. Meanwhile, the NSFR requires that banks' assets and activities are structurally funded with long-term and more stable funding sources. While both ratios are intended to strengthen banks' ability to absorb shocks and minimize negative spillovers to the real economy, compliance with these ratios may also further increase competition among banks for deposits as well as HQLAs. In March 2016, the Monetary Board approved the LCR framework with an observation period from 1 July 2016 until the end of 2017, during which banks are required to commence reporting their LCR to the BSP. Starting 1 January 2018, the LCR threshold that banks will be required to meet will be 90%, which will be increased to 100% commencing on 1 January 2019. The observation period for LCR requirement for the subsidiary banks/quasi banks of universal and commercial banks was recently extended to 31 December 2019 by BSP Circular 1035 (Amendments to the Basel III Framework on Liquidity Coverage Ratio Framework and Minimum Liquidity Ratio Framework), during which the LCR floor of 70% will be applied. Likewise, the observation period for NSFR for the subsidiary banks/quasi banks of universal and commercial banks was recently extended to 31 December 2019 by BSP Circular 1034 (Amendments to the Basel III Framework on Liquidity Standards – Net Stable Funding Ratio), during which the NSFR floor of 70% will be applied. The internationally agreed start date for the phase-in of liquidity requirements is 1 January 2015.

On 12 February 2016, the Monetary Board approved the guidelines on the submission of a recovery plan by D-SIBs which shall form part of the D-SIBs' Internal Capital Adequacy Assessment Process ("**ICAAP**")^s submitted to the BSP every 31st of March of each year. The recovery plan identifies the course of action that a D-SIB should undertake to restore its viability in cases of significant deterioration of its financial condition in different scenarios. At the latest, the recovery plan shall be activated when the D-SIB breaches the total required CET1 capital, the HLA capital requirement and/or the minimum liquidity ratios as may be prescribed by the BSP. As a preemptive measure, the recovery plan should use early warning indicators with specific levels (i.e., quantitative indicators supplemented by qualitative indicators) that will activate the recovery plan even before the above-said breaches happen. This preparatory mechanism, including the operational procedures, monitoring, escalation and approval process should be clearly defined in the recovery plan. The ICAAP document which includes the first recovery plan was submitted on 30 June 2016 and^will be re-submitted on the 31st of March of each year.

In addition, Basel III capital rules for banks include setting up a countercyclical capital buffer ("**CCB**") wherein banks build up the required level of capital during boom times and draw down on the buffer in the event of an adverse turn in the cycle or during periods of stress, thus helping to absorb losses. The CCB will require banks to hold additional common equity or other fully loss absorbing capital in amounts ranging from 0% to 2.5% of the risk-weighted assets.

The credit-to-GDP gap, defined as the difference between the credit-to-GDP ratio and its long-term trend, has been chosen as the guide or EWI (early warning indicator) for activating the CCB. However, some economists have raised the issue that the credit-to-GDP gap is not the best EWI for banking crises or system vulnerabilities, especially for emerging markets (including the Philippines). Under the BIS, the countercyclical capital buffer will be phased in beginning on 1 January 2016 and will become fully effective on 1 January 2019.

In October 2014, the BSP issued Circular No. 855 which provides for new guidelines on sound credit risk management practices. BSP Circular No. 855 mandates banks to establish appropriate credit risk strategy and policies, processes and procedures including cash flow-based credit evaluation process, and tighter provisioning guidelines. These are seen to increase costs as banks may have to upgrade their risk management systems and provisioning requirements.

Additionally, BSP Circular No. 855 sets the collateral value ("**CV**") for a loan backed up by real estate to only 60% of its appraised value. Banks will still be allowed to lend more than 60% of the CV; however, the portion above 60% will be considered unsecured, thus requiring banks to set up loan loss provisions accordingly. The CV ruling should not be mistaken for the loanable value ("**LV**"), which is the loan amount extended by banks to its borrowers. The current industry practice is a loan-to-value ("**LTV**") ratio of 70%-80%, which some banks may continue to grant provided that they have strict and consistent lending standards, adequate capital buffer and provisions. This new ruling, along with other BSP regulations intended to avert a property bubble, could result in an overall slowdown in lending to the real estate sector as banks adjust to these rulings.

On 20 October 2014, the Monetary Board decided to increase the minimum capital requirement for all bank categories including universal, commercial, thrift, rural and cooperative banks. This is in line with the BSP's efforts of further strengthening the banking system. Under this regulation, the minimum capital for universal and commercial banks will be tiered based on network size as indicated by the number of branches. Existing banks that will not immediately meet the new minimum capital requirement may avail of a five (5)-year transition period to fully comply. Such banks will be required to submit a capital build-up program that is acceptable. Banks that fail to comply with the minimum capital requirements or fail to propose an acceptable capital build-up program face curtailment of future expansion plans. For universal banks, the minimum capitalization was changed from the previous ₱4.95 billion, which was applicable to all, to ₱3.0 billion for banks with Head Office only, ₱6.0 billion for banks with up to 10 branches, ₱15.0 billion for banks with 11 to 100 branches and ₱20.0 billion for banks with more than 100 branches.

To better monitor the banking industry's exposure to the property sector, the BSP in September 2012 approved the guidelines that effectively widened the scope of banks' real estate exposures ("**REEs**") to include mortgages and loans extended to the following: individuals to finance the acquisition/construction of residential real estate for own occupancy as well as land developers and construction companies for the development of socialized and low-cost housing. Securities investments issued for purposes of financing real estate activities are also included under the new guidelines. Banks were required to submit the expanded report starting end-December 2012.

Further on 27 June 2014, the BSP issued Circular No. 839 requiring banks to undergo Real Estate Stress Test ("**REST**") while setting prudential limits for banks' real estate exposures to ensure that they have adequate capital to absorb potential losses to the property sector. Universal and commercial banks as well as thrift banks must meet a CAR of 10% of qualifying capital after adjusting for the stress test results. Further, universal and commercial banks and their thrift bank subsidiaries are required to maintain a level of CET1 capital that is at least 6% of qualifying capital after factoring in the stress scenario. In addition, banks are mandated to submit quarterly report of their real estate exposures, in line with the new REST capital requirements.

On 10 October 2017, the BSP issued Circular No. 976 which approved amendments to the expanded report on the real estate exposure of banks, and required the submission of a report on project finance exposures to enable the BSP to gather more granular information regarding these exposures. It also clarified the definition of loans to finance infrastructure projects for public use that are currently exempt from the 20% limit on real estate loans.

On 23 November 2017, the BSP issued Circular No. 983 that prescribes the reduction in the reserve requirement rate on repurchase transactions, as well as sets forth the features of the repurchase program that shall be eligible for the zero-reserve rate requirement. Deposit substitutes evidenced by repurchase agreements covering government securities that are transacted in an organized market under the Government Securities Repo Program shall be subject to the reserve requirement of zero percent (0%) beginning the first week of December 2017. Recently, the Monetary Board reduced the reserve requirement ratios of selected reservable liabilities of banks in BSP Circular No. 1041, series of 2019.

Limitations on Operations

The Single Borrower's Limit

Consistent with national interest, the total amount of loans, credit accommodations and guarantees that may be extended by a bank to any person or entity shall at no time exceed 25% of the net worth of the bank. The ceiling may be increased as follows:

- By an additional 10% of the net worth of such bank, so long as the additional liabilities are adequately secured by trust receipts, shipping documents, warehouse receipts or other similar documents transferring or securing title covering readily marketable, non-perishable goods which must be fully covered by insurance;
- By an additional 25% of the net worth of such bank, provided that the additional loans, credit accommodations and guarantees are granted to entities, which act as value chain aggregators of the lending banks' clients, and/or economically-linked entities that are also actors/players in the value chain,; that the additional 25% will apply only to non-DOSRI/RPT loans; and that such additional 25% shall only be for a period of three years, subject to review after the said period.
- By an additional 15% of the net worth of such bank subject to the following conditions:
 - The additional loans, credit accommodations and guarantees are for the purpose of financing eligible green or sustainable projects, including transitional activities to decarbonization, that meet any of the principles or eligible categories of projects laid out in Circular No. 1185 of the BSP (issued on 13 December 2023);
 - The lending bank shall ensure that the underlying project/activity is neither illegal nor breach any Philippine environmental laws and regulation;
 - The lending bank shall ensure that the standard prudential controls designed to safeguard its interest in the grant of financing to sponsors or owners are in place;
 - The additional 15% shall apply only to non- DOSRI/subsidiary/affiliate loans, credit accommodations and guarantees;
 - The additional 15% shall be allowed for a period of two years from date of effectivity of Circular No. 1185; and
 - The credit risk concentration arising from total exposures to all borrowers pertaining to such eligible projects shall be considered by the bank in its internal assessment of capital adequacy relative to its overall risk profile and operating environment.

The limitations shall not apply to secured obligations of the BSP or the Republic of the Philippines, those covered by assignment of deposits maintained in the lending bank and held in the Philippines, those under letters of credit to the extent covered by margin deposits and those which the Monetary Board may from time to time prescribe as non-risk items.

In an effort to mitigate the adverse effects of the COVID-19 pandemic on the operations of BSFIs, the BSP issued BSP Memorandum No. M-2020-011 dated 19 March 2020 and Memorandum No. M-2020-057 dated 21 July 2020, which granted additional operational relief measures to BSFIs. The reliefs include an increase in this single borrower's limit from 25% to 30% until 31 March 2021.

On 22 July 2020, the BSP issued BSP Circular No. 1091, excluding debt securities held by market makers from the SBL. The circular also said that the debt securities will be excluded from the SBL for a period of time, such as 90 days from date of acquisition if this happened on 1 August 2020 until 31 July 2021 or not exceeding 60 days if acquired 1 August 2021 and onwards.

Except as prescribed by Monetary Board for reasons of national interest, the total amount of loan, credit accommodations and guarantees (determined on the total credit commitment) that may be extended by a bank to any person or entity shall at no time exceed 20% of the net worth of the bank (or 30% of the net worth of the bank in the event that certain types and levels of security are provided). This ceiling may be adjusted by the Monetary Board from time to time. As of 31 December 2011, the ceiling applicable to the Bank was 25% (or 35% of the net worth of the bank in the event that certain types and levels of security are provided).

The limitations shall not apply to secured obligations of the BSP or the Republic of the Philippines, those covered by assignment of deposits maintained in the lending bank and held in the Philippines, those under letters of credit to the extent covered by margin deposits and those which the Monetary Board may from time to time prescribe as non-risk items.

On 5 July 2017, the BSP issued Circular No. 965, approving the guidelines on the exclusion from the Single Borrower's Limit of banks and QBs' short-term exposures to clearing and settlement banks arising from payment transactions.

Limitations on DOSRI Transactions

No director or officer of any bank shall directly or indirectly, for himself or as the representative or agent of others, borrow from such bank nor shall he become a guarantor, endorser or surety for loans from such bank to others, or in the manner be an obligor or incur any contractual liability to the bank except with the written approval of the majority of all the directors of the bank, excluding the director concerned.

On 2 June 2016, the Monetary Board approved the revisions to prudential policy on loans, other credit accommodations, and guarantees granted to DOSRIs. The Monetary Board approved the exclusion of loans, other credit accommodation and guarantees granted by a bank to its DOSRI for the purpose of project finance from the 30% unsecured individual ceiling during the project gestation phase, provided, that the bank shall ensure that

standard prudential controls in project finance loans designed to safeguard creditors' interests are in place, which may include pledge of the borrower's shares, assignment of the borrower's assets, assignment of all revenues and cash waterfall accounts, and assignment of project documents.

As a general rule, loan and other credit accommodation against real estate shall not exceed 60% of the appraised value of the real estate security plus 60% of the appraised value of the insured improvements, and such loans may be made to the owner of the real estate or to his assignees, except for the following which shall be allowed a maximum value of 70% of the appraised value of the insured improvements: (a) residential loans not exceeding ₱3.5 million to finance the acquisition or improvement of residential units; and (b) housing loans extended by or guaranteed under the Government's "National Shelter Program", such as the Expanded Housing Loans Program of the Home Development Mutual Fund and the mortgage and guaranty and credit insurance program of the Home Insurance and Guaranty Corporation. Prior to lending on an unsecured basis, a bank must investigate the borrower's financial position and ability to service the debt and must obtain certain documentation from the borrower, such as financial statements and tax returns. Any unsecured lending should be only for a time period essential for completion of the operations to be financed. Likewise, loans against chattels and intangible properties shall not exceed 75% of the appraised value of the security and such loans may be made to the title-holder of the unencumbered chattels and intangible properties or his assignee.

On 23 June 2016, the BSP issued Circular No. 914, Series of 2016 amending the prudential policy on loans, other credit accommodations, and guarantees granted by a bank to its DOSRI, subsidiaries and affiliates. Circular No. 914 has raised the ceilings on the exposures of subsidiaries and affiliates of banks to priority programs particularly infrastructure projects under the Philippine Development Plan/Public Investment Program ("PDP/PIP") needed to support economic growth. The exposures to subsidiaries and affiliates in PDP/PIP projects will now be subject to higher individual and unsecured limits of 25% instead of 10% and 12.5% instead of 5% of the net worth of the lending bank, respectively, subject to conditions. Further, the circular also provides for a refined definition of "related interest" and "affiliates" to maintain the prudential requirements and preempt potential abuse in a borrowing transaction between the related entities. The circular also amends the capital treatment of exposures to affiliates by weighing the risk of both the secured and unsecured loans granted to the latter.

On 27 October 2017, the BSP issued Circular No. 978 which provided for exclusion of the portion of loans and other credit accommodation covered by guarantees of international/regional institutions/multilateral financial institutions where the Philippine Government is a member/shareholder, from the ceilings on total outstanding loans, other credit accommodations and guarantees granted to banks' subsidiaries and affiliates. BSP Circular No. 978 excluded the following in determining compliance with the ceilings provided under Circular No. 914: (1) Loans, other credit accommodations and guarantees secured by assets considered as non-risk under existing BSP regulations; (2) Interbank call loans; and (3) The portion of loans and other credit accommodations covered by guarantees of international/regional institutions/multilateral financial institutions where the Philippine Government is a member/shareholder, such as the International Finance Corporation and the Asian Development Bank.

Limitation on Investments

The total investment of a universal bank in equities of allied and non-allied enterprises shall not exceed 50% of its net worth. Moreover, the equity investment in any one enterprise whether allied or non-allied, shall not exceed 25% of the net worth of the universal bank. Net worth for this purpose is defined as the total unimpaired paid-in capital including paid-in surplus, retained earnings and undivided profit, net of valuation reserves and other adjustments as may be required by BSP. The Monetary Board must approve such acquisition of equities.

A universal bank can own up to 100% of the equity in a thrift bank, a rural bank or a financial or non-financial allied enterprise. A publicly listed universal bank, such as the Bank, may own up to 100% of the voting stock of only one other universal or commercial bank. However, with respect to non-allied enterprise, the equity investment in such enterprise by a universal bank shall not exceed 35% of the total equity in the enterprise nor shall it exceed 35% of the voting stock in that enterprise.

A bank's total investment in real estate and improvements including bank equipment shall not exceed 50% of the combined capital accounts. Further, the bank's investment in another corporation engaged primarily in real estate shall be considered as part of the bank's total investment in real estate, unless otherwise provided by the Monetary Board. The limitation stated above shall not apply with respect to real estate acquired by way of satisfaction of claims. However, all these properties must be disposed by the bank within a period of five (5) years or as may be prescribed by the Monetary Board. In addition, the Monetary Board recently approved BSP Circular No. 1042, series of 2019 containing the guidelines on sound risk management practices pertaining to investment activities of a bank.

Prohibition to act as Insurer

A bank is prohibited from directly engaging in insurance business as the insurer.

Permitted Services

In addition to the operations incidental to its banking functions, a bank may perform the following services:

- receive in custody funds, documents and valuable objects;
- act as financial agents and buy and sell, by order of and for the account of their customers, shares, evidences of indebtedness and all types of securities;
- upon prior approval of the Monetary Board, act as managing agent, adviser, consultant or administrator of investment management/advisory/consultancy accounts; and
- rent out safety deposit boxes.

BSP Circular No. 1003, issued on 16 May 2018, outlined the Guidelines on the Establishment and Operations of Bank and Non-Bank Credit Card Issuers to implement Republic Act No. 10870, also known as the Philippine Credit Card Industry Regulations Law.

BSP Circular No. 1049, Series of 2019, which implements RA No. 11127 on The National Payment Systems Act, allows banks to function as an Operator of Payment Systems ("OPS"). Banks can register as an OPS by notifying the BSP of their OPS activities.

An OPS is a person that performs any of the following functions:

- maintains the platform that enables payments or fund transfers, regardless of whether the source and destination accounts are maintained with the same or different institutions;
- operates the system or network that enables payments or fund transfers to be made through the use of a payment instrument;
- provides a system that processes payments on behalf of any person or the government; and
- such other activities similar to the foregoing.

On 19 July 2024, the BSP issued Circular No. 1198 on the Regulatory Framework for Merchant Payment Acceptance Activities. Under this Circular, entities, including banks, are required to secure an authority from the BSP prior to engaging in merchant acquisition in the Philippines or providing the service of accepting and processing payment transactions on behalf of a merchant under an agreement, resulting in a transfer of funds to the merchant. Based on this Circular, banks with concurrent OPS licenses that are engaged in or intending to engage in merchant payment acceptance activities are expected to adhere to the more stringent requirements between the guidelines under BSP Circular 1198 and the applicable provisions of the MORB.

Anti-Money Laundering Act 2001 and Related Laws

The AMLA requires covered institutions such as banks including its subsidiaries and affiliates, to provide for customer identification, record keeping and reporting of covered and suspicious transactions. Under its provisions, as amended, certain financial intermediaries including banks, offshore banking units, QBs, and all other institutions including their subsidiaries and affiliates supervised and/or regulated by the BSP, and insurance companies and/or institutions regulated by the Insurance Commission, are required to submit a "covered" transaction report involving a single transaction in cash or other equivalent monetary instruments in excess of ₱0.5 million within one business day.

Republic Act No. 10167 has expanded the coverage of the Anti-Money Laundering Council ("**AMLC**") to enable inquiries into so-called "related accounts," defined as: "funds and sources of which originated from and/or are materially linked to the monetary instrument(s) or property(ies) subject of the freeze order(s)." the high threshold level for covered transactions, the coverage of "covered institutions" and the existing Bank Secrecy Law, the amendments to the Anti-Money Laundering Act of 2001 were signed into law on 7 March 2003 under Republic Act No. 9194. The amendments included the following: (i) lowering the threshold for covered transactions to ₱500,000; (ii) authorizing the BSP to inquire or examine any deposit or investment with any banking institution without court order in the course of a periodic or special examination, in accordance with the rules of examination of the BSP. It also addressed concerns such as examination; and (iii) removing the provision prohibiting the retroactivity of the law.

On 15 February 2013, Republic Act No. 10365, which took effect on 7 March 2013, expanded the AMLA covered institutions and crimes. The revised implementing rules and regulations were published on 23 and 24 December 2016.

On 15 March 2017, the BSP issued BSP Circular No. 950 to amend the Manual in order to effectively implement the provisions of the AMLA, as amended, and the revised implementing rules and regulations of the AMLA.

In July 2017, Republic Act No. 10927 was signed into law, and it further expanded the coverage of AMLA to include

cash transactions with or involving real estate developers or brokers exceeding ₱7.5 million, and casinos for a single casino cash transaction involving an amount in excess of ₱5.0 million or its equivalent in any other currency. Furthermore, the law provides that: (a) a freeze order issued by the Court of Appeals pursuant to an ex parte petition by the AMLC is effective immediately and such effective period shall not exceed six months and if no case is filed against a person whose account has been frozen within the period determined by the Court of Appeals (but not exceeding six months), the freeze order is deemed automatically lifted, provided, that a freeze order is without prejudice to an asset preservation order which the relevant trial court may issue upon the same assets; and (b) a freeze order or asset preservation order is limited only to the amount of cash or monetary instrument or value of property which the court finds probable cause to consider such property as proceeds of the predicate crime and will not apply to amounts in the same account in excess of the amount or value of the proceeds of the predicate offense.

On 27 November 2018, the 2018 Implementing Rules and Regulations of the Anti-Money Laundering Act of 2001 took effect. This incorporated the amendments under Republic Act No. 10972. These implementing rules and regulations feature new rules on the AMLC's coordination with law enforcement agencies, beneficial ownership, customer due diligence, and national risk management and assessment, among others. In relation thereto, on 14 January 2019, BSP issued Circular Letter No. CL-2019-002, addressed to all BSFIs of the guidelines issued by the AMLC on digitization of customer records and identification of beneficial owners. On 29 January 2020, the AMLC issued AMLC Regulatory Issuance ("**ARI**") A, B, and C No. Series of 2020, which amends certain provisions of the 2018 Implementing Rules and Regulations of Republic Act No. 9160, as amended. The ARI added provisions on immediate family members and close associates of politically-exposed persons ("**PEPs**"), and expanded the definition of a customer or client to include juridical persons. Such resolution also provided that the suspicious transaction report shall cover all transactions, whether completed or attempted, and shall be promptly filed within the next working day from the occurrence thereof.

On 23 November 2020, the BSP issued Memorandum No. M-2020-084, which introduced the money laundering/terrorist/proliferation financing risk assessment system ("**MRAS**") for BSP-supervised financial institutions. The MRAS employs a four-point rating scale to categorize the net risk of money laundering, terrorist financing, and proliferation financing, ranging from low, moderate, above average, to high. The MRAS replaces the previous ARRS that was used for BSP-supervised financial institutions. On 29 April 2024, the BSP issued Circular No. 1193 which amended the relevant regulations of the BSP on money laundering/terrorist/proliferation financing reporting and notification requirements. The Circular was issued to enable the BSP to have timely and accurate information on significant risk events arising from money laundering/terrorist/proliferation financing-related activities and/or transactions, as part of its risk-based anti-money laundering and countering terrorism and proliferation financing supervision.

On 29 January 2021, the AMLA was further amended to include violations under the SRC and Strategic Trade Management Act. It also includes tax deficiencies in excess of ₱25,000,000. The AMLC is also empowered to issue ex parte freeze orders in cases of violations involving terrorist financing.

On 30 March 2023, the BSP issued Circular No. 1170 which provided amendments on the regulations relating to the banks' conduct of customer due diligence. Under this Circular, banks are required to use a risk-based approach in conducting customer due diligence. It also provides regulations on eKYC using digital identity (ID) systems.

On 4 July 2023, the Office of the President issued Memorandum Circular No. 33, adopting the National Anti-Money Laundering/Counter-Terrorism Financing/Counter-Proliferation Financing Strategy 2023-2027. This strategy outlines seven strategic objectives designed to address the risks and deficiencies in the Philippines' AML/CFT systems. Each objective includes action plan items to be completed by relevant government agencies. The strategy aims to respond to findings from the Asia Pacific Group on Money Laundering and the FATF, which placed the Philippines on the Grey List, or "Jurisdictions Under Increased Monitoring," after a 12-month observation period due to the country's failure to make tangible progress on key FATF recommendations. By reorganizing the National AML/CTF Coordinating Committee and implementing the National Anti-Money Laundering/Counter-Terrorism Financing/Counter-Proliferation Financing Strategy 2023-2027, the Philippine government aims to enhance the effectiveness of its AML, CTF, and CPF measures and facilitate the country's removal from the FATF Grey List.

Under the AMLA, as amended, "Covered transactions are single transactions in cash or other equivalent monetary instrument involving a total amount in excess of ₱500,000.00 within one business day."

Suspicious transactions are transactions with covered institutions such as a bank, regardless of the amount involved, where any of the following circumstances exists:

- There is no underlying legal or trade obligation, purpose or economic justification;
- The customer or client is not properly identified;
- The amount involved is not commensurate with the business or financial capacity of the client;
- The transaction is structured to avoid being the subject of reporting requirements under the AMLA;
- There is a deviation from the client's profile or past transaction;
- The transaction is related to an unlawful activity or offence under the AMLA; and
- Similar or analogous transactions to the above.

Failure by any responsible official or employee of a bank to maintain and safely store all records of all transactions of the bank, including closed accounts, for five years from date of transaction/closure of account shall be subject to a penalty of six months to one-year imprisonment and/or fine of ₱500,000.00.

Malicious reporting of completely unwarranted or false information relative to money laundering transaction against any person is punishable by six months to four years imprisonment and a fine of one hundred thousand pesos (₱100,000.00) but not more than five hundred thousand pesos (₱500,000.00). Pursuant to the authority delegated to it by Congress under the implementing rules & regulations of Republic Act No. 9160, as amended by Republic Act No. 9194, the Anti-Money Laundering Council promulgated the Rules on the Imposition of Administrative Sanctions which took effect on 9 August 2017. The AMLC also approved the 2018 Implementing Rules and Regulations of the Anti-Money Laundering Act which took effect last 27 November 2018.

In compliance with the law, banks, their officers and employees are prohibited from communicating directly or indirectly to any person or entity, the media, the fact that a covered or suspicious transaction has been reported or is about to be reported, the contents of the report, or any information relating to such report. Neither may such report be published or aired in any manner or form by the mass media, electronic mail, or other similar devices. A violation of this rule is deemed a criminal act.

Money laundering is committed by any person who, knowing that any monetary instrument or property represents, involves, or relates to the proceeds of any unlawful activity:

1. Transacts said monetary instrument or property;
2. Converts, transfers, disposes of, moves, acquires, possesses or uses said monetary instrument or property;
3. Conceals or disguises the true nature, source, location, disposition, movement or ownership of or rights with respect to said monetary instrument or property;
4. Attempts or conspires to commit money laundering offenses referred to in paragraphs (a), (b) or (c);
5. Aids, abets, assists in or counsels the commission of the money laundering offenses referred to in paragraphs (a), (b), or (c) above; and
6. Performs or fails to perform any act as a result of which the person facilitates the offense of money laundering referred to in paragraphs (a), (b), or (c) above.

Money laundering is also committed by any covered person who, knowing that a covered or suspicious transaction is required under this Act to be reported to the Anti-Money Laundering Council, fails to do so.

On 26 November 2018, the BSP issued BSP Circular No. 1022 where the BSP recognized the Philippine Identification System (PhilSys) ID card as an official document for financial transactions. The BSP also included a person's PhilSys number as part of the minimum information to be collected by financial institutions before carrying out a transaction and allowed the use of information and communication technology to "capture and record" personal data of customers.

On 18 September 2025, the Monetary Board via its Resolution No. 929 approved BSP Circular No. 1218 amending the MORB and the MORNBF to regulate large-value cash transactions as part of enhanced anti-money laundering, counter-terrorism financing, and non-proliferation financing measures. Under the new rule, cash payouts exceeding ₱500,000.00 (or its foreign currency equivalent) in a single transaction or cumulatively within one banking day must be processed through non-cash channels, such as checks, fund transfers, direct credits, or digital payment platforms. Financial institutions may establish lower thresholds based on their internal risk assessments or customer profiles. Cash transactions beyond the ₱500,000.00 threshold triggers enhanced due diligence ("EDD") and can proceed only if the customer provides additional identification or documentation proving a legitimate business purpose. Failure to complete EDD, or the suspicion that EDD would tip off the customer, mandates filing a suspicious transaction report ("STR") and increased customer monitoring.

Financial Institutions Strategic Transfer Act

Pursuant to Republic Act No. 11523 or the financial institutions strategic transfer ("**FIST Act**"), an FISTC is a corporation organized under the laws of the Philippines that is authorized to invest in the Non-Performing Assets ("**NPA**") of credit-granting institutions, such as banks, financing companies, investment houses, lending companies, insurance companies, accredited microfinance nongovernmental organizations, government financial institutions, government-owned or controlled corporations, other institutions licensed by the BSP to perform quasi-banking functions and credit-granting activities, and engage in other related activities ("**FISTC**"). Pursuant to the FIST Act, NPAs of financial institutions may be transferred to a FISTC after notice to but without the consent of the borrower. Such transfers from financial institutions to FISTCs and those from a FISTC to a third party, dation in payment by a borrower, a third party in favor of a financial institution or in favor of a FISTC are exempt from the following taxes:

- (a) Documentary stamp tax on such transfer of NPAs and dation in payment under the Tax Code;
- (b) Capital gains tax imposed on the transfer of lands and/or other assets treated as capital assets as defined under Section 39(A)(1) of the Tax Code;
- (c) Creditable withholding income taxes imposed on the transfer of land and/or buildings treated as ordinary assets pursuant to Revenue Regulations No. 2-98, as amended;
- (d) Value-added tax on the transfer of NPAs, or gross receipts tax the Tax Code, whichever is applicable.

All sales or transfers of NPAs from a financial institution to a FISTC or transfers by way of dation in payment by the borrower or by a third party to a financial institution shall be entitled to the privileges enumerated herein for a period of not more than two years from the effectivity of the FIST Act.

Transfers from a FISTC to a third party of NPAs acquired by the FISTC within such two-year period, or within such extended period, or transfers by way of dation in payment by a borrower to a FISTC shall enjoy the privileges enumerated above for a period of not more than five years from the date of acquisition by the FISTC. Properties acquired by a FISTC from government financial institution or government operated and controlled corporations which are devoted to socialized or low-cost housing shall not be converted to other uses.

The provisions of these Rules shall be applicable to assets that have become non-performing on or before 31 December 2022.

The BSP issued Circular No. 1117 Series of 2021 implementing the FIST Act. It provides for the guidelines governing the sale/transfer and investment transactions of banks, and other institutions licensed by the BSP to perform quasi-banking functions and credit-granting activities pursuant to the FIST Act. The Circular sets out the provisions that the BSFIs must comply with in the sale/transfer transactions of non-performing assets for purposes of availing the tax exemptions and incentives/privileges under the FIST Act.

Data Privacy Act

Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012 (the “**Data Privacy Act**”), was signed into law on 15 August 2012, to govern the processing of all types of personal information (i.e., personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System (ICT), which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law provides that it does not apply to information necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes.

It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the Data Privacy Act and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognises the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The Data Privacy Act seeks to protect the confidentiality of “personal information”, which is defined as “any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual.” The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on “personal information controllers” and “personal information processors”. It also provides for penal and monetary sanctions for violations of its provisions.

On 24 August 2016, the National Privacy Commission issued the Implementing Rules and Regulations of the Data Privacy Act.

Electronic Banking Operations

The BSP has prescribed prudential guidelines in the conduct of electronic banking, which refers to systems that enable bank customers to avail themselves of a bank’s products and services through a personal computer (using direct modem dial-in, internet access, or both) or a telephone. Applicant banks must prove that they have in place a risk management process that is adequate to assess, control, and monitor any risks arising from the proposed electronic banking activities.

On 1 September 2006, the BSP released new guidelines on the protection of electronic banking customers. These guidelines set specific requirements in the following areas: (a) oversight by a bank’s board of directors, and other concerned officers over its electronic banking activities; (b) the development of a risk management policy and internal controls over its electronic banking activities; (c) the implementation of a consumer awareness program for the customers of banks; (d) development of policy on disclosures and transparencies, and the availability of electronic banking service; and (e) the development of complaint resolution procedure for unauthorised transactions in electronic banking.

Private domestic banks with a BSP-approved electronic banking facility may accept payment of fees and other charges of a similar nature for the account of the departments, bureaus, offices and agencies of the government as

well as all government-owned and controlled corporations. The funds accepted are treated as deposit liabilities subject to existing regulations on government deposits and shall not exceed the minimum working balance of such government entities.

EMV

BSP Circular No. 808, dated 22 August 2013, required BSP-supervised institutions to migrate their entire payment network to the more secure Europay, MasterCard and Visa ("**EMV**") chip-enabled cards. In 2014, BSP Circular No. 859 set out the EMV Implementation Guidelines which shall govern the implementation for debit cards in any card-accepting devices/terminals. The deadline set for compliance with the migration to the EMV was initially set for 01 January 2017. However, pursuant to BSP Memorandum No. M-2017-019 issued on 09 June 2017, BSP-supervised financial institutions are required to fully comply with the EMV requirement by 30 June 2018. Failure to do so is considered a serious offence and will subject these institutions to monetary sanctions provided under relevant provision of the BSP MORB.

EPFS

On 22 February 2019, the BSP issued Circular No. 1033, which amended the BSP MORB by adding regulations on Electronic Payment and Financial Services ("**EPFS**"). This allows BSP-supervised institution to offer products or services that would enable its customers to receive payments or initiate financial transactions and other related services through an electronic device such as computer, mobile phone, ATM and other devices. EPFS allow customers to electronically access information on their transactions, move or receive funds from one account to another, or avail of credit, investment, trust, or other banking products and/or services. Transactions can include online loan applications, electronic investment of funds, and the like. To be able to offer this kind of service, the bank must obtain a license from BSP and comply with its corresponding reportorial requirements.

Digital Banks

On 26 November 2020, the Monetary Board approved the inclusion of digital banks as a distinct classification of banks. Digital banks offer financial products and services that are processed end-to-end through a digital platform and/or electronic channels without any physical branch or sub-branch or branch-lite unit offering financial products and services. On 2 December 2020, the BSP issued BSP Circular No. 1105 which provides the guidelines on establishment of digital banks. While digital banks have no physical branch or sub-branch or branch-lite unit, digital banks are required to maintain a principal or head office in the Philippines to serve as the main point of contact for stakeholders, including the BSP and other regulators. Pursuant to the accelerated digitalization in the financial industry, the BSP issued Memorandum No. M-2022-016 on 22 March 2022, which provides the controls and processes supporting the operation, connectivity, and endpoint security of Application Programming Interface ("**API**") and the good practices for API management.

The BSP through Circular no. 1205 series of 2024 lifted the moratorium on the grant of digital bank licenses, including the conversion of an existing bank's license into a digital bank license. A maximum of ten digital banks shall be allowed to operate in the country starting on 1 January 2025.

Applications for the establishment of other types of banks that will primarily offer financial products and services that are processed end-to-end through a digital platform shall be treated and evaluated as a digital banking license application.

NRPS

On 21 January 2022, the BSP issued BSP Circular No. 1135, providing for the Guidelines on the Settlement of Electronic Payments Under the National Retail Payment System ("**NRPS**") Framework in line with the BSP's goal to ensure the efficiency of payment systems in the country. Under this Circular, the BSP requires BSFIs participating in an Automated Clearing House ("**ACH**") for electronic payments to ensure that the ACH provides certainty of settlements of the multilateral clearing obligations of the clearing participants.

EMIs

On 7 February 2023, the BSP issued Circular No. 1166 which amended the regulations on electronic money ("**E-Money**") and operations of E-Money issuers ("**EMIs**") in the Philippines. The Circular clarified that the E-Money issued under closed-loop electronic wallet systems is not covered by the regulations and provides additional guidelines which shall govern the issuance and operations of E-Money, including the regulations on minimum systems and controls required from EMIs, consumer protection regulations, minimum disclosure requirements, liquidity requirements and capital requirements, among others.

Digital Financial Marketplace

The BSP eyes the issuance of guidelines on the digital financial marketplace model, where banks and EMIs, as ecosystem drivers, may forge strategic and meaningful partnerships with other financial service providers to empower consumers and enable them to access a range of select financial products and services through a one-stop-shop platform. The draft guidelines aim to adopt a digital financial marketplace model with a sound governance and risk management system, including an effective information sharing arrangement, to ensure that attendant risks are adequately managed and consumer interests are protected.

Under the draft guidelines, Banks and EMIs which intend to establish a one-stop platform will be required to submit, among others, (i) their profile, (ii) audited financial statements, (iii) contract between the bank or the EMI and the financial service provider, (iv) sample contracts between the financial service provider and its clients, and (v) marketing materials. The bank or EMI shall notify the appropriate supervising department of the BSP and its Technology Risk and Innovations Supervision Department in writing of the plan to engage in digital financial marketplace operations at least thirty (30) days prior to launching or implementation.

National Payment Systems Act

On 30 October 2018, Congress enacted RA No. 11127 or the *Act Providing for the Regulation and Supervision of Payment Systems*. R.A. No. 11127 seeks to regulate payment systems, recognizing that they are crucial parts of the financial infrastructure of the country. The law defines payment systems as the set of payment instruments, processes, procedures, and participants that ensures the circulation of money or movement of funds. Meanwhile, the same law defines operators as persons who provide clearing or settlement services in a payment system, or define, prescribe, design, control, or maintain the operational framework of the payment system.

Under RA No. 11127, all OPS must register with the BSP. Furthermore, the Philippine SEC can no longer register the charter documents of any operator of a designated payment system (“DPS”), or any amendment thereto, or otherwise issue to an operator a license to do business in the Philippines, unless accompanied by a certificate of authority from the Monetary Board under its seal. The law also grants the BSP the power to designate a new payment system if it determines that an existing payment system is posing or has the potential to pose a systemic risk, or the designation is necessary to protect the public interest.

As discussed earlier, BSP issued BSP Circular No. 1049 which requires banks, acting as payment systems operators, to register with the BSP through notification without having to separately file an application or pay registration fees. The BSP will then issue the registering bank with a Provisional Certificate of Registration. Thereafter, the BSP will issue the bank a Certificate of Registration, if warranted, provided that the documents submitted by the bank meet all regulatory requirements. BSP Circular No. 1068, issued on 26 December 2019, extended the deadline for the registration of existing payment systems operations from 1 October 2019, as originally provided in Circular No. 1049, to 1 April 2020.

The BSP implemented the Payment System Oversight Framework (“PSOF”) on 7 July 2020 through the issuance of BSP Circular No. 1089, which addresses the need for comprehensive regulation over payment systems and other financial market infrastructures through cooperative oversight and periodic assessment. The PSOF follows a risk-based oversight approach mainly through the designation of payment systems. In the event that the operator of a DPS fails to satisfy regulatory expectations, resulting in a threat to the safety, efficiency and reliability of the system, the PSOF empowers the BSP to appoint a manager to administer the operation of the DPS. On 14 September 2021, the BSP mandated the adoption of the Principles for Financial Market Infrastructures (“PFMI”) pursuant to the PSOF. The PFMI is a set of international standards designed to strengthen financial market infrastructures and make them more resilient to financial crises and participant defaults.

In line with the phased-in implementation of RA No. 11127, the BSP issued BSP Circular No. 1127 on the *Governance Policy for Operators of Payment Systems* on 17 September 2021, which is patterned after its other existing corporate governance standards. It prescribes the regulatory expectations on governance arrangements and standards of OPS as well as the criteria for qualification of its directors and officers.

On 1 March 2022, the BSP issued Circular No. 1138 which establishes the regulatory reporting standards for OPS. The circular requires an OPS to establish a reporting system that will aggregate all pertinent data and produce the reports required by the BSP under both business-as-usual and stressed conditions (i.e., emergency conditions for OPS such as a crisis, national or public health emergencies, weather-related events, or sudden closures of markets and/or clearing agencies where the transactions therein are processed through an OPS for eventual settlement) in a timely manner. The circular also specifies sanctions that may be imposed on an OPS for non-compliance with reporting requirements. It also prescribes non-monetary penalties such as the disqualification or suspension of the Chief Executive Officer for at least one month to one year in the case of unsubmitted reports. The top official and members of the board may also be disqualified from the industry for further offenses and the Monetary Board will have the power to designate a manager to take over the operations.

The Anti-Financial Account Scamming Act

RA No. 12010, or the Anti-Financial Account Scamming Act ("**AFASA**"), was signed into law on 20 July 2024 to combat financial cybercrimes, safeguard the interests of financial consumers, and uphold the integrity of the financial system.

The AFASA authorizes the BSP to investigate violations of the law, apply for cybercrime warrants, and collaborate with law enforcement agencies in the investigation of cases covered by the law. It also provides the BSP with limited authority to examine and investigate bank accounts, e-wallets, and other financial accounts that are involved in the prohibited acts under the law, which includes engaging in money muling activities and social engineering schemes. Under the AFASA, money muling activities are prohibited, which includes the following acts for the purpose of obtaining, receiving, depositing, transferring, or withdrawing proceeds that are known to be derived from crimes, offences, or social engineering schemes:

- using, borrowing or allowing the use of a Financial Account;
- opening a financial account under a fictitious name or using the identity or identification documents of another;
- buying or renting a Financial Account;
- selling or lending a Financial Account; or
- recruiting, enlisting, contracting, hiring, utilising or inducing any person to perform the acts mentioned in the first to fourth bullets of this subsection.

Meanwhile, social engineering schemes are committed by a person who obtains sensitive identifying information of another person, through deception or fraud, resulting in unauthorised access and control over the person's financial account, by performing any of the following acts:

- misrepresenting oneself as acting on behalf of an institution, or making false representations to solicit another person's sensitive identifying information; or
- using electronic communications to obtain another person's sensitive identifying information.

The aforementioned acts shall be considered as economic sabotage when committed under any of the following circumstances:

- by a group of three or more persons conspiring or confederating with one another;
- against three or more persons individually or as a group;
- using a mass mailer; or
- through human trafficking.

Under the AFASA, financial institutions have the obligation to employ adequate risk and fraud management systems to ensure that their clients' financial accounts are protected and temporarily hold funds subject of a disputed transaction within a period prescribed by the BSP, which shall not exceed 30 days, unless otherwise extended by a court of competent jurisdiction.

On 19 September 2024, BSP Memorandum No. M-2024-029 was released to strictly enforce Section 6 of AFASA through the reiteration of Risk Management Controls under the MORB and other BSP regulations. BSFIs are enjoined to strictly observe the BSP issuances on the adoption of adequate risk management systems and controls. BSFIs should ensure adoption of key controls to protect financial accounts such as fraud management systems, infrastructure and security monitoring, multi-factor authentication, account owner enrollment and verification processes, audit trails and cyber security tests and evaluation.

The AFASA is further implemented by BSP Circular Nos. 1213, 1214, and 1215, Series of 2025, which provide a comprehensive framework for the exercise of the BSP's mandates and translate AFASA's aspirations into actionable rules and policies for BSP-supervised institutions ("**BSIs**"), consumers, and the public. These rules work in tandem to (1) prevent, detect, and delay fraudulent transactions, (2) enhance the ability of fraud victims and BSIs to trace, hold, verify, and recover disputed funds, and (3) provide an expedited procedure for accessing and sharing financial account information for law enforcement purposes.

Pursuant to the AFASA, BSP Circular No. 1213, s. 2025, amended the regulations on Information Technology Risk Management under the MORB by requiring BSIs to adopt a robust Fund Management System, among other internal controls. BSP Circular No. 1214, s. 2025, prescribes the rules of procedure on the conduct of inquiries into financial accounts and the sharing of financial account information by the BSP consistent with the AFASA. BSP Circular No. 1215, s. 2025, operationalizes the authority of BSIs to hold disputed funds for a period of not more than thirty (30) calendar days, consisting of initial and extended holding periods, in accordance with the AFASA.

Related Party Transactions

On 14 December 2015, the BSP announced that it approved guidelines strengthening oversight and control standards for managing related party transactions. The guidelines highlight that while transactions between and among the

entities within the same group create financial, commercial, and economic benefits, higher standards should be applied to protect the interests of all stakeholders. It is emphasised that related party transactions are generally allowed for as long as these are done on an arm's length basis referring to the process involved in handling the transaction as well as the economic terms of the transaction.

Under the guidelines, the board, as an oversight body, shall have overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations. The board is expected to approve an overarching policy on the handling of related party transactions that should cover the scope of its related party transactions policy, guidelines in ensuring arm's length terms, management of conflicts of interest, materiality thresholds and limits, whistle blowing mechanisms, and restitution of losses and other remedies for irregular related party transactions. Further, banks that are part of conglomerates are required to create a related party transactions committee responsible for the continuing identification and review of existing relations between and among businesses and counterparties, and for ensuring that related party transactions are processed in the regular course of business, and are priced fairly. The guidelines now explicitly require that the annual reports adequately disclose relevant information on the governance of related party transactions and specific details of exposures to related parties.

On 25 April 2019, the SEC issued Memorandum Circular No. 10-2019 regarding the Rules on Material Related Party Transactions for Publicly-Listed Companies ("**SEC MC 10-2019**"). Under SEC MC 10-2019, when the related party transactions amount to 10% or higher of a company's total assets, it is considered a material related party transaction and is disclosable and reportable to the SEC.

Mandatory Credit Requirement

Under Republic Act No. 11901 or the AFRD Act, all banking institutions, whether government or private, must set aside a credit quota, or a minimum mandatory agricultural and fisheries financing requirement, of at least 25% of their total loanable funds. The AFRD Act provides that banks may comply with the mandatory credit requirement by engaging in sustainable finance or investing in debt securities, including those issued by LANDBANK.

BSP Circular No. 1159, s. 2022, which sets out the IRR of the AFRD Act, provides that investments in sustainability bonds, as well as in other sustainable finance instruments issued in accordance with domestic guidelines or international standards, the proceeds of which are to be applied to sustainable projects that will benefit the country, qualify as compliance with the mandatory credit requirement under the AFRD Act.

Whether investment in sustainability bonds qualifies as valid compliance is subject to review by the ACPC. Under the AFRD Act and its IRR, the available modes of compliance are subject to review by ACPC for purposes of determining whether they are adequate to support financing requirements of rural communities. The BSP, as a member of the ACPC, may likewise identify other actions that may be deemed eligible modes of compliance with mandatory AFRD financing. In this regard, BSP requires banks to submit electronically a Report on Compliance with Mandatory AFRD Financing to its Department of Supervisory Analytics.

Taxation of Banks

Banks are subject to corporate income tax. The taxable income of banks from all sources within and without the Philippines is subject to income tax at the rate of 20% effective 1 July 2020 (if such banks are classifiable as domestic corporations). Effective as of the same date, only the taxable income derived by banks from Philippine sources is subject to income tax at the rate of 20% (if such banks are classifiable as resident foreign corporations).

Taxable net income refers to items of income specified under Section 32 (A) the Tax Code less the items of allowable deductions under Section 34 of the Tax Code or those allowed under special laws.

A Minimum Corporate Income Tax ("**MCIT**") equivalent to 2% of the gross income of a bank is payable beginning on the fourth year of operations of the bank only if the MCIT is greater than the regular corporate income tax. Any excess MCIT paid over the regular corporate income tax can be carried forward as tax credit for the three immediately succeeding years. For purposes of MCIT, the bank's gross income means: (a) gross receipts less sales returns, allowances, discounts and cost of services, including interest expense; and (b) income derived from other businesses except income exempt from income tax and income subject to final tax. Under the CREATE Act, however, the MCIT rate is lowered to 1% of gross income for the period commencing 1 July 2020 and ending 30 June 2023.

An Improperly Accumulated Earning Tax ("**IAET**") equivalent to 10% of improperly accumulated taxable income of a corporation is not applicable to banks. In addition, IAET has been repealed by the CREATE Act.

Since banks are in the regular business of lending, interest income derived by banks which is generally considered passive income by non-banks, is considered ordinary income of banks subject to 25% corporate income tax. Banks may also claim interest expense as tax deduction if such expense complies with the requirements laid down in Revenue Regulations No. 13-00, as amended, Revenue Regulations No. 5-2021, and Revenue Memorandum Circular No. 19-2024. The amount of interest expense which banks may claim as tax deduction shall be reduced

by an amount equal to 20% of the banks' interest income that is subject to final tax.

The Tax Code does not allow banks to deduct interest expense or bad debts arising from transactions with the following:

- An individual who directly or indirectly owns more than 50% in value of the outstanding capital stock of the bank;
- a corporation, more than 50% in value of the outstanding capital stock of which is owned directly or indirectly, by or for the same individual in sub-paragraph (a), either as a personal holding company or a foreign personal holding company.

Pursuant to Revenue Regulations No. 05-99 (as amended by Revenue Regulations No. 25-02), in order for banks to claim bad debts as tax deductions, they must submit a written approval from the BSP stating that the indebtedness can be written off from the banks' books of accounts at the end of the taxable year, subject to the final determination by the BIR that bad debts being claimed by the banks are worthless and uncollectible.

The banks' passive income such as interest income earned from bank deposits is subject to final withholding tax.

Banks are subject to percentage tax or GRT which is a tax levied on the gross receipts of banks and non-bank financial intermediaries. On 13 June 2016, the BIR issued Revenue Memorandum Circular No. 62-2016 ("**RMC 62-2016**") seeking to clarify the tax treatment of GRT, which is passed on by banks through contractual stipulations to their clients. RMC 62-2016 provides that if under a contract the GRT is passed on to the client, such passed-on GRT should be treated as gross income and should itself be subject to a GRT of either 5% or 7% depending on the provision of the Tax Code covering the type of income or activity.

Real and Other Properties Acquired ("**ROPA**") of banks are considered as ordinary assets. The income derived from their sale is subject to the regular corporate income tax. Moreover, the transaction is subject to a 6% creditable withholding tax based on the highest among the zonal value, value in the tax declaration or selling price, which shall be withheld by the buyer and can be used as a credit against the bank's taxable income in the year that the gain is realized.

The Tax Code provides for a final tax at fixed rates for the amount of interest, yield or benefit derived from deposit substitutes which shall be withheld and remitted by the payor of the said interest, yield or benefit. This rule does not apply to gains derived from trading, retirement or redemption of the debt instrument which is subject to regular income tax rates, except those instruments with maturity of more than five years.

To be considered as a deposit substitute, the debt instrument must have been issued or endorsed to 20 or more individuals at any one time at the time of the original issuance in the primary market or at the issuance of each tranche in the case of instruments sold or issued in tranches. Interbank call loans with a maturity period of not more than five days and used to cover deficiency in reserves against deposit liabilities are not considered deposit substitutes and are not subject to DST except if they have a maturity of more than seven days.

On 19 December 2017, the then President of the Philippines signed into law, package 1 of TRAIN Law which took effect on 1 January 2018. The TRAIN Law amends certain provisions of the Tax Code. The relevant changes of the TRAIN Law are incorporated in the section titled "Philippine Taxation" of this Offering Circular.

On 14 February 2019, then President Duterte signed into law the Tax Amnesty Act of 2019 or Republic Act No. 11213 ("**Tax Amnesty Law**"), which was intended to complement the provisions of the TRAIN Law. However, following the President's veto of the provisions granting general tax amnesty for all unpaid national internal revenue taxes for taxable year 2017 and prior years, the current Tax Amnesty Law only grants estate tax amnesty for estates of decedents who died on or before 31 December 2017 and whose estate taxes have remained unpaid or have accrued as of 31 December 2017 and tax amnesty on delinquencies covering all national internal revenue taxes for taxable year 2017 and prior years.

On 26 March 2021, then President Duterte signed into law Republic Act No. 11534 or the CREATE Act. The amendments under the CREATE Act include the reduction of the regular corporate income tax rate for both domestic and foreign corporations from 30% to 25%. The regular corporate income tax rate may be further reduced to 20% for domestic corporations with net taxable income not exceeding ₱5.0 million and total assets (excluding land on which the corporation's office, plant, and equipment are situated) not exceeding ₱100.0 million. The rate of the minimum corporate income tax ("**MCIT**") was also lowered to 1%, effective 1 July 2020 to 30 June 2023.

Currently pending in the Senate is the Package 4 of the CTRP (HB No. 4339 or the "**PIFITA**") a proposed tax reform measure which aims to: (1) adopt a single gross receipts tax ("**GRT**") of 5% imposed on banks, quasi-banks, and certain financial intermediaries; (2) harmonize business taxes on financial intermediaries; and (3) rationalize DST rates. However, before HB No. 4339 can become effective, it must be considered and approved by the Senate.

On 5 January 2024, President Marcos signed into law RA No. 11976 or the EOPT Act. The EOPT Act provides for amendments to the Tax Code relating to the filing and payment of taxes, shifting the value-added tax base for sale

of services and use or lease of properties from gross receipts to gross sales, and creating new classifications of taxpayers depending on gross sales, among others.

On 2 October 2024, Republic Act No. 12023 (“**RA 12023**”), otherwise known as the VAT on Digital Services Law, was signed into law and took effect on 18 October 2024. RA 12023 aims to level the playing field between local and foreign digital services providers by mandating a 12% VAT on all digital services consumed in the Philippines. The BIR issued Revenue Regulations No. 03-2025, setting the implementing rules for RA 12023. Covered transactions include automated digital services and intangible digital goods, while exemptions apply to educational services, government-recognized institutions, and financial service providers. Non-resident digital service providers must comply with registration, reporting, and remittance requirements, using specified exchange rate sources for foreign currency transactions.

On 29 May 2025, Republic Act No. 12214 or the CMEPA was signed into law and took effect on 1 July 2025. The CMEPA seeks to enhance capital markets, improve investment competitiveness, and equalize the tax treatment of debt and stock securities. Notably, it reduced the stock transfer tax on listed shares from 0.60% to 0.10%. Relevant to banks and other financial institutions, the CMEPA standardized the final withholding tax rate by imposing a uniform final tax of 20% on interest, yield, or any other monetary benefit derived from currency bank deposits, deposit substitutes, trust funds, and similar arrangements. Accordingly, interest income from foreign currency deposits is now subject to a final tax rate of 20%, an increase from the previous 15%. The amendment is intended to strengthen the local banking sector and remove the preferential tax treatment previously accorded to foreign currency deposit accounts. Further, income from the sale, exchange, or retirement of bonds, debentures, or other certificates of indebtedness with a maturity of more than five (5) years is no longer exempt from income tax under the CMEPA.

BSP Regulations on Issuances of Securities

Additional Requirements for the Issuance of Bonds and Commercial Papers

On 9 August 2018, the BSP issued Circular No. 1010, which allowed banks to issue bonds and/or commercial papers without prior BSP approval, provided that the following conditions were met:

- (a) the bank must have a CAMELS composite rating of at least “3” and a “Management” rating of not lower than “3”;
- (b) the bank has no major supervisory concerns in governance, risk management systems, and internal controls and compliance system;
- (c) the bank/QB has complied with directives and/or is not subject of specific directives and/or enforcement actions by the BSP; and
- (d) the bonds issued are enrolled and/or traded in a market which is organised in accordance with the SEC rules and regulations.

Further, the issuing bank, including its subsidiaries, affiliates, and the wholly or majority-owned or -controlled entities of such subsidiaries and affiliates, except for its trust departments or related trust entities, is prohibited from holding or acting as a market maker of the bank’s listed/traded bonds or commercial papers. Likewise, the registry bank, including the underwriter/arranger of the issuance, must be a third party with no subsidiary/affiliate relationship with the issuing bank and which is not related to the issuing bank in any manner that would undermine its independence.

Amendments to Existing Requirements for Issuances of Bank Securities

On 26 November 2019, the BSP issued Circular No. 1062 amending the provisions of the BSP MORB to relax certain requirements on the issuance of Long-Term Negotiable Certificates of Time Deposit, Bonds and Commercial Papers.

It prohibits an issuing bank or quasi-bank and its related parties, except its trust departments or related trust entities, from holding or acting as market makers of the bank’s Long-Term Negotiable Certificates of Time Deposit, Bonds and Commercial Papers issued. Further, under the amendments, universal banks or commercial bank that is a related party of the issuing bank, may serve as the underwriter or arranger of the issuance, subject to the following conditions:

- (a) That there are other third party underwriters or arrangers that are not related in any manner to the issuing bank;
- (b) That the objective conduct of the due diligence review is not undermined; and
- (c) That the appropriate safeguards and controls as provided under Section 136 of the BSP MORB on related party transactions shall be instituted to prevent conflict of interest on the said arrangement.

Further, the underwriter or arranger that is a related party of the issuing bank may be a Bondholder or commercial papers, provided that it is part of the underwriting agreement.

Moratorium on the Issuance of Long-Term Negotiable Certificates of Time Deposit (LTNCTDs)

BSP Circular No. 1059 dated 15 November 2019 amended the Manual imposing an indefinite moratorium on the issuance of LTNCTDs beginning 01 January 2021. LTNCTDs that have been approved but remain unissued as of 31 December 2020 may still be issued, provided that this is done within the period allowed by the BSP. Requests for authority to issue LTNCTDs will only be accepted by the appropriate supervising department of the BSP until 30 September 2020.

Amendments to Regulations on Definition of Financial Intermediaries, Issuance of Bonds and Commercial Papers, and Borrowings from Banks, Quasi-Banks and Other Financial Intermediaries

BSP Circular No. 1224, issued on 28 November 2025, amends key regulatory provisions in the MORB and the MORBNFI to redefine the scope of financial intermediaries and update rules on the issuance of bonds, commercial papers and other debt securities, as well as borrowings from banks, quasi-banks and other financial intermediaries. Under the BSP Circular No. 1224, “financial intermediaries” are now defined as juridical entities whose principal functions include the lending, investing or placement of funds or evidences of indebtedness or equity either on their own account or for others. This expanded definition explicitly includes entities such as banks, quasi-banks, investment houses and companies, trust entities, financing companies, securities dealers/brokers, lending investors, pawnshops, fund managers, cooperatives, insurance companies, non-stock savings and loan associations, venture capital corporations, and other non-bank financial institutions that meet the functional criteria, as well as government financial institutions and international financial institutions performing banking, credit or investment functions.

The BSP Circular No. 1224 also harmonizes the treatment of banks and quasi-banks in issuing bonds, commercial papers and other debt instruments by allowing banks with quasi-banking authority to issue such securities without prior BSP approval (provided they comply with prudential criteria and applicable SRC/SEC rules), and by setting corresponding issuance and reporting requirements (including board approvals, notifications to the BSP, and funding plans).

In addition, the amended borrowings provisions clarify which debt securities are not considered deposit substitutes under the revised definition of financial intermediaries, and include a transitory provision to address lender count issues arising from changes in the definition. These amendments aim to align regulatory treatment across different types of institutions, enhance clarity in debt issuance and intermediation rules, and support more consistent supervision of financial markets.

PHILIPPINE BANKING INDUSTRY

The following is a general discussion of the Philippine Banking Industry, including certain financial information of certain competitors of the Bank, which is sourced from their respective public filings and which includes certain unaudited and unreviewed financials. It is based on laws, regulations and administrative rulings in force as at the date of this Offering Circular and is subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. It does not purport to be a comprehensive description of all of the aspects of the industry that may be relevant to a decision to purchase, own or dispose of the Bonds. Neither the Bank, the Issue Manager, the Selling Agents, nor any of their advisors make any representation as to the accuracy or completeness of this information. This information has not been independently verified by the Bank, the Issue Manager, the Selling Agents, nor any of their advisors and should not be unduly relied on. Prospective purchasers should consult their advisors as to the consequences of acquiring, holding and disposing of the Bonds.

The banking industry in the Philippines is composed of universal banks, commercial banks, rural banks, thrift banks (including savings and mortgage banks), private development banks, stock savings and loan associations, cooperative banks, and Islamic banks.

According to BSP's Report on the Physical Network of the Philippine Banking System, as of 30 September 2025, the commercial banking sector, comprising universal and commercial banks, consisted of 44 banks, of which 22 were universal banks and 22 were commercial banks. Of the 22 universal banks, 13 were private domestic banks, three were government banks, and six were branches of foreign banks. Of the 22 commercial banks, two were private domestic banks, two were subsidiaries of foreign banks, and 18 were branches of foreign banks.

Commercial banks have all the general powers incident to corporations and all powers that may be necessary to carry on the business of commercial banking, such as the power to accept drafts and to issue letters of credit, discount and negotiate promissory notes, drafts, bills of exchange, and other evidences of indebtedness, receive deposits and deposit substitutes, buy and sell foreign exchange and gold and silver bullion, and lend money on a secured or unsecured basis. Universal banks are banks that have authority, in addition to commercial banking powers, to exercise the powers of investment houses, to invest in the equity of business not related to banking and own up to 100% of the equity in a thrift bank, a rural bank or a financial allied or non-allied enterprise. A publicly-listed universal or commercial bank may own up to 100% of the voting stock of only one other universal or commercial bank.

Thrift banks primarily accumulate the savings of depositors and invest them, together with capital loans secured by bonds, mortgages in real estate and insured improvements thereon, chattel mortgage, bonds and other forms of security or in loans for personal and household finance, secured or unsecured, or in financing for home building and home development; in readily marketable debt securities; in commercial papers and accounts receivables, drafts, bills of exchange, acceptances of notes arising out of commercial transactions. Thrift banks also provide short-term working capital and medium- and long-term financing for businesses engaged in agriculture, services, industry, housing and other financial and allied services for its chosen market and constituencies, especially for small and medium-sized enterprises and individuals. As of 30 September 2025, there were 42 thrift banks (including microfinance-oriented banks).

Rural banks are organized primarily to make credit available and readily accessible in the rural areas on reasonable terms. Loans and advances extended by rural banks are primarily for the purpose of meeting the normal credit needs of farmers and fishermen, as well as the normal credit needs of cooperatives and merchants. As of 30 September 2025, there were 351 rural banks and 21 cooperative banks.

Specialized government banks are organized to serve a particular purpose. In addition to LANDBANK, DBP and Al-Amanah Islamic Investment Bank of the Philippines ("AAIIB") are specialized government banks. DBP was organized primarily to provide banking services catering to the medium- and long-term needs of agricultural and industrial enterprises, particularly in rural areas and preferably for small- and medium-sized enterprises. In addition to their special functions, LANDBANK and DBP are allowed to operate as universal banks. AAIIB was organized to promote and accelerate the socio-economic development of the Autonomous Region of Muslim Mindanao through banking, financing and investment operations and to establish and participate in agricultural, commercial and industrial ventures based on Islamic banking principles and rulings.

During the past decade, the Philippine banking industry has been marked by two major trends - the liberalization of the industry, and mergers and consolidation.

Foreign bank entry was liberalized in 1994, enabling foreign banks to invest in up to 60% of the voting stock of an existing bank or a new banking subsidiary, or to establish branches with full banking authority. This led to the establishment of 10 new foreign bank branches in 1995. Republic Act No. 8791 or the General Banking Law of 2000 (the "General Banking Law") further liberalized the industry by providing that the Monetary Board may authorize foreign banks to acquire up to 100% of the voting stock of one domestic bank. Under the General Banking Law, any foreign bank, which prior to the effectiveness of the said law availed itself of the privilege to acquire up to 60% of the voting stock of a domestic bank, may further acquire voting shares of such bank to the extent necessary for it

to own 100% of the voting stock thereof.

As of 30 September 2025, there were 26 foreign banks operating in the Philippines, 24 of which are operating as branches of foreign banks in the Philippines, and two foreign banks with subsidiaries in the Philippines. Under RA 10641 and BSP Circular No. 858, Series of 2014 dated 21 November 2014 which amended the relevant provisions of the MORB implementing RA 10641, established, reputable and financially sound foreign banks may be authorized by the Monetary Board to operate in the Philippine banking system through any one of the following modes of entry: (a) by acquiring, purchasing or owning up to 100% of the voting stock of an existing domestic bank (including banks under receivership or liquidation, provided no final court liquidation order has been issued); (b) by investing in up to 100% of the voting stock of a new banking subsidiary incorporated under the laws of the Philippines; or (c) by establishing branches and sub-branches with full banking authority. The foreign bank applicant must also be widely-owned and publicly-listed in its country of origin, unless the foreign bank applicant is owned and controlled by the government of its country of origin. Such established subsidiaries and branches of foreign banks shall be allowed to perform the same functions and enjoy the same privileges of, and be subject to the same limitations imposed upon, a Philippine bank of the same category. Privileges shall include the eligibility to operate under a universal banking authority subject to compliance with existing rules and regulations. Notwithstanding the entry of foreign banks, the BSP is mandated to adopt necessary measures to ensure that at all times the control of 60% of the resources or assets of the entire banking system is held by domestic banks, which are majority-owned by Filipinos.

The liberalization of foreign ownership regulations in banks has allowed the emergence of foreign and local banks with foreign ownership in the market, through the granting of new licenses or through equity investments in domestic banks.

The BSP has also been encouraging mergers and consolidations in the banking industry, seeing this as a means to create stronger and more globally competitive banking institutions. To encourage this trend, the BSP offered various incentives to merging or consolidating banks. On 11 October 2012, BSP Circular No. 771 was issued in order to grant incentives for investors who purchase a controlling stake in a bank. Accordingly, the coverage of relief incentives for mergers and consolidations now includes the purchase and acquisition of a majority of all of the outstanding shares of stock of a bank. Based on BSP data, since the new package of incentives took effect in September 1998, there have been at least 49 mergers, acquisitions, and consolidations of banks. However, while recent mergers increased market concentrations, BSP studies showed that they were not enough to pose a threat to the overall competition levels since market share remained relatively well dispersed among the remaining players.

Pursuant to the liberalization, and to the mergers and consolidation trend, the BSP issued Circular No. 902, Series of 2016 dated 15 February 2016 to implement the phased lifting of the moratorium on the grant of new banking license or establishment of new domestic banks. As provided in the Circular “the suspension of the grant of new banking licenses or the establishment of new banks under the MORB is lifted under a two-phased approach. Under Phase 1 of the liberalization, the grant of new universal/commercial banking license shall be allowed in connection with the upgrading of an existing domestic thrift bank. Under Phase 2, the moratorium on the establishment of new domestic banks shall be fully lifted and locational restrictions shall be fully liberalized starting on 1 January 2018.”

According to the results of the Senior Bank Loan Officers’ Survey conducted by the BSP, majority of the participating banks maintained their credit standards for loans to businesses and consumers, as well as maintained overall credit standards for commercial real estate loans (“**CRELs**”) in the first quarter of 2024. The diffused index approach indicated a net tightening of overall credit standards for commercial real estate loans largely due to banks’ reduced tolerance for risk, and a deterioration in borrowers’ profiles and profitability of banks’ portfolios.

The BSP issued Circular No. 839 which adopts a prudential real estate stress test (“**REST**”) limit for universal and commercial banks, TBs on a solo and consolidated basis on their aggregate real estate exposures. The REST limit combines macro prudential overlay of a severe stress test scenario, the principle of loss absorbency through minimum capital ratio thresholds and heightened supervisory response.

The prudential REST limits, which shall be complied with at all times by universal and commercial banks, are 6% of CET1 capital ratio and 10% of risk-based capital adequacy ratio, on a solo and consolidated basis, under the prescribed write-off rate. For thrift banks, the prudential REST limits, which shall be complied with at all times, are 6% of CET1 capital, for thrift banks that are subsidiaries of universal and commercial banks, 6% of Tier 1 capital, for stand-alone thrift banks, and 10% of risk-based capital adequacy ratio for all thrift banks.

By virtue of BSP Circular No. 854, the minimum capital requirement for all bank categories, namely universal banks, commercial banks, thrift banks, rural banks, and cooperative banks, increased in order to strengthen the banking system. In 2022, BSP issued Circular No. 1151 which amended the minimum capitalization for rural banks in the Philippines. Below are the amended minimum capital requirements for banks as of 2024:

Bank Category/Network Size	Existing Minimum Capitalization (₱)	Revised Minimum Capitalization (₱)
Universal Banks - Head Office only - Up to 10 branches * 11 to 100 branches * - More than 100 branches *	4.95 billion**	3.00 billion 6.00 billion 15.00 billion 20.00 billion
Commercial Banks - Head Office only - Up to 10 branches * 11 to 100 branches * - More than 100 branches *	2.40 billion**	2.00 billion 4.00 billion 10.00 billion 15.00 billion
Thrift Banks		
Head Office in: - Metro Manila - Cebu and Davao cities - Other Areas	1.00 billion** 500 million** 250 million**	
Head Office in the National Capital Region (NCR) - Head Office only - Up to 10 branches* 11 to 50 branches* - More than 50 branches*		500 million 750 million 1.0 billion 2.0 billion
Head Office in All Other Areas Outside NCR - Head Office only - Up to 10 branches* 11 to 50 branches* - More than 50 branches*		200 million 300 million 400 million 800 million
Rural and Cooperative Banks		
Head Office in: - Metro Manila - Cebu and Davao cities - Other cities 1st to 4th class municipalities 5th to 6th class municipalities	100 million** 50 million** 25 million** 10 million** 5 million**	
Head Office in the NCR - Head Office only - Up to 5 branches* 6 to 10 branches* - More than 10 branches*		50 million 50 million 120 million 200 million
Head Office in All Other Areas Outside NCR (All cities up to 3 rd class municipalities) - Head Office only - Up to 10 branches* 11 to 50 branches* - More than 50 branches*		20 million 30 million 40 million 80 million
Head Office in All Other Areas Outside NCR (4 th to 6 th class municipalities) - Head Office only - Up to 10 branches* 11 to 50 branches* - More than 50 branches*		10 million 15 million 20 million 40 million

*Inclusive of Head Office

**With no distinction for network size

COMPETITION

The Bank faces competition from both domestic and foreign banks, in part, as a result of the liberalization of the banking industry by the Government. On 21 January 2016, the Monetary Board approved the phased lifting of the moratorium on the grant of new banking license or establishment of new domestic banks. The moratorium on the

establishment of new domestic banks and locational restrictions was fully liberalized effective 1 January 2018.

Since September 1998, the BSP has been encouraging consolidation among banks in order to strengthen the Philippine banking system. Mergers and consolidation result in greater competition, as a smaller group of “top tier” banks compete for business.

As of 31 March 2022, universal and commercial banks (including unlisted banks such as Land Bank of the Philippines and DBP) account for approximately 94% of total resources and 94% of total deposits of the Philippine banking system based on their published balance sheets.

Certain factors arising from the 1997 Asian crisis and the 2008 global financial crisis also resulted in greater competition and exert downward pressure on margins. Banks instituted more restrictive lending policies as they focused on asset quality and reduction of their NPLs, which resulted in increasing liquidity. As Philippine economic growth further accelerates and banks apply such liquidity in the lending market, greater competition for corporate, commercial and consumer loans is expected. As of 30 September 2020, the ten (10) largest commercial banks (including unlisted banks such as Land Bank of the Philippines and DBP) account for approximately 85% of the net customer loan portfolio of the Philippine banking system, based on published statements of condition.

Republic Act No. 10667 (the “**Philippine Competition Act**” or “**PCA**”), which provides the competition framework in the Philippines, was signed into law on 21 July 2015 and took effect on 8 August 2015. The PCA was enacted to provide free and fair competition in trade, industry, and all commercial economic activities. To implement its objectives, the PCA provides for the creation of a Philippine Competition Commission (the “**PCC**”), an independent quasi-judicial agency with five commissioners. Among its powers are to: conduct investigations, issue subpoenas, conduct administrative proceedings and impose administrative fines and penalties. To conduct a search and seizure, the PCC must apply for a warrant with the relevant court.

The PCA prohibits anti-competitive agreements between or among competitions, and mergers and acquisitions which have the object or effect of substantially preventing, restricting, or lessening competition. It also prohibits practices which involve abuse of dominant position, such as selling goods or services below cost to drive out competition, imposing barriers to entry or prevent competitors from growing, and setting prices or terms that discriminate unreasonably between customers or sellers or the same goods, subject to exceptions.

Under the implementing rules and regulations of the Philippine Competition Act (“**PCA IRR**”) issued by the PCC on 3 June 2016 (as amended or supplemented to date), and as specifically updated by Commission Resolution No. 04-2025, which raised the threshold effective 1 March 2025) as a general rule, parties to a merger or acquisition are required to provide notification when: (a) the aggregate annual gross revenues in, into or from the Philippines, or value of the assets in the Philippines of the ultimate parent entity of the acquiring or the acquired entities exceed ₱8.5 billion (“**Size of Party**” or general, “*the value of assets and revenues in, into or from the Philippines of the ultimate parent entity of any of the parties and all entities it controls*”); and (b) the value of the transaction exceeds ₱3.5 billion (“**Size of the Transaction**” or generally, “*the value of assets and revenues in, into, or from the Philippines of the acquired entity*”), in each case, as determined in accordance with the PCA IRR and other relevant issuance of the PCC. Similarly, the parties to a joint venture transaction shall be subject to the notification requirement if either (a) the aggregate value of the assets that will be combined in the Philippines or contributed into the proposed joint venture exceeds ₱8.5 billion, or (b) the gross revenues generated in the Philippines by assets to be combined in the Philippines or contributed into the proposed joint venture exceed ₱3.5 billion. As provided in MC No. 18-001 (2018), the thresholds are automatically adjusted commencing on 1 March 2019 and on 1 March of every succeeding year, using as index the Philippine Statistics Authority’s official estimate of the nominal gross domestic product growth of the previous calendar year rounded up to the nearest hundred million.

Violations of the Philippine Competition Act and its IRR have severe consequences. Under the Philippine Competition Act and the IRR, a transaction that meets the thresholds and does not comply with the notification requirements and waiting periods shall be considered void and will subject the parties to an administrative fine of one percent (1%) to five percent (5%) of the value of the transaction. Criminal penalties for entities that enter into these defined anticompetitive agreements include: (i) a fine of not less than ₱50 million but not more than ₱250 million; and (ii) imprisonment for two (2) to seven (7) years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities found violating prohibitions against anti-competitive agreements and abuse of dominant position. Treble damages may be imposed by the PCC or the courts, as the case may be, where the violation involves the trade or movement of basic necessities and prime commodities. Commitment of acts such as, failure to comply with a ruling, order, or decision of the PCC or the disclosure, publication, transfer, copying or dissemination of confidential information may amount to a fine of ₱55,000 up to ₱2.2 million.

On 15 September 2017, the PCC published the 2017 Rules of Procedure (“**PCC Rules**”) which apply to investigations, hearings, and proceedings of the PCC, except to matters involving mergers and acquisitions unless otherwise provided. It prescribes procedures for fact-finding or preliminary inquiry and full administrative investigations by the PCC. The PCC Rules also include non-adversarial remedies such as the issuance of binding rulings, show cause orders, and consent orders.

On 23 November 2017, the PCC published the 2017 Rules on Merger Procedures ("**Merger Rules**") which provides the procedure for the review or investigation of mergers and acquisition pursuant to the Philippine Competition Act. The Merger Rules provides, among others, that parties to a merger that meets the thresholds in Section 3 of Rule 4 of the IRR are required to notify the PCC within thirty (30) days from signing of definitive agreements relating to the merger. This was further supplemented by the 2019 Rules on Expedited Merger Review approved on 28 May 2019 which applies to mergers and acquisitions qualified for expedited review.

Transactions that may qualify for expedited review include the following (i) when there are no actual or potential horizontal or vertical relationships in the Philippines between acquiring entity, including its notifying group, and the acquired entity and the entities it controls; (ii) when the merger is a global transaction where the acquiring and acquired entities identified in the definitive agreement are foreign entities ("**foreign parents**"), and their subsidiaries in the Philippines act merely as manufacturers or assemblers of products with at least 95% of such products exported to the foreign parents, subsidiaries, affiliates or third parties located in the Philippines: Provided, that the remaining 5% product sales in a market in the Philippines is minimal in relation to the entirety of such Philippine product market; (iii) when the candidate relevant geographic market of the merger is global and the acquiring and acquired entities have negligible or limited presence in the Philippines; (iv) when the joint ventures, whether incorporated or not, formed purely for the construction and development of a residential and/or commercial real estate development project. On 25 May 2021, the PCC published the Interim Guidelines during Period of Community Quarantine (the "**Interim Guidelines**") which suspended the acceptance of expedited review notification forms during all periods of community quarantine. The Interim Guidelines are still effective at present.

Certain Government Policies and Regulations in relation to the Philippine Banking System

The Philippine banking industry is highly regulated by the BSP and operates within a framework that includes requirements on capital adequacy, corporate governance, management, anti-money laundering and provisioning for NPLs. The BSP can alter any of these requirements and can introduce new regulations to control any particular line of business. Certain policies that the Bank believes could affect its results of operations include the following:

- *Implementation of Basel III Framework on Liquidity Standards.* On 10 March 2016, the BSP issued Circular No. 905 which provided guidelines for the implementation of Basel III framework (which was recently amended by BSP Circular No. 1035) on Liquidity Standards as it relates to Liquidity Coverage Ratio ("**LCR**") and Disclosure Standards. The amendments introduced by BSP Circular No. 1035 provide enhancements to the LCR and MLR guidelines. In the LCR framework, the previous treatment of reporting expected cash flows for each derivative contract in gross amounts has been revised. Under the new policy, cash inflows and outflows from each derivatives contract shall now be recognized on a net basis consistent with valuation methodologies for derivatives contracts and the Basel III LCR framework. Likewise, the method for computing the MLR was revised. The revised MLR computation converges with the LCR framework as interbank placements are now counted as eligible liquid assets.

The Monetary Board approved the LCR framework with an observation period from 1 July 2016 until the end of 2017, during which banks are required to commence reporting their LCR to the BSP. Beginning on 1 January 2018, the LCR threshold that banks will be required to meet will be 90%, which increased to 100% starting 1 January 2019. The observation period for LCR requirements for the subsidiary banks/ quasi-banks of universal and commercial banks was recently extended to 31 December 2019 by BSP Circular No. 1035 (Amendments to the Basel III Framework on Liquidity Coverage Ratio Framework and Minimum Liquidity Ratio Framework), during which the LCR floor of 70% will be applied. Likewise, the observation period for NSFR for the subsidiary banks/quasi banks of universal and commercial banks was recently extended to 31 December 2019 by BSP Circular 1034 (Amendments to the Basel III Framework on Liquidity Standards – Net Stable Funding Ratio), during which the NSFR floor of 70% will be applied. The internationally agreed start date for the phase-in of liquidity requirements is 1 January 2015. On 3 November 2017, the BSP issued BSP Circular No. 981 which amended the guidelines on liquidity risk management. The banks have until 1 September 2018 to develop or make appropriate changes to their policies and procedures, provided that banks complete a gap analysis of the requirements in Circular No. 981 vis-à-vis their existing risk management systems by 31 March 2018, the result of such gap analysis shall be documented and made available for review of the BSP.

- *Implementation of Basel III Framework for Dealing with Domestic Systemically Important Banks.* On 29 October 2014, the BSP issued Circular No. 856 which provided the guidelines for implementing the Framework for dealing with D-SIBs under Basel III. Recent enhanced guidelines in the assessment methodology of D-SIBS was introduced by Circular No. 1051 issued on 27 September 2019. Banks deemed as D-SIBs by the BSP will be imposed with capital surcharge to enhance their loss absorbency and thus mitigate any adverse side effects both to the banking system and to the economy should any of the D-SIBs fail. To determine the banks' systemic importance, the BSP will assess and assign weights using the indicator-based measurement approach based on the following: size, interconnectedness, substitutability, and complexity. Depending on how they score against these indicators and the buckets to which the scores correspond, the D-SIBs will have varying levels of additional loss absorbency requirements ranging from 1.0% to 2.5%. Aside from the added capital pressure, D-SIBs may be put at an undue disadvantage compared to Global Systemically Important Banks ("**G-SIBs**") given that this framework was patterned for regional/global banks and which may not thus be appropriate for local

banks. The phased-in compliance started on 1 January 2017 and became fully effective last 1 January 2019.

- **Regulations Governing the Derivatives Activities of Banks.** In line with the policy of the BSP to support the development of the Philippine financial market by providing banks and their clients with expanded opportunities for financial risk management and investment diversification through the prudent use of derivatives, Circular No. 594 was issued by the BSP in January 2008 amending the existing regulations governing the derivatives activities of banks. Furthermore, Circular No. 688 issued by the BSP in May 2010 prescribes guidelines on the determination of the credit risk weighted assets for banks that will engage in derivatives activities as end-users for hedging purposes and/or under limited-use authority. In February 2017, BSP issued Memorandum No. M-2017-004 advising all banks and quasi-banks that cross-border derivative transactions involving non-centrally cleared derivatives shall be subject to margin requirements pursuant to the policy framework adopted by the Basel Committee on Banking Supervision and the International Organisation of Securities Commissions. The framework requires all covered entities that engage in non-centrally cleared derivatives to exchange initial and variation margins. Assets collected as collateral for margin purposes should be highly liquid and should, after the application of an appropriate haircut, be able to hold their value in time of stress. Variation margin requirements are being phased in from 1 September 2016 to 1 March 2017 while initial margin requirements are being phased in from 1 September 2017 to 1 September 2020. As an initial step, banks and quasi-banks should make a determination of the transactions that will be subject to margin requirements implemented in other jurisdictions and assess whether they will be able to comply with the margin requirements implemented in other jurisdictions and assess whether they will be able to comply with the pertinent legal and operational arrangements. The Bank expects increased competition in the swaps and other derivative transactions allowed under the regulations. The Bank has already obtained its limited dealer authority for Foreign Exchange Forwards (including non-deliverables), Foreign Exchange Swaps, Interest Rate Swaps, Cross Currency Swaps, Asset Swaps, Forward Rate Agreements, European Vanilla Foreign Exchange Options and Credit Default Swaps. Meanwhile, there are currently no changes in the application process. In addition, under the BSP Circular 1194 (issued on 29 May 2024), which amended Section 613 of the MORB, a bank may generally engage in derivatives activities without need of prior BSP approval. However, banks shall notify the BSP prior to engaging in any of the following derivative instruments:
 - Any variant of a stand-alone derivative (i) which a universal or commercial bank is allowed to transact in as part of its generally authorized derivatives activities as dealer; (ii) for which a bank has an existing type 2 or type 3 additional derivatives authority; (iii) which a trust department of a universal or commercial bank is allowed to transact in as part of its generally authorized derivatives activities; or (iv) for which a trust department has an existing type 3 additional derivatives authority.
 - A structure or combination of in two or more separate stand-alone derivatives contracts, or (ii) stand-alone derivatives contract/s and a plain vanilla cash instrument, where the instruments are offered or distributed together, and where (all of) the derivative(s) is (are) either part of a UB/KB's generally authorized derivatives activities as dealer or a bank's existing type 2 or type 3 additional derivatives authority, or part of a trust department's generally authorized derivatives activities or its existing type 3 additional derivatives authority; and
 - A structured product where the embedded derivative/s differs from that of the product approved under a bank's existing type 2, type 3, or type 4 additional derivatives authority or a trust department's existing type 3 additional derivatives authority.
- **Amendments to unit investment trust fund ("UITF") Regulations.** In September 2004, the BSP issued Circular No. 447 which provided guidelines for the launching and offering of new products to be known as UITFs, and was intended to completely phase out common trust funds or convert them into UITFs within two years from the date of the circular. UITFs are open-ended pooled trust funds denominated in any acceptable currency that are to be operated and administered by trust entities. Eligible assets of UITFs include bank deposits, securities issued by or guaranteed by the Government or the BSP, tradable securities issued by the government of a foreign country, exchange listed securities, marketable instruments that are traded in an organized exchange, loans traded in an organized market, loans arising from repo agreements which are transacted through an exchange recognized by the Philippine SEC and such other tradable investments outlets/categories as the BSP may allow. These assets are subject to mark-to-market valuation on a daily basis. The stated objective of the BSP is to align the operation of pooled funds with international best practices and enhance the credibility of pooled funds to investors. In January 2008, the BSP issued Circular No. 593 to improve risk disclosure on investing in UITFs, by requiring banks to conduct a client suitability assessment to profile the risk-return orientation and suitability of the client to the specific type of UITF that he wants to participate in, and to update the client's profile at least every three years. The Bank has joined with the BSP in this endeavor to guide clients in choosing investment outlets that are best suited to their objectives, risk tolerance, preferences and experience. In September 2012, the BSP issued Circular No. 767 to include investments by UITFs in units/ shares in collective investment schemes as an allowable investment and recognizing UITF structures such as feeder funds and fund-of-funds. On 21 October 2014, the BSP issued Circular No. 852, amending the UITF Regulations. Through this circular, the BSP strengthened the disclosure requirements for UITFs by prescribing the use of the Key Information and Investment Disclosure Statement and online posting of UITF information via a website. On 10 March 2016, the BSP issued Circular No. 907 to amend certain exposure limits, and allowable investment and valuation on UITFs

invested in feeder fund and fund-of-funds. UITF investments shall only be limited to bank deposits and collective investment schemes (e.g., target fund, exchange-traded funds), subject to such target fund not being structured or similarly structured as a feeder fund or a fund-of-funds. To ensure the competence and integrity of all duly designated UITF marketing personnel, BSP Circular No. 1018 issued on 26 October 2018 required all personnel involved in the sales of UITF must be certified as a UITF Marketing Personnel through a UITF Certification Program (UCP) administered by a reputable financial services industry association /organization. On 5 September 2022, BSP Circular No. 1152 was issued introducing prior-approval or notification process for creating new UITFs (e.g., fixed-income, multi-asset, equity, fund-of-funds, feeder funds, distributing funds even sustainability/ESG-themed funds) and establishing a licensing framework and requiring competence in systems, suitability processes, and risk management. On 27 July 2023, BSP Circular No. 1178 was issued providing guidelines on the use of benchmarks in presenting the returns of UITFs. On 17 October 2025, BSP Circular No. 1220 was issued amending the regulations governing access of Personal Equity and Retirement Account ("PERA") UITFs to BSP securities. Under the revised rules, PERA UITFs shall be excluded from the limit imposed on UITFs with non-resident participants that are investing in BSP securities. This recognizes that PERA UITF participants may include overseas Filipinos who may be considered as non-residents under existing rules.

- *Limit on Real Estate Loans of Universal Banks.* In February 2008, the BSP issued Circular No. 600 removing interbank loans from the total loan base to be used in computing the aggregate limit on real estate loans, and amending the inclusions and exclusions to be observed in the computation. On 10 October 2017, the BSP issued Circular No. 976 which approved amendments to the expanded report on the real estate exposure of banks, and required the submission of a report on project finance exposures to enable the BSP to gather more granular information regarding these exposures. It also clarified the definition of loans to finance infrastructure projects for public use that are currently exempt from the 20% limit on real estate loans. On 20 August 2020, the BSP issued Circular No. 1093 which increased the real estate loan limit of universal and commercial banks from 20% to 25%.
- *Exemption of Paired ROP Warrants from Capital Charge for Market Risk.* In connection with the Government's Paired Warrants Program, the BSP issued Circular No. 605 in March 2008 exempting warrants paired with ROP Global Bonds from capital charge for market risk to the extent of a bank's holdings of bonds paired with warrants equivalent to not more than 50% of total qualifying capital. The Bank holds such investments which give it additional flexibility for capital deployment.
- *Guidelines on Securities Borrowing and Lending Transactions.* Guidelines by the PSE on securities borrowing and lending ("SBL") govern SBL transactions between local/ foreign borrowers and local/ foreign lenders. BSP Circular No. 611, Series of 2008, provides guidelines on SBL transactions in the PSE involving borrowings by foreign entities of PSE-listed shares from local investors/ lenders. In May 2008, the BSP Monetary Board authorized the issuance of BSP Registration Documents to cover the PSE-listed shares of stock borrowed by foreign entities from local investors and lenders. This will allow foreign borrowers to purchase foreign exchange from the banking system for remittance abroad using the Peso sales proceeds of the borrowed shares including the related income from the SBL transaction, such as rebates or shares in the income earned on the reinvestment of the cash collateral, interest and dividends earned on the Peso denominated government securities and PSE-listed shares used as collateral.
- *Mandatory Adoption of PFRS 9: Financial Instruments.* The adoption of PFRS in reconciling transactions and preparation of financial statement ensures consistency of application and comparability of financial reports across the industry. Effective 1 January 2018, BSP-supervised financial institutions are required to adopt as part of PFRS framework, PFRS 9: Financial Instruments. As such, banks shall classify and measure financial assets and financial liabilities, including those which are designated as hedged items, in accordance with the provisions of PFRS 9. Financial assets should be classified based on their contractual cash flow characteristics and the business model for holding such instruments. Financial liabilities should be classified and subsequently measured at amortized cost using effective interest method except for certain financial liabilities measured at fair value through profit and loss. The enabling circular, Circular No. 1011 requires banks to determine the business model or the manner by which a portfolio of financial assets will be managed to generate cash flows such as by collecting contractual cash flows or by both collecting contractual cash flows and selling the financial assets, among others, based on scenarios that are reasonably expected to occur, taking into consideration the expected changes to asset allocations or to balance sheet structure as a result of business strategies.
- *Taxes.* In addition, banks are subject to certain tax rules specific to Financial Institutions. On 19 December 2017, the President signed into law package 1 of the TRAIN bill which became effective on 1 January 2018. The law contains amendments to several provisions of the Tax Code on individual income taxation, passive income for both individuals and corporations, estate tax, donor's tax, VAT, excise tax, and DST, among others. On 26 March 2021, the President likewise signed into law Republic Act No. 11534 or the CREATE Act which introduces reforms to the corporate income taxation and incentive systems. The CMEPA, effective 1 July 2025, likewise introduced various amendments to the Tax Code aimed to enhance capital markets, improve investment competitiveness, and equalize the tax treatment of debt and stock securities. The government continues to establish some changes in the comprehensive tax reform program of the country. Any further changes in the regulatory or tax environment as pertaining to the Philippine banking industry could have a material impact on the Bank's results of operations and financial position.

- *Adjustment of Reserve Requirements of Peso Deposits Liabilities and Deposit Substitutes Taxes.* The current year, saw the relaxation of the reserve requirements to be maintained by banks for its deposit liabilities. From as high as 20% under BSP Circular No. 732 (2011), as further amended by BSP Circular No. 753 (2012), BSP Circular No. 830 (2014), BSP Circular No. 832 (2014), BSP Circular No. 983 (2017), recent issuances such as BSP Circular No. 1041 (issued in May 2019), Circular Nos. 1054 & 1056 (issued in October 2019), Circular 1063 (issued in December 2019) and Circular 1082 & 1092 (issued in March & July 2020), Circular 1175 (issued 23 June 2023), and Circular No. 1201 (issued in 20 September 2024) lowered the regular reserves. Currently, universal and commercial banks are required to maintain: (a) 5% against demand deposits, negotiable order of withdrawal (NOW) accounts, savings deposits (excluding basic deposit accounts), time deposits, negotiable certificates of time deposits (CTD), long-term non-negotiable tax-exempt CTDs, deposit substitutes, Peso deposits lodged under due to foreign banks and Peso deposits lodged under due to head office/branches/agencies abroad (Philippine branch of a foreign bank); (b) 4% against long-term negotiable certificates of time deposits (LTNCDs); (c) 3% against bonds; and (d) 0% against basic deposit accounts as defined under Section 213 of the MORB.
- *Rules and Regulations on the Mandatory Allocation for Agriculture and Agrarian Reform Credit.* In November 2022, the BSP issued Circular No. 1174 as a component of the Implementing Rules and Regulations of the RA 11901 or the Agriculture, Fisheries, and Rural Development Financing Act of 2022. Aside from retaining the mandatory credit allocation, it also rationalizes the modes of compliance. In addition to direct compliance through loans to qualified borrowers, a list of alternative modes of compliance mechanisms are also provided.
- *Regulations on Financial Consumer Protection to Implement Republic Act No. 11765, otherwise known as the "Financial Products and Services Consumer Protection Act" ("FCPA").* In November 2022, the BSP issued Circular No. 1160 to ensure that appropriate mechanisms are in place to protect the interest of consumers of financial products and services under the conditions of transparency, fair and sound market conduct and effective handling of Financial Consumer disputes, aligned with global best practices. The Circular mandated BSP-supervised institutions, such as banks, to ensure full compliance with the Consumer Protection Standards of Conduct on the Protection of Consumer Assets Against Fraud and Misuse. Relevant provisions under the Circular include (a) guidelines on the protection of consumer assets against fraud and misuse, (b) procedures for claims assessment and investigation; (c) creation of reporting channels; (d) procedure in facilitating complaints on unauthorized transactions; and (e) determination of liability for losses arising from unauthorized transactions.

Pursuant to the FCPA, the BSP may, in addition to the enforcement actions under the MORB, restrict the ability of banks to collect excessive or unreasonable interests, fees or charges, including other interests, fees and charges that are covered under Republic Act No. 10870, otherwise known as the Philippine Credit Card Industry Regulation Law, and order required accounting and disgorgement of profits obtained, or losses avoided, as a result of a violation of the FCPA, its IRR and other existing laws, rules, and regulations under its jurisdiction, including reasonable interest.

- *Regulations on Electronic Money (E-money) and the operations of Electronic Money Issuers.* In February 2023, the BSP issued Circular No. 1166 introducing amendments to Section 702 of the MORB on Issuance and Operations of E-Money to enable BSP-supervised institutions to adopt risk management systems commensurate to their size, risk profile, complexity of operations, and systemic importance and to provide financial services attuned to the evolving needs and behavior of consumers supported by safeguards and controls to ensure that risks remain within manageable levels. In the same circular, the term "e-money" is defined as "an electronically-stored monetary value that is: (a) maintained in a non-interest-bearing non-deposit transaction account; (b) denominated in or pegged to Philippine Peso or other foreign currencies; (c) pre-funded by customers to enable payment transactions; (d) accepted as a means of payment by the issuer and by other persons or entities including merchants/sellers; (e) issued against receipt of funds of an amount equal to the monetary value issued; (f) represented by a claim on its issuer; and (g) withdrawable in cash or cash equivalent or transferable to other accounts/instruments that are withdrawable in cash. Banks may offer E- money services subject to prior approval of the BSP.
- *Rules on Consumer Assistance Mechanism.* In March 2023, the BSP issued Circular No. 1169 which provided for the Rules of Procedure for the Consumer Assistance Mechanism, Mediation and Adjudication of Cases in the BSP pursuant to the mandate of Republic Act No. 11765 or the Financial Products and Services Consumer Protection Act. The Circular mandates Bangko Sentral-Supervised Institutions' Financial Consumer Protection Assistance Mechanism ("FCPAM") as the first-level recourse mechanism for financial consumers who are dissatisfied with a financial product or service. Complainants are required to report their concern to the bank involved through its FCPAM.

TAXATION

The following is a general description of certain tax aspects of the Bonds. It is based on the laws, regulations, and administrative rulings in force as of the date of this Offering Circular and is subject to any changes in law or regulation occurring after such date, which changes could be made on a retroactive basis. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds. Prospective purchasers should consult their tax advisers as to the laws of applicable jurisdictions and the specific tax consequences of acquiring, holding and disposing of the Bonds.

As used in this section, the term “resident alien” refers to an individual whose residence is within the Philippines but who is not a citizen of the Philippines; a “non-resident alien” is an individual whose residence is not within the Philippines and who is not a citizen of the Philippines; a non-resident alien who is actually within the Philippines for an aggregate period of more than 180 days during any calendar year is considered a “non-resident alien doing business in the Philippines”; otherwise, such non-resident alien who is actually within the Philippines for an aggregate period of 180 days or less during any calendar year is considered a “non-resident alien not doing business in the Philippines.” A “resident foreign corporation” is a foreign corporation engaged in trade or business within the Philippines; and a “non-resident foreign corporation” is a foreign corporation not engaged in trade or business within the Philippines. The term “foreign” when applied to a corporation means a corporation which is not domestic while the term “domestic” when applied to a corporation means a corporation created or organized in the Philippines or under its laws.

The TRAIN Law, effective 1 January 2018, amended various provisions of the National Internal Revenue Code of 1997, as amended, including those on ordinary income tax of individuals, capital gains tax on the sale and disposition of shares of stock, estate tax, donor’s tax, and documentary stamp tax.

The CREATE Act, effective 11 April 2021 (with effective dates on specific provisions), included the following salient provisions: (1) reduction of regular corporate income tax rate from 30% to 25% (or 20% for corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000 excluding land on which the office, plant, and equipment are situated) effective 1 July 2020; (2) reduction of minimum corporate income tax rate from 2% to 1% for 1 July 2020 until 30 June 2023, thereafter, the rate will revert to 2%; and (3) repeal of improperly accumulated earnings tax.

The CREATE MORE Act effective 28 November 2024, introduced amendments to the National Internal Revenue Code, as amended, geared primarily at enhancing tax incentives.

The CMEPA, effective 1 July 2025, likewise introduced various amendments to the National Internal Revenue Code, as amended, aimed to enhance capital markets, improve investment competitiveness, and equalize the tax treatment of debt and stock securities. Notably, it reduced the stock transfer tax on listed shares from 0.60% to 0.10%, standardized the final withholding tax rate by imposing a uniform final tax of 20% on interest, yield, or any other monetary benefit derived from currency bank deposits, deposit substitutes, trust funds, and similar arrangements, increased the final tax rate imposed on interest income from foreign currency deposits to 20% from the previous 15%, and removed the exemption from income tax over income from the sale, exchange, or retirement of bonds, debentures, or other certificates of indebtedness with a maturity of more than five (5) years and the preferential tax treatment previously accorded to foreign currency deposit accounts.

Taxation of Interest

The Tax Code provides that interest-bearing obligations of Philippine residents are Philippine sourced income subject to Philippine income tax. Interest income derived by Philippine citizens and alien resident individuals from the Bonds is thus subject to income tax, which is withheld at source, at the rate of 20% based on the gross amount of interest. Interest Income received by domestic and resident foreign corporations shall be subject to the final withholding tax of 20%. Interest income received by non-resident aliens not engaged in trade or business in the Philippines shall generally be subject to a final withholding tax of 25%. Interest income received by non-resident foreign corporations from the Bonds is subject to a 25% final withholding tax.

The aforementioned final withholding tax rates applicable to non-resident aliens not doing business in the Philippines and non-resident foreign corporations may be reduced by any applicable tax treaties in force between the Philippines and the country of residence of the non-resident Bondholder. Most tax treaties to which the Philippines is a party generally provide for a preferential reduced tax rate of 15% in cases where the interest which arises in the Philippines is paid to a resident of the other contracting state. However, most tax treaties also provide that reduced withholding tax rates shall not apply if the recipient of the interest who is a resident of the other contracting state, carries on business in the Philippines through a permanent establishment and the holding of the relevant interest-bearing instrument is effectively connected with such permanent establishment.

Given the above, all Bondholders are required to provide the Issuer through the Paying Agent their validly issued Tax Identification Numbers issued by the BIR.

Tax-Exempt Status or Entitlement to Preferential Tax Rate

The Philippine tax authorities have prescribed certain procedures for claiming tax treaty benefits for interest income of non-resident income earners. Under Revenue Memorandum Order No. 14-2021, withholding agents or income payors may withhold tax on interest income payable to the non-resident income earner at the regular rate or at the preferential tax rate under an applicable tax treaty depending on the documents submitted to the withholding agent or income payor. As clarified under Revenue Memorandum Circular (“RMC”) No. 77-2021 and RMC No. 20-2022, this includes the submission by the non-resident income earner to the withholding agent of a copy of a BIR-issued Certificate of Entitlement to Treaty Benefit and an updated Tax Residency Certificate for the relevant period and duly issued by the foreign tax authority in which the income earner is a resident. If without a previously issued BIR Certificate of Entitlement to Treaty Benefit, the non-resident income earner is required to submit a duly signed and executed BIR Form No. 0901-I (Tax Treaty Relief Application for Interest Income) together with the updated Tax Residency Certificate and relevant provisions of the applicable tax treaty to the withholding agent prior to its payment of interest income. Failure to submit the aforementioned requirements would result in the application by the withholding agent of the regular rates under the Tax Code. Further thereto, and when treaty rates have been applied by the withholding agent, a request for confirmation should be filed by the withholding agent with the International Tax Affairs Division of the BIR on the propriety of the withholding tax rate used, together with all the documentary requirements listed under Revenue Memorandum Order No. 14-2021 and its allied issuances, and within the deadline set forth therein, which in no case shall be later than the last day of the fourth month following the close of the taxable year when the income was paid. If the withholding agent applied the regular rates under the Tax Code, the non-resident income earner may file a tax treaty relief application with complete documentary requirements with the BIR International Tax Affairs Division. The non-resident income earner may also file a claim for refund within the two-year prescriptive period provided under Section 229 of the Tax Code. The claim for refund may be filed simultaneously with the tax treaty relief application.

For claims of tax exemption, RMC No. 8-2014 mandates the Bank, as a withholding agent, to require all individuals and entities claiming tax exemption to provide a copy of a valid, current, and subsisting tax exemption certificate or ruling as per existing administrative issuances and any issuance that may be issued from time to time, before payment of the related income. The tax exemption certificate or ruling must explicitly recognize the tax exemption, as well as the corresponding exemption from withholding tax. Failure on the part of the taxpayer to present the said tax exemption certificate of ruling shall subject him to the payment of the appropriate withholding taxes due on the transaction.

An investor who is exempt from the aforesaid withholding tax, or is subject to a preferential withholding tax rate shall also be required to submit the following requirements to the Registrar, subject to acceptance by the Bank as being sufficient in form and substance: (i) certified true copy of the tax exemption certificate, ruling or opinion issued by the BIR confirming the exemption or preferential rate; (ii) a duly notarized undertaking, in the prescribed form, declaring and warranting its tax exempt status or preferential rate entitlement, undertaking to immediately notify the Bank of and suspension or revocation of the tax exemption certificates or preferential rate entitlement, and agreeing to indemnify and hold the Bank and the Registrar free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and (iii) such other documentary requirements as may be required under the applicable regulations of the relevant taxing or other authorities which for purposes of claiming tax treaty withholding rate benefits, which shall include evidence of the applicability of a tax treaty and consularized proof of the Bondholder's legal domicile in the relevant treaty state, and confirmation acceptable to the Bank that the Bondholder is not doing business in the Philippines; provided further that, all sums payable by the Bank to tax exempt entities shall be paid in full without deductions for taxes, duties assessments or government charges subject to the submission by the Bondholder claiming the benefit of any exemption of reasonable evidence of such exemption to the Registrar.

Documentary Stamp Taxes

The issuance of the Bonds will be subject to documentary stamp tax at the rate of 75% of 1% of the issue value of such bonds. The documentary stamp tax is collectible wherever the document is made, signed, issued, accepted or transferred when the obligation or right arises from Philippine sources, the property is situated in the Philippines, or where the object of the contract is located or used in the Philippines. The Bank has undertaken to pay the Philippine documentary stamp taxes on the issuance of the Bonds.

No documentary stamp tax will be due on the secondary transfer of the Bonds if there is no change in the maturity date or remaining term of the Bonds.

Taxation on Sale or Other Disposition of the Bonds

Gains realized from the sale, exchange or retirement of the Bonds are subject to income tax.

If the bonds are considered ordinary assets of individual Bondholders (except non-resident aliens not doing business in the Philippines), gains from the sale or disposition of such Bonds are included in the computation of taxable income, which is subject to the following graduated rates:

Effective 1 January 2023 and onwards, the following rates shall be applied:

Not Over Php 250,000	0%
Over Php 250,000 but not over Php 400,000	15% of the excess over Php 250,000
Over Php 400,000 but not over Php 800,000	Php 22,500 + 20% of the excess over Php 400,000
Over Php 800,000 but not over Php 2,000,000	Php 102,500 + 25% of the excess over Php 800,000
Over Php 2,000,000 but not over Php 8,000,000	Php 402,500 + 30% of the excess over Php 2,000,000
Over Php 8,000,000	Php 2,202,500 + 35% of the excess over Php 8,000,000

For non-resident aliens not doing business in the Philippines, the gain shall be subject to the 25% final withholding tax.

Gains derived by domestic or resident foreign corporations on the sale or other disposition of the Bonds are included in the computation of taxable income which is subject to 25% income tax (or 20% for domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed). Gains derived by non-resident foreign corporations on the sale or other disposition of the Bonds shall form part of their gross income which is subject to a 25% final withholding tax unless a preferential rate or exemption is allowed under an applicable tax treaty subject to such other documentary requirements as may be reasonably required under the applicable regulations of the relevant taxing or other authorities for purposes of claiming tax treaty relief.

Capital Gains Tax

If the Bonds are considered as capital assets of individual Bondholders and who is not a dealer in securities, gains from the sale or disposition of such Bonds shall be subject to the same rates as if the Bonds were held as ordinary assets, except that if the gain is realized by an individual who has held the Bonds for a period of more than 12 months prior to the sale, only 50% of any capital gain will be recognized and included in the sellers' gross taxable income. If the Bonds were held by the individual for a period of 12 months or less, 100% of the gain will be included in the computation of the taxable income.

Under the Tax Code, any gain realized from the sale, exchange or retirement of bonds, debentures and other certificates of indebtedness classified as ordinary assets are subject to ordinary income tax. However, any gain arising from such sale, regardless of the original maturity date of the Bonds, may be exempt from income tax pursuant to various income tax treaties to which the Philippines is a party, and subject to procedures prescribed by the Bureau of Internal Revenue for the availment of tax treaty benefits.

Value-Added Tax

The gross receipts derived from the sale or transfer of the Bonds in the Philippines by dealers in securities, equivalent to the gross selling price less the acquisition cost of the Bonds sold, is subject to VAT at the rate of 12%.

"Dealer in securities" means a merchant of stock or securities, whether an individual partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers, that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom.

Gross Receipts Tax

Banks and non-bank financial intermediaries performing quasi-banking functions are subject to gross receipts tax on gross receipts derived from sources within the Philippines at the following rates:

- a) On interest, commissions and discounts from lending activities as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is 5 years or less –	5.0%
Maturity period is more than 5 years –	1.0%
- b) On dividends and equity shares and net income of subsidiaries – 0%
- c) On royalties, rentals of property, real or personal, profits, from exchange and all other items treated as gross income under the Tax Code – 7.0%
- d) On net trading gains within the taxable year on foreign currency, debt securities, derivatives, and other similar financial instruments – 7.0%

Other nonbank financial intermediaries are subject to gross receipts tax at the following rates:

- a) On interest, commissions, discounts and all other items treated as gross income under the Tax Code – 5.0%
- b) On interests, commissions and discounts from lending activities, as well as income from financial leasing, on the basis of remaining maturities of instruments from which such receipts are derived:

Maturity period is 5 years or less – 5.0%

Maturity period is more than 5 years – 1.0%

Estate and Donor's Tax

The Bonds will be considered as intangible personal property situated in the Philippines and will form part of the gross estate of any individual Bondholder. As such, the transfer of the Bonds upon the death of an individual Bondholder to his heirs by way of succession, whether such individual was a citizen of the Philippines or an alien, regardless of residence, will be subject to Philippine estate tax at a fixed rate of 6% of the net estate. Estate taxation is governed by the statute in force at the time of the death of the decedent and so the tax rate may vary in the future.

A Bondholder will be subject to donor's tax, at a uniform rate of 6% based on the value of the total gift in excess of ₱250,000 made during a calendar year, regardless of the relation of the donor to the donee.

The estate tax as well as the donor's tax in respect of the Bonds shall not be collected (i) if the deceased at the time of death or the donor at the time of the donation was a citizen and resident of a foreign country which at the time of his death or donation did not impose a transfer tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country or (ii) if the laws of the foreign country of which the deceased or the donor was a citizen and resident at the time of his death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

Taxation Outside the Philippines

The tax treatment of a non-resident Bondholder by jurisdiction outside the Philippines will vary depending on the tax laws applicable to such Bondholder by reason of domicile or business activities and may vary depending upon such Bondholder's situation. Each Bondholder should consult its own tax adviser as to the particular tax consequences on such Bondholder acquiring, owning and disposing of the Bonds, including the applicability and effect of any state, local, and national laws.

DISTRIBUTION AND SALE

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information found elsewhere in this Offering Circular, the General Terms and Conditions included herein, and the related Contracts regarding the offer, maintenance, trade and settlement of the Bonds. Prospective Bondholders should read this entire Offering Circular, the General Terms and Conditions, and the related Agreements fully and carefully. In case of any inconsistency between this summary and the more detailed information in this Offering Circular, then the more detailed portions and/or Terms and Conditions, and/or the Contracts, as the case may be, shall at all times prevail.

Any Bonds will be issued pursuant to Section 246 of the MORB (updated as of December 2021) and other related circulars and issuances of the BSP. Such issuance is exempt from the registration requirement under the SRC pursuant to Section 9.1(e) of the said law.

No action has been or will be taken by the Issuer, Issue Managers or Selling Agents in any jurisdiction (other than the Philippines), that would permit a public offering of any of the Bonds, or possession or distribution of this Offering Circular, or any amendment or supplement thereto issued in connection with the offering of the Bonds, in any country or jurisdiction where action for that purpose is required.

Issue Managers and the Selling Agents are required to comply with all laws, BSP Rules and directives as may be applicable in the Philippines in connection with the offering and purchase of Bonds and any distribution and intermediation activities, whether in the primary or secondary markets, carried out by or on behalf of Issue Managers and Selling Agents in connection therewith. Each Issue Manager is a third-party in relation to the Bank, such that, (i) it has no subsidiary/affiliate relationship with the Bank; and (ii) it is not related in any manner to the Bank as would undermine the objective conduct of due diligence on the Bank. The Registrar and Paying Agent and Trustee are likewise third-parties in relation to the Bank, such that, (i) they have no subsidiary/affiliate relationship with the Bank; and (ii) they are not related in any manner to the Bank as would undermine their independence.

Bonds are newly issued securities for which currently there is no market. Market Makers shall be appointed to provide live bids good for the minimum denomination under the General Terms and Conditions, and a cumulative trading commitment per trading day, as required under PDEX Trading Rules, Conventions, and Guidelines. Market Makers so appointed are not obligated to make a market for Bonds. Accordingly, no assurance can be given as to the development or liquidity of any market for Bonds issued.

If a jurisdiction requires that offerings be made by a licensed broker or dealer and the Selling Agents or any affiliate of the Selling Agents is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Selling Agent or its affiliate on behalf of the Issuer in such jurisdiction.

Issue Managers, Selling Agents and/or their respective affiliates may purchase Bonds for their own account or enter into secondary market transactions or derivative transactions relating to Bonds issued, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps, at the same time as the offering of such Bonds. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be a purchaser of the Bonds). As a result of such transactions, the relevant Issue Manager(s), Selling Agent(s) and/or their respective affiliates may hold long or short positions relating to such Bonds. Issue Manager(s), Selling Agent(s) and/or their respective affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer or its affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, each of the Issue Manager(s), Selling Agent(s) and/or their respective affiliates may, from time to time after completion of the offering of such Bonds, engage in other transactions with, and perform services for, the Issuer or its affiliates in the ordinary course of their business. Issue Manager(s), Selling Agent(s) and/or their respective affiliates may also purchase the Bonds for asset management and/or proprietary purposes but not with a view to distribution or may hold these Bonds on behalf of clients or in the capacity of investment advisors. While Issue Manager(s), Selling Agent(s) and their respective affiliates have policies and procedures to deal with conflicts of interest, any such transactions may cause these Issue Manager(s), Selling Agent(s) or their respective clients or counterparties to have economic interests and incentives which may conflict with those of an investor in such Bonds. Issue Manager(s) or Selling Agent(s) may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in such Bonds.

Applications to Purchase Bonds During the Relevant Offer Period

Applicants may purchase the Bonds during the relevant Offer Period by submitting fully and duly accomplished Applications to Purchase the Bonds, in quadruplicate together with all the required attachments and the corresponding payments to the Selling Agents from whom such application was obtained no later than 5:00 p.m. of the last day of the relevant Offer Period. Applications received after said date or without the required attachments

will be rejected. The Bank and the relevant Issue Manager(s) reserve the right to adjust the relevant Offer Period as needed.

If the Applicant is an individual, the following documents must also be submitted:

- (a) A clear copy of at least one (1) valid photo-bearing identification document issued by an official authority in accordance with BSP Circular No. 608, Series of 2008 as may be amended from time to time, and documents as may be required by the Registrar and/or Selling Agent concerned;
- (b) Two (2) duly accomplished signature cards in the form attached to the application, containing the specimen signature of the Applicant, validated/signed by the Selling Agent's authorized signatory/ies, whose authority/ies and specimen signatures have been submitted to the Registrar;
- (c) Copy of the Tax Identification showing the Applicant's Taxpayer Identification Number;
- (d) For aliens residing in the Philippines or non-residents engaged in trade or business in the Philippines, consularized proof of tax domicile issued by the relevant tax authority of the Applicant; and
- (e) Such other documents as may be reasonably required by the Selling Agents or the Registrar in the implementation of their internal policies regarding "know your customer" and anti-money laundering.

If the Applicant is a corporation, partnership, trust, association or institution, the following documents must also be submitted:

- (a) SEC-certified or Corporate Secretary-certified true copy of the SEC Certificate of Registration, Articles of Incorporation and By-Laws and latest amendments thereof or such other relevant organizational or charter documents;
- (b) An original notarized Certificate of the Corporate Secretary or an equivalent officer of the Applicant setting forth the resolutions of the Applicant's Board of Directors, partners, and/or committees or equivalent bodies authorizing the purchase of the Bonds and specifying the authorized signatories, with their specimen signatures, for the said purposes;
- (c) Two (2) duly accomplished signature cards containing specimen signatures of the Applicant's authorized signatories, duly authenticated by the Corporate Secretary, or by an equivalent officer/s who is/are authorized signatory/ies, in the form attached to the application, and further validated/signed by the Selling Agent's authorized signatory/ies whose authority/ies and specimen signatures have been submitted to the Registrar;
- (d) Such other documents as may be reasonably by the Selling Agents or the Registrar in the implementation of their internal policies regarding "know your customer" and anti-money laundering.

Corporate applicants who are claiming tax exemption must also submit the following:

- (a) Certified true copy of a tax exemption certificate, ruling or opinion issued by the Bureau of Internal Revenue no more than one year prior to the date of submission of the same to the Selling Agents or Limited Selling Agents;
- (b) Original of the duly notarized undertaking (in the prescribed form and substance by the Bank), declaring and warranting that the same Bondholder named in the tax exemption certificate, ruling, or opinion is specifically exempt from the relevant tax, undertaking to immediately notify the Issuer and the Registrar and Paying Agent of any suspension or revocation or modification of its tax-exempt status and agreeing to indemnify and hold the Bank and the Registrar and Paying Agent free and harmless against any claims, actions, suits, and liabilities resulting from the non-withholding of the required tax; and
- (c) Such other documentary requirements as may be required by the Registrar as proof of the Applicant's tax-exempt status.

Method of Distribution

Offering and Procedures

The following is a summary of the procedures to be adopted among the parties and the prospective Bondholders for each issue of Bonds and is qualified in its entirety by, and should be read in conjunction with, the more detailed information found elsewhere in this Offering Circular and the Agreements.

Allocation and Issue of the Bonds

Applications to purchase the Bonds (the “**Application to Purchase**”) shall be subject to the availability of the Bonds and acceptance by the Issuer. The Issue Manager, in consultation with the Issuer, reserves the right to accept, reject, scale down or reallocate any Application to Purchase applied for.

In the event that payment supporting any Application to Purchase is returned by the drawee bank for any reason whatsoever, the Application shall be automatically cancelled and any prior acceptance of the Application shall be deemed revoked. If any Application to Purchase is rejected or accepted in part only, the application money or the appropriate portion thereof will be returned without interest by the relevant Selling Agent.

On the Issue Date, the Selling Agent(s) shall, on behalf of the Bank, accept the relevant Applications to Purchase. The acceptance of Applications to Purchase shall ipso facto convert these Applications to Purchase into a purchase agreement between the Issuer and the relevant Bondholder.

Upon confirmation by the Bank of acceptance of the relevant Applications to Purchase and the respective amount of Bonds, the Registrar and Paying Agent shall issue the relevant registry confirmation (the “**Registry Confirmation**”) to successful applicants confirming the acceptance of their purchase of the Bonds and consequent ownership thereof and stating the pertinent details including the amount accepted, with copies to the Issuer.

The Registrar shall be entitled to rely solely on the final sales reports submitted by the Selling Agent(s) to the Registrar. Where PDTC discovers, after Issue Date, any inconsistency between the Final Sales Report and the Application to Purchase submitted by the Bondholder, PDTC reserves the right to rely subsidiarily on the Applications to Purchase, to the extent that the information in the Final Sales Report is noted to be inconsistent with the Application to Purchase. Within seven (7) Business Days from the Issue Date, the Registrar shall release the Registry Confirmations directly to the Bondholders in the mode elected by the Bondholder as indicated in the Application to Purchase.

Transactions in the Secondary Market

All secondary trading of the Bonds shall be coursed through the trading facilities of PDEX, as applicable, subject to the payment by the Bondholder of fees to the PDEX in connection with trading on PDEX, and the Registrar. Transfers shall be subject to the procedures of the BSP, the Registrar and PDEX, including but not limited to the guidelines on minimum trading lots, minimum holding denominations, and record dates.

The Bank shall list the Bonds in PDEX for secondary market trading. Upon listing of the Bonds with PDEX, investors shall course their secondary market trades through the trading participants of PDEX for execution in the PDEX Trading Platform in accordance with the PDEX Trading Rules, Conventions and Guidelines, as these may be amended or supplemented from time to time, and must settle such trades on a DvP basis in accordance with PDEX Settlement Rules and Guidelines. The secondary trading of the Bonds in PDEX may be subject to such fees and charges of PDEX, the trading participants of PDEX, and other providers necessary for the completion of such trades. Transactions on the Bonds on PDEX will be subject to the duly approved and relevant rules, including guidelines on minimum trading lots and other guidelines for holding and trading of the Bonds as may be prescribed by the BSP.

For the avoidance of doubt, the minimum denomination for the Bonds as prescribed by the BSP must be kept at all times. Consequently, no negotiation or secondary trading will be allowed if the result is that a remaining Bondholder of the Bonds will hold less than the minimum denomination as prescribed or approved by the BSP.

No transfers will be effected for a period of two (2) Business Days preceding the due date for any payment of interest on the Bonds, or during the period of two (2) Business Days preceding the due date for the payment of the principal amount of the Bonds.

The Registrar shall register any transfer of the Bonds upon presentation to it of the following documents in form and substance acceptable to it:

- the relevant Trade-Related Transfer Form or Non-Trade Transfer Form as the case may be, duly accomplished by the transferor Bondholder and endorsed by the PDEX Trading Participant; the relevant Purchase Advice of the buyer/transferee (with the information provided therein duly set forth in typewritten form);
- duly accomplished Investor Registration Form of the buyer/transferee as prescribed by the Registrar as well as all supporting documents described for the original issuance of the Bonds as described above (in case of a new holder);
- proof of the qualified tax-exempt status of the transferee, if applicable, and the covering Affidavit of Undertaking;
- the original duly endorsed signature cards of the buyer/transferee and such other original or certified true copies of other documents submitted by the buyer/transferee in support of the transfer or assignment of the Bonds in its favor;
- the appropriate secretary's certificate attesting to the board resolutions authorizing the transfers and acceptances as well as designating the authorized signatories, together with specimen signature cards duly

- signed by the parties, and duly authenticated by each party's corporate secretary; and
- such other documents that may be required by the Registrar, including those for Non-Trade Transactions.

Transfers of the Bonds made in violation of the restrictions on transfer under the General Terms and Conditions shall be null and void and shall not be registered by the Registrar.

Interest and Principal Payment

On the relevant Payment Date, the Paying Agent shall, upon receipt of the corresponding funds from the Issuer, make available to the Bondholders the amounts due under the Bonds, net of taxes and fees (if any), by way of credits to the bank accounts identified by the Bondholders in the Applications to Purchase.

Schedule of Registry Fees

The Registry shall be entitled to charge the Bondholders and/or their counterparties fees as the Registry shall prescribe in line with the services that the Registry shall perform such as, but not limited to, the opening and maintaining of accounts, the maintenance of the records of the Bondholders in the Registry Book, the issuance, cancellation and replacement of any Registry Confirmation. The Registry will charge the following fees to Bondholders:

Fees Payable by Bondholders or Requesting Party**

1. Account Opening Fees (Secondary Market)	₱100.00
One-time charge per account & payable by Transferee who has no existing account with the registry upon submission of request	
2. Transfer Fee – Trade transactions	₱100.00 per side per transfer
3. Transfer Fee – Non-trade transactions	₱100.00 per side per transfer for intermediated transfers (payable by the transferor or requesting party upon submission of request; e.g. change of custodian bank – no change of beneficial ownership) ₱500.00 per side, plus legal cost, for non-intermediated transfers (e.g. inheritance, Donation, Pledge)

Report Generation

1. Specialized reports without back-up file restoration	₱20.00 per page, plus (+) ₱100.00 per request
2. Specialized reports requiring back-up file restoration	₱20.00 per page, plus (+) ₱300.00 per request
3. PDTC Certification of Holdings	₱200.00 per certification
4. Request for monthly statements of account (in addition to the quarterly statement already issued free)	₱50.00 per statement
5. Request for replacement of Registry Confirmation Advice	₱50.00 per advice

**All fees for the Account of the Bondholder / Requesting Party are payable upon submission of request. Fees are subject to change.

ISSUER

Land Bank of the Philippines
1589 M.H. Del Pilar corner
Dr. J. Quintos Streets
Malate, Manila

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Makati City

SELLING AGENTS

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REGISTRAR AND PAYING AGENT

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TRANSACTION COUNSEL

SyCip Salazar Hernandez & Gatmaitan
SyCipLaw Center
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AUDITOR

Commission on Audit
Commonwealth Avenue, Quezon City

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FINAL PRICING SUPPLEMENT DATED 11 FEBRUARY 2026

ASENSO BONDS

P50 BILLION

**AGRICULTURE, SUSTAINABILITY, ENVIRONMENT, AND
SOCIOECONOMIC DEVELOPMENT FIXED RATE BONDS
(ASEAN SUSTAINABILITY BONDS)**

UNDER THE P200 BILLION BOND PROGRAMME

This document constitutes the Final Pricing Supplement relating to Land Bank of the Philippines' offering and issuance of Agriculture, Sustainability, Environment, and Socioeconomic Development ("**ASENSO**") Fixed Rate Bonds, comprised of Series B Bonds due 2027 (the "**Series B Bonds**") and Series C Bonds due 2029 (the "**Series C Bonds**", together with the Series B Bonds, the "**Bonds**") as described herein (the "**Offer**").

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the terms and conditions (the "**General Terms and Conditions**") of the Final Offering Circular dated 27 January 2026 (the "**Final Offering Circular**").

This Final Pricing Supplement must be read in conjunction with the Final Offering Circular. Full information on the Bank and the Offer is contained in the Final Offering Circular and in this Final Pricing Supplement. All information contained in the Final Offering Circular is deemed incorporated by reference in this Final Pricing Supplement.

This Final Pricing Supplement, together with the Final Offering Circular, shall be the only approved selling material for the Offer.

THE BONDS REFERRED TO IN THIS FINAL PRICING SUPPLEMENT ARE SECURITIES EXEMPT FROM REGISTRATION UNDER SECTION 9.1(E) OF THE SECURITIES REGULATION CODE AND, THUS, WILL NOT BE REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC").

Issuer	Land Bank of the Philippines (" LANDBANK " or the " Bank ")
Offer	Agriculture, Sustainability, Environment, and Socioeconomic Development ("ASENSO") Fixed Rate Bonds comprised of Series B Bonds due 2027 (the "Series B Bonds") and Series C Bonds due 2029 (the "Series C Bonds", and collectively, the "Bonds"). In a letter dated 2 September 2025, the SEC confirmed that the ASENSO Bonds will qualify for the ASEAN Sustainability label, subject to the stated use of proceeds in the final offer materials for the Bonds being consistent with the ASEAN Sustainability Bond Standards.
Specified Currency or Currencies	Philippine Peso
Offer Size	Series B Bonds: ₱34,215,500,000.00 Series C Bonds: ₱15,784,500,000.00
Issue Price	At par (or 100% of face value)
Form and Denomination of the Bonds	Each of the Series B Bonds and Series C Bonds shall be issued in scripless form in minimum denominations of ₱10,000 each, and in multiples of ₱10,000 thereafter, and traded in denominations of ₱10,000 in the secondary market.
Manner of Offering	Domestic public offering of securities exempt from the securities registration requirement.
Use of Proceeds	The net proceeds of the Bonds will be used to finance or refinance Eligible Green Projects and Eligible Social Projects as contemplated under LANDBANK's

	Sustainable Finance Framework and consistent with the ASEAN Sustainability Bond Standards. For the avoidance of doubt, such Eligible Green Projects and Eligible Social Projects will comply with criteria for the ASEAN Sustainability Bond label. Projects do not and will not involve fossil fuel power, including coal-related activities, or activities that pose negative social impact such as alcohol, gambling, tobacco and weaponry.
Interest Rate Setting Date	27 January 2026
Offer Period	The Offer of the Bonds commenced at 9:00 a.m. on 28 January 2026 and ended at 12:00 noon on 5 February 2026.
Issue Date	16 February 2026
Maturity Date	- Series B Bonds: 1.5 years from the Issue Date or on 16 August 2027 - Series C Bonds: 3 years from the Issue Date or on 16 February 2029 If the relevant Maturity Date falls on a day that is not a Business Day, then the payment of the accrued Interest and the Final Redemption Amount shall be made by the Issuer on the next Business Day, without adjustment to the amount of Interest and the Final Redemption Amount (see below) to be paid.
Interest Rate	Series B Bonds: 5.1714%, subject to applicable withholding tax Series C Bonds: 5.5615%, subject to applicable withholding tax
Interest Commencement Date	16 May 2026
Interest Payment Dates	16 May, 16 August, 16 November and 16 February of each year that the Bonds are outstanding
Interest Payment	The Bonds will bear Interest on their principal amount at the relevant Interest Rate from and including the Issue Date up to but excluding: (a) the applicable Maturity Date (if not earlier redeemed); or (b) the applicable redemption date (if redeemed). Interest Rate shall be fixed for the applicable tenor of the Bonds and Interest shall be payable quarterly in arrears. The amount of Interest payable in respect of the Bonds shall be calculated by the Paying Agent on the basis of the number of days elapsed from (and including) the Issue Date (for the first Interest period) or the last Interest Payment Date (for succeeding Interest periods) to the next Interest Payment Date (but excluding such date), using a 30/360 calendar-day count, of the respective subseries. In the event that the Interest Payment Date falls on a day that is not a Business Day, then the payment shall be made on the next Business Day without adjustment to the amount of Interest to be paid. The determination by the Paying Agent of the amount of Interest payable (in the absence of manifest error) is final and binding upon all parties.
Prohibited Bondholders	The term “Prohibited Bondholders” means persons and entities which are prohibited from purchasing or holding any Bonds of the Bank pursuant to the BSP Rules and as identified below: - the Bank; - the Bank’s related parties (pursuant to Section 131 of the Manual of Regulations for Banks (“MORB”) in relation to BSP Circular No. 1062, as further clarified in BSP Memorandum No. 2020-001 and amended by BSP Circular No. 1224) who are in possession of or have access to material and non-public information affecting the pricing and marketability of the Bonds or which substantially impacts an investor’s decision to buy or sell the Bonds once the same is disseminated to the public, which may include:

	A. The Bank's subsidiaries, affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the Bank exerts direct/indirect control over or that exerts direct/indirect control over the Bank, except (i) the Bank's trust department or related trust entities; or (ii) an underwriter or arranger that is a Bank's related party, provided that the holding of the Bonds is part of the underwriting agreement, and such underwriter or arranger has complied with the requirements of the Governing Regulations (as defined in the Offering Circular); B. The Bank's Directors, Officers, Stockholders, Related Interests (DOSRI), and their close family members, and corresponding persons in affiliated companies (each, as defined under Section 131 of the MORB); C. Persons or entities whose interests may pose potential conflict with the Bank's interest; D. Persons and entities that have direct or indirect linkages to the Bank, identified as follows: a. Ownership of, control of or power to vote, ten percent (10%) to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity, or vice versa; b. Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations or directors holding nominal share in the borrowing corporation; c. Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Bank and ten percent (10%) to less than twenty percent (20%) of the common outstanding voting stock of the borrowing entity; and d. Permanent proxy or voting trusts in favor of the Bank constituting ten percent (10%) to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity, or vice versa; 3. Persons who are otherwise not qualified under the Governing Regulations including any other person whose acquisition, holding or transfer of the Bonds would violate any applicable law or regulation, including but not limited to the rules of the PDEX, BSP, AMLC, or other government regulation in any relevant jurisdiction; 4. Persons classified as U.S. persons under the FATCA of the United States ("U.S."), as may be amended from time to time; which include: (a) a U.S. citizen (including a dual citizen who may have another citizenship besides having a U.S. citizenship); (b) a U.S. resident alien for tax purposes, which includes a person who has substantial presence in the U.S. ("substantial presence" is defined as more than 31 days in the current calendar year or a total of 183 days over the previous three years from the current tax year); (c) a U.S. partnership, U.S. corporation, or U.S. entity; (d) a U.S. estate; (e) a U.S. trust if a court within the U.S. is able to exercise primary supervision over the administration of the trust, or one or more U.S. persons have the authority to control all substantial decisions of the trust; or (f) any other person that is not a non-US person; or 5. Persons classified as a Restricted Party ("Restricted Party"), which is an individual or entity (a "Person") that: A. is, or is owned or controlled by a Person that is, targeted by or the subject of any U.S. sanctions administered or enforced by the U. S. Government including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") or any sanctions or measures imposed by the United Nations Security Council, the European Union or Her Majesty's Treasury ("HMT") or any sanction or requirements imposed by, or based upon the obligations or authorizations set forth in, the U.S. Trading With the Enemy Act, the U.S. International Emergency Economic Powers Act, the U.S. United Nations Participation Act or the U.S. Syria Accountability and Lebanese Sovereignty Act, all as amended, or any foreign assets control
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	regulations of the U.S. Department of the Treasury (including but not limited to 31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto (collectively, the “Sanctions”); or B. is located, organized or resident in a country or territory that is the subject of Sanctions (including without limitation, Cuba, Iran, The Democratic People’s Republic of Korea, Sudan, Syria, the Crimea region of Ukraine, Russia, the so-called People’s Republic of Luhansk, and the so-called People’s Republic of Donetsk); or C. is listed on, or is owned or controlled by a Person that is listed on, a Sanctions List; or D. is directly or indirectly, has conducted, conducts or is otherwise involved with any business with or involving any government (or any sub-division thereof), or any Person targeted by, or located in any country that is the subject of Sanctions or directly or indirectly supports or facilitates, or plans to support or facilitate or otherwise become involved with, any such Person or government is engaged in any activities sanctionable under the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, the Iran Sanctions Act, the Iran Threat Reduction and Syria Human Rights Act, or any other applicable executive order; or E. is or ever has been in violation of or subject to any claim, action, proceeding, investigation, notice or demand relating to Sanctions. For purposes of the definition of Prohibited Holders, a “subsidiary” means, a corporation or firm more than fifty percent (50%) of the outstanding voting stock of which is directly or indirectly owned, controlled or held, with power to vote, by the Bank. An “affiliate” means, at any particular time, an entity linked directly or indirectly to the Bank by means of: (1) ownership, control, or power to vote of at least twenty percent (20%) of the outstanding voting stock of the entity, or vice-versa; (2) interlocking directorship or officership, where the director or officer concerned owns, controls, or has the power to vote, at least twenty percent (20%) of the outstanding voting stock of the entity; (3) common ownership, whereby the common stockholders own at least ten percent (10%) of the outstanding voting stock of the Bank and at least twenty percent (20%) of the outstanding voting stock of the entity; (4) management contract or any arrangement granting power to the Bank to direct or cause the direction of management and policies of the entity; or (5) permanent proxy or voting trusts in favor of the Bank constituting at least twenty percent (20%) of the outstanding voting stock of the entity, or vice versa. For a company to be “controlled” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has power over more than one-half of the voting rights by virtue of an agreement with other stockholders, power to govern the financial and operating policies of the enterprise under a statute or an agreement, the power to appoint or remove the majority of the members of the board of directors or other equivalent governing body of that company, power to cast the majority votes at meetings of the board of directors or equivalent governing body, or otherwise controls or has the power to control the company through similar arrangements. The relevant related parties shall comply with any directive that may be issued by the Bank in connection with the foregoing and the Bank shall implement measures to ensure compliance by such related parties from any such directive.
Listing	The Bonds shall be listed on the PDEX for secondary market trading. Any transactions on the PDEX will be subject to the trading and other rules of the PDEX. The Issuer shall be utilizing the Electronic Securities Issue Portal of the Philippine Dealing System Holdings Corp. for the Offer.
Issue Rating	The Issue is unrated.
Governing Law	Philippine Law
PROVISIONS RELATING TO REDEMPTION	

Issuer Redemption Option	Not applicable
Final Redemption Amount	At par or 100% of face value on the Maturity Date
Early Redemption Date	Upon election of the Bank when changes in tax, law, or circumstance occur as set out in Condition 6 of the General Terms and Conditions
Early Redemption Amount	At par or 100% of face value, plus accrued Interest computed up to the Early Redemption Date
TRANSACTION PARTIES	
Issuer	Land Bank of the Philippines
Issue Manager	China Bank Capital Corporation
Selling Agents	China Bank Capital Corporation Land Bank of the Philippines
Trustee	Development Bank of the Philippines – Trust Banking Group
Market Makers	China Banking Corporation Philippine Commercial Capital, Inc.
Registrar & Paying Agent	Philippine Depository & Trust Corp.
Listing Agent & Exchange	Philippine Dealing & Exchange Corp.
Transaction Counsel	SyCip Salazar Hernandez & Gatmaitan

SCHEDULE 1

ADDITIONAL INFORMATION

Supplement to the Offering Circular

The Offering Circular is hereby supplemented with the following information, which shall be deemed to be incorporated in, and to form part of, the Offering Circular. This Schedule is qualified in its entirety by, and should be read in conjunction with, the more detailed information and consolidated and non-consolidated year-end audited financial information and non-consolidated interim unaudited financial information of the Bank, including notes thereto, found in the Offering Circular. Save as otherwise defined herein, terms defined in the Offering Circular have the same meanings when used in this Schedule 1.

The Issue Manager has not separately verified nor will make any assurance as to (i) whether the ASENSO Bonds issued under the Issuer's Sustainable Finance Framework will meet investor criteria and expectations regarding sustainable development for any investor, (ii) whether the net proceeds from the ASENSO Bonds issued under the Sustainable Finance Framework will be used to finance and/or refinance eligible projects or (iii) the characteristics of eligible projects, including with regard to their sustainable development contribution.

Investors should be aware that the Sustainable Finance Framework and any Second Party Opinion will not be incorporated into, and will not form part of, the Offering Circular.

SUSTAINABLE FINANCE FRAMEWORK

The Bank established a Sustainable Finance Framework (“**SFF**”), under which it may issue sustainable financing instruments (“**SFIs**”) to finance or refinance selected Eligible Green Projects and/or Eligible Social Projects. Examples of SFIs include bonds, loans, and deposits labelled “green”, “social”, and “sustainability”.

The Bank intends to issue SFIs that conform to one or more of the following standards:

- International Capital Market Association (“**ICMA**”) Green Bond Principles, ICMA Social Bond Principles, ICMA Sustainability Bond Guidelines;
- ASEAN Green Bond Standards, ASEAN Social Bond Standards, ASEAN Sustainability Bond Standards; and/or
- Loan Market Association (“**LMA**”) Green Loan Principles, LMA Social Loan Principles.

A. Use of Proceeds

LANDBANK intends to allocate an amount equal to the net proceeds of any SFI to finance and/or refinance LANDBANK's loans to customers, or its own operating activities in Eligible Green Use-of-Proceeds Categories and/or Eligible Social Use-of-Proceeds Categories, as follows:

- Green SFIs: Eligible Green Use-of-Proceeds Categories only
- Social SFIs: Eligible Social Use-of-Proceeds Categories only
- Sustainability SFIs: Eligible Green Use-of-Proceeds Categories and Eligible Social Use-of-Proceeds Categories

Eligible Green Use-of-Proceeds Categories

Category	Criteria
Renewable Energy	Renewable energy projects such as: solar, wind, ocean, hydropower (capacity of 25MW and below), biomass (excluding those that compete with food production), and geothermal
Energy Efficiency	Development, production or installation of products or technologies that reduce industrial energy consumption, such as improved chillers, improved lighting technology and enhanced battery capacity. This also includes investments in LANDBANK's own operations, such as purchase and installation of products or technologies that reduce energy consumption in office buildings and facilities, such as improved lighting technology (excluding efficiency improvements in fossil fuel-based technologies)
Green Buildings	Commercial and residential buildings that meet recognized standards such as Philippines BERDE Green Building Rating System (4 stars and above), LEED (Gold and above) or belonging to the top 15% of low carbon buildings in their respective categories and local context

Clean Transportation	Electric vehicles, infrastructure for electric vehicles such as charging stations, as well as public mass-passenger transportation, passenger, and freight rail infrastructure (excluding rail transport dedicated to fossil fuels), and non-motorized transportation
Sustainable Water Management	Construction, operation or upgrading of infrastructure for water collection, storage, treatment or distribution or upgrade of infrastructure for flood protection or drought resilience
Pollution Prevention and Control	Construction or upgrading of recycling infrastructure such as waste minimization, waste prevention, recycling, and reuse. Also included are energy/emission-efficient waste-to-energy power plants that use environmentally friendly technologies, including investments for LANDBANK's own operations
People Centric Urban Development	To improve quality of life living in urban areas, to provide convenience while conserving limited resources for sustainable and greener environments

Eligible Social Use-of-Proceeds Categories

Category	Criteria
Access to Essential Services	Healthcare (public hospitals, elderly care, and the like) and education (public schools, universities, vocational training, sheltered workshops)
Employment Generation Including through the Potential Effect of SME Financing and Microfinance	Loans to micro, small, and medium enterprises as defined by the Bangko Sentral ng Pilipinas Manual of Regulation for Banks
Socioeconomic Advancement and Empowerment	Loans to minority, underserved, and low-income individuals, for example, smallholder farmers and fishers
Food Security	Growing and processing raw produce such as rice, vegetables, fruits as well as farming and fishing for underserved populations
Affordable Housing	Loans to development or purchase of Socialized Housing and Economic Housing as defined by the Housing and Land Use Regulatory Board of Philippines

B. Project Evaluation and Selection

The selection of Eligible Green Projects and Eligible Social Projects will be performed by the relevant business/lending units in accordance with criteria for Green Use-of-Proceeds Categories and Social Use-of-Proceeds Categories.

LANDBANK's Agriculture and Sustainable Development Group will oversee designation of such projects to ensure alignment.

LANDBANK commits to not knowingly designate any project with adverse environmental and social impact as an Eligible Project. Detailed exclusionary criteria may be found in Appendix 1 of the SFF.

C. Management of Proceeds

After designation is made, amounts equivalent to net proceeds from outstanding SFIs will be managed by LANDBANK in a portfolio approach.

For so long as SFIs are outstanding, LANDBANK will strive, over time, to achieve and maintain an Eligible Green Portfolio whose size at least matches or exceeds amounts allocated to Green Use-of-Proceeds Categories. Similarly, an Eligible Social Portfolio will at least match or exceed amounts allocated to Social Use-of-Proceeds Categories. Collectively, the Eligible Green Portfolio and the Eligible Social Portfolio will at least match, or exceed over time, the net proceeds from the Bank's outstanding SFIs.

During the life of the SFIs, and upon becoming aware, if a project ceases to fulfill relevant eligibility criteria, LANDBANK will deduct the relevant amount from the Eligible Green Portfolio or Eligible Social Portfolio, as applicable, and replace it, as soon as reasonably practicable.

Net proceeds from SFIs that are unallocated will be held in cash or invested in short-term liquid instruments.

D. Reporting

Impact reporting, where relevant and possible, may include metrics such as follows.

Category	Standards
Renewable Energy	Total energy produced (MWh)
Energy Efficiency	Total energy saved (kWh)
Green Buildings	Total number of green buildings constructed
Clean Transportation	- Volume of passengers served - Number of old vehicles replaced
Sustainable Water Management	- Number of barangays served - Number of households served
Pollution Prevention and Control	- Number of Solutions in Terminating Pollution established - Volume of wastewater treated
People Centric Urban Development	Number of LGUs which developed SMART cities
Access to Essential Services	- Percentage of population to have access to health services/facilities - Number of hospital beds added
Employment Generation including the Potential Effect of SME Financing and Microfinance	Number of assisted small and medium enterprises
Socioeconomic Advancement and Empowerment	- Number of assisted LGUs - Number of LGU projects - Number of jobs generated - Number of beneficiaries from developmental projects
Affordable Housing	Number of houses/condominium units constructed

Second Party Opinion

Moody's provided a second-party opinion on the SFF's environmental and social credentials, confirming its alignment with the ICMA Green Bond Principles, the ICMA Social Bond Principles, the ICMA Sustainability Bond Guidelines, the LMA Green Loan Principles, and the LMA Social Loan Principles. The SFF was also deemed to be aligned with the ASEAN Green Bond Standards.

The Bank confirms the information contained in this Final Pricing Supplement and accepts responsibility therefor.

LAND BANK OF THE PHILIPPINES

Issuer and Selling Agent

By:



Name: GONZALO BENJAMIN A. BONGOLAN
Position: Senior Vice President 