tonik

# ANNUAL REPORT

# 2025



CORPORATE POLICY ..... 4
Vision and Mission ..... 4
Brand Differentiation ..... 4
Business Model ..... 5
Products and Services ..... 5
OPERATIONAL AND FINANCIAL HIGHLIGHTS ..... 7
BOARD OF DIRECTORS ..... 10
SENIOR MANAGEMENT OFFICERS ..... 21
RISK MANAGEMENT FRAMEWORK ..... 23
Governance Structure ..... 23
Risk Identification and Assessment ..... 24
Monitoring and Reporting ..... 24
Technology and Data Governance ..... 24
Regulatory Alignment ..... 25
AML Risk Management Framework ..... 25
Risk Appetite and Limits ..... 27
Capital Adequacy and Regulatory Capital Management ..... 28
Related Party Transactions ..... 29
CORPORATE GOVERNANCE ..... 31
Conglomerate Map ..... 31
Organizational Structure ..... 32
Corporate Governance Structure and Practices ..... 32
Selection Process of the Board and Senior Management ..... 36
Board Overall Responsibility ..... 38
Directors and Officers ..... 40
Board Composition and Independent Directors ..... 40
Composition and Responsibilities of Senior Management ..... 44
Stockholders' Composition ..... 49
LIST OF BOARD-LEVEL COMMITTEES ..... 50
Audit Committee ..... 50
Related Party Transactions (RPT) Committee ..... 51

Corporate Governance Committee ..... 51
Risk Oversight Committee ..... 52
Director's Attendance at Meetings ..... 53
HR PRACTICES ..... 55
Performance Assessment Program ..... 55
Talent Acquisition and Staffing ..... 56
Orientation and Education Program ..... 57
Succession Policy ..... 59
Remuneration Policy ..... 60
INTERNAL AUDIT AND COMPLIANCE FUNCTIONS ..... 61
Internal Audit ..... 61
Compliance ..... 62
DIVIDEND POLICY ..... 63
CORPORATE SOCIAL RESPONSIBILITY ..... 64
CONSUMER PROTECTION PRACTICES ..... 65
Consumer Protection Risk Management System ..... 68
Complaints Handling Procedure ..... 69
Complaints Handling Flowchart ..... 72
Complaints Escalation Levels ..... 72
CORPORATE INFORMATION ..... 73
AUDITED FINANCIAL STATEMENT ..... 74

# CORPORATE POLICY

## Vision and Mission

We believe that both the existing Filipino banking customers and the significant majority of the Filipinos who remain unbanked deserve a better banking experience – one that is simple, inclusive, and designed around their everyday needs. As a digital-only bank, Tonik Digital Bank ("TDB," "Tonik," or the "Bank") aims to remove the traditional barriers to banking by offering intuitive, non-intimidating, and accessible financial services that empower customers to save, transact, and build their financial future with confidence, all at the simple click of a button.

Guided by our commitment to financial inclusion and responsible innovation, we see the Philippines, one of the world's most digitally connected and socially engaged nations as uniquely positioned to emerge as a global leader in digital banking. Through technology, trust, and customer-centric design, Tonik strives to help more Filipinos participate meaningfully in the formal financial system and achieve better financial outcomes.

## Brand Differentiation

Tonik is proud to be the first digital-only bank in the Philippines to receive a license from the Bangko Sentral ng Pilipinas (BSP). With a focus on inclusive finance, customer convenience, and digital innovation, Tonik is reimagining how banking services are delivered.

Our digital platform combines modern user experience with robust security, allowing Filipinos to save, borrow, and transact seamlessly. Deposits are insured by the Philippine Deposit Insurance Corporation (PDIC), providing customers with peace of mind as they manage their financial goals.

We continue to invest in technology, design, and customer service to ensure a trusted, secure, and user-friendly experience. With the Philippines being a global

leader in digital engagement, Tonik is committed to helping shape a future-ready, digital banking ecosystem that promotes financial empowerment.

**Business Model**

Tonik provides retail financial products, including deposits, loans, savings accounts, payments, and cards on a highly secure digital banking platform. With an unsecured consumer lending opportunity of around USD100B in the country and market research indicating that more than half of existing Bank clients would switch to a purely digital platform, Tonik provides Filipinos access and opportunities to avail of financial products for their various needs.

**Products and Services**

Tonik offers a suite of banking products and services built on a purely digital and highly secure platform:

1. **Online account onboarding** – fully digital account opening with electronic Know-Your-Customer (KYC) of liveness check and ID validation.
2. **Tonik Account (Transactional Savings Account) with an instant Virtual Mastercard** – main savings account with one percent (1%) savings rate per annum. Gateway to access other deposit products.
3. **Inbound and Outbound payments (powered by InstaPay and PESONet)** – safe and secure fund transfers among Bank partners, with an outbound limit of Php 250,000.00 per transfer. Cash-in limits vary, depending on the policy of the sending institution.
4. **Stash (Savings Account)** – savings vault or pocket accessible only from a Tonik account, with a higher interest rate of four percent (4%) per annum (p.a.). Stash aims to encourage account holders to save up for various needs such as emergency funds, travel plans, etc.
5. **Group Stash (Savings Account)** – communal savings vault or pocket accessible only from a Tonik Account, with account owner's ability to invite

contributing members to the savings vault; with rate of 4.0% - 4.5% p.a. Subject to savers' ability to unlock the higher interest rate.

6. **Time Deposits** - high-interest deposit product with fixed duration, pretermination, and roll over option. Time deposits are available in five (5) term options and can earn up to six percent (6%) p.a. for a six (6)-month duration.
7. **Cash Loan** – fast and all-digital loan available with minimal requirements. Using alternative credit scoring, the bank can approve borrowers and disburse much needed funds directly to the customers' Tonik accounts. Cash loans are matched with a digital bank account for easy repayment and always available loan repayment history.
8. **Upsell / Pre-approved Repeat Loans**– available on offer to pre-qualified customers and to good paying customers after fully paying their loans or during their repayment period. These loans are provided with lower interest rates and better terms of payment.
9. **Shop Installment Loan** – loan used to purchase consumer durables whereby payments are converted to monthly amortized payments.
10. **Salary Loans** – salary deduction loans offered to employees of partner employer channels of Tendo by Tonik. There are salary advances, "buy now, pay later" (BNPL) options, and zero percent (0%) installment plans at partner merchants available for Tendo clients. It acts as a salary-linked credit facility allowing employees to access cash before payday, with loans repaid through automated salary deductions.
11. **Account Management** – update account and personal details, request for bank certificate and time deposit certificate via the Tonik mobile app.
12. **Card Management** – lock and unlock card channels (ATM, POS, e-commerce), set transaction limits for each card channel, and request for physical debit card.
13. **App and Transaction Security** – ensure your Tonik app and account is secure by enabling biometric authentication for log-in and transactions.

## OPERATIONAL AND FINANCIAL HIGHLIGHTS

**2025 Highlights:**

Tonik continued its strong momentum in 2025, significantly expanding its loan portfolio and reinforcing its position as a leading digital bank in the Philippines. With a mobile-first lending model and advanced AI-powered risk analytics, Tonik is well-positioned to bridge the country's USD 100 billion consumer lending gap.

- **Loan Portfolio**: Reached PHP **5.8 billion** by year-end 2025, **more than doubling year-on-year** from **PHP 2.4 billion** in 2024. This is driven by the continued growth of unsecured digital cash loans, upsell loans, and Shop Installment Loans through Tonik's retail merchant ecosystem.
- **Customer Base**: Tonik's active user base grew from **383,518 to 576,769 in 2025**, representing a **50.4% year-on-year increase**. This growth was driven by consistent efforts to acquire new users, primarily through Tonik's loan products, while also benefiting from continued traction in deposit products.
- **Revenue Metrics**: Revenue performance strengthened significantly during the year, with Net Interest Income rising 101% to ₱1.63 billion, driven by strong loan portfolio expansion and higher average interest-earning assets. Net Interest Margin improved from 10.79% to 24.07%, reflecting better loan volume management and a shift toward higher-yielding assets. Total Operating Income more than doubled to ₱1.70 billion, reinforcing the bank's accelerating revenue trajectory.
- **Cost Management**: Operating expenses were controlled despite significant growth, resulting in a further improvement in the **cost-to-income ratio, calculated against total operating income, to 63%**, down from **71% in 2024**, signaling stronger operating leverage and cost-efficiency.

- **Tech Efficiency**: AI-powered chatbots now handle 92% of all customer support interactions, reducing operational costs by 25% YoY.
- **Digital Lending Profitability**: Core lending products achieved stronger positive contribution margins, and delinquency rates improved by 160 bps, supported by more precise credit scoring and robust collection strategies.
- **Funding Base**: Deposit liabilities stood at PHP 6.4 billion, with a strategic shift towards higher-margin lending activities, up from PHP 5.8 billion in 2024.

Tonik is committed to advancing AI-driven underwriting, customer lifecycle automation, and responsible credit expansion, all aimed at achieving sustainable profitability by 2026.

## FINANCIAL PERFORMANCE SUMMARY

In 2025, Tonik achieved strong financial performance, marked by substantial revenue growth and improved net interest income. The company further enhanced its cost efficiency, strengthened credit risk management, and prioritized high-margin lending and digital solutions. Investments in AI-driven customer support and disciplined expense control contributed to greater profitability and sustainable progress throughout the year.

| Metric | 2025 (PHP '000) | 2024 (PHP '000) | YoY Change |
|---|---|---|---|
| Net Interest Income | 1,630,932 | 812,984 | 101% |
| Total Operating Income | 1,701,782 | 751,623 | 126% |
| Provision for Impairment Losses | -969,892 | -333,629 | 191% |
| Net NPL Ratio | -1.00 | 0.12 | –933% |

| | | | |
|---|---|---|---|
| Gross NPL Coverage Ratio | 153.22 | 139.52 | 9.82% |
| Net NPL Coverage Ratio | 140.88 | 125.27 | 12.47% |
| Net Income After Provisions | 661,040 | 479,356 | 38% |
| Other Income (net) | 70,850 | -61,361 | 215% |
| Operating Expenses (excl. impairments) | 1,076,878 | 974,363 | 11% |
| Loss Before Tax | -344,987 | -556,368 | -38% |
| Total Comprehensive Loss | -379,922 | -1,126,155 | -66% |

**Note:** The Bank's net losses are primarily driven by the significant increase in Expected Credit Loss (ECL) provisioning, which rose from PHP 334 million in 2024 to PHP 969 million in 2025 (+191% YoY). This reflects the maturing loan portfolio, updated risk segmentation, and a more conservative provisioning stance under PFRS 9.

Despite the higher ECL charge, the Bank's core operating fundamentals continue to strengthen, with sustained improvements in loan yields, contribution margins, and delinquency trends. These operational gains, combined with ongoing enhancements in credit risk management and portfolio quality, position the Bank for a more resilient performance in 2026, with expectations of moderating credit costs and continued growth in revenue generating assets.

## OUTLOOK FOR 2026

Tonik is poised for continued growth and expansion in 2026, with the following key objectives:

- **Expand total loan portfolio to over PHP 25 billion**, driven by a robust mix of digital cash loans, upsell loans, and Shop Installment Loans, leveraging Tonik's growing merchant ecosystem.
- **Achieve further reduction in credit costs by 20–30%** through enhanced AI-driven risk segmentation and advanced credit scoring models.

- **Achieve sustainable profitability** by maintaining positive contribution margins across all major lending products and improving loan volume management.
- **Enhance operational efficiency**, aiming for 95% automation in customer support and further optimization of internal processes through AI.

With a strong regulatory foundation, a growing active customer base of over 576,000, and a proven track record of operational efficiency, Tonik is on track to be the leading digital bank in the Philippines, delivering inclusive, technology-driven financial services to millions of Filipinos.

# BOARD OF DIRECTORS

The Board of Directors of Tonik provides strategic direction and robust oversight to ensure the Bank's prudent management, long-term sustainability, and alignment with its mission as a regulated digital bank. Comprised of highly respected leaders with extensive experience in banking, finance, technology, risk management, and corporate governance, the Board exercises independent judgment and collective expertise in guiding management and overseeing the Bank's performance, risk appetite, and regulatory compliance. Through active engagement, sound governance practices, and a strong commitment to stakeholder interests, the Board plays a pivotal role in advancing Tonik's strategic objectives and fostering trust, transparency, and accountability across the organization.

The following profiles highlight the members of the TDB Board of Directors, each bringing a distinguished professional background and a track record of leadership across their respective fields. Together, their collective experience and accomplishments underpin the Board's ability to provide strong oversight and strategic direction for the Bank.

**MARK ANDREW IWASHKO**
*Chairman*

Mr. Mark Iwashko is a seasoned private equity professional with over two decades of experience in the industry. He co-founded Horizon Capital, a private equity firm where he served as Chief Investment Officer and led the firm's investment function. He also co-founded Diligent Capital Partners, an independent mid-market private equity firm, which he continues to co-manage.

Mr. Iwashko has also actively supported the advancement of good corporate governance, having served on the boards of various privately held and publicly listed companies, as well as non-governmental organizations (NGOs).

He holds a Master of Business Administration from Harvard Business School, a Master's Degree in Mechanical Engineering from the University of Illinois, and a Bachelor's Degree in Mechanical Engineering from the University of Colorado.

Currently, Mr. Iwashko serves as an Investment Committee Member of Zubr Capital, a leading private equity fund based in Belarus; an Independent Member of the Advisory Board of Effective Soft, a prominent IT outsourcing company; and Chairman of the Board of the Children of Heroes of Ukraine Foundation.

**GRYGORII "GREG" KRASNOV**

*President and Chief Executive Officer*

Greg is the Founder and current President of Tonik, the first licensed neobank in the Philippines. Under his leadership, Tonik has become a trailblazer in the digital banking space, providing accessible, technology-driven financial services to underserved segments in the country. His strategic direction continues to position the Bank at the forefront of financial inclusion and digital innovation within the Philippine financial system.

Greg is a seasoned entrepreneur and executive with over two decades of experience in financial services, technology, and emerging markets. He previously co-founded and chaired several high-growth fintech ventures across Asia, including FORUM, Credolab, FLOW, and AsiaKredit—each contributing to the advancement of digital finance and alternative credit scoring in the region.

He has received numerous accolades for his leadership and impact, including being named Director of the Year at the Asia FinTech Awards 2021, one of the Top 12 Fintech Leaders in Singapore, and Financier of the Year in Ukraine.

Greg has a Bachelor of Science in Finance, Banking, and Political Science from Arizona State University, and a Master of Philosophy in International Business from the University of Cambridge. He also holds an Executive Leadership Certificate from the Stanford University Graduate School of Business, under the Young Presidents' Organization (YPO) program. He is a long-standing member of YPO and the founding member of its Kyiv Chapter.

**MARIA LOURDES JOCELYN "LONG" PINEDA**

*Vice-Chairperson*

Ms. Long Pineda currently serves as Vice-Chairperson and Non-Executive Director of Tonik. She brings over twenty-five (25) years of extensive leadership experience in financial inclusion, banking, and development finance, with a career spanning various emerging markets in Asia and Latin America. Her professional background reflects a strong commitment to promoting inclusive financial systems and sustainable economic growth.

Prior to assuming her current role, Ms. Pineda served as President of Tonik, where she played a pivotal role in the Bank's early operational build-out, regulatory engagement, and strategic positioning in the Philippine digital banking landscape.

She previously served as President of Rizal MicroBank, the microfinance subsidiary of Rizal Commercial Banking Corporation (RCBC), and held the role of First Senior Vice President at RCBC. Throughout her career, she has provided strategic direction and governance support in various capacities, including director and consultancy roles with MicroKonsult, GONegosyo, BDO Network Bank, and ACCION International.

Ms. Pineda holds a Diploma in Strategic Leadership for Microfinance from Harvard Business School in Boston, USA. Her expertise spans executive management, policy advocacy, and advisory roles focused on scaling access to financial services for underserved communities.

As Vice-Chairperson and Non-Executive Director, Ms. Pineda continues to support Tonik's Board in areas of strategic oversight, governance, and stakeholder engagement, particularly in advancing the Bank's mission of inclusive and innovative digital finance.

**TODD ESPOSITO**

*Executive Director*

Mr. Todd Esposito serves as the Executive Director of Tonik and is a Director of Tonik Financial Pte. Ltd. (TF), the parent company of the Tonik group. He has brought over twenty (20) years of professional experience in banking and financial services across the globe, having held senior leadership roles in various international institutions.

He began his career with GE Capital Consumer Finance, where he became one of the youngest Chief Financial Officers in the company's history. During his thirteen (13)-year tenure at GE, he was involved in acquiring and managing banking and financial services companies, focusing on operational efficiency, financial transformation, and business expansion. As Chief Financial Officer, Mr. Esposito was responsible for accounting, FP&A, legal, corporate governance and procurement functions.

Mr. Esposito also serves as a director of TF's subsidiaries. As Executive Director of Tonik, he plays an active role in the Board's strategic oversight and contributes to the Bank's governance, risk management, and long-term financial sustainability

He holds a Bachelor's Degree in Finance, Law, and Public Policy from Syracuse University.

**ATTY. EPHYRO "EPH" LUIS AMATONG**

*Non-Executive Director*

Atty. Eph Amatong is a seasoned legal professional with extensive experience in both the private and public sectors, particularly in capital markets regulation, corporate law, and sustainable finance. He currently serves as a Non-Executive Director of Tonik.

He previously served as Commissioner of the Securities and Exchange Commission (SEC) for eight (8) years, where he held the role of Supervising Commissioner for the Markets and Securities Regulation Department and served as the SEC's representative to the ASEAN Capital Markets Forum. During his tenure, he contributed significantly to key reforms and initiatives, including the adoption of the Philippine BVAL Benchmark Yield Curve, the introduction of a Global Master Repurchase Agreement (GMRA)-based Repo Market for government securities, and the issuance of the ASEAN Green, Social, and Sustainability Bond Standards. He also played a central role in the revision of the Implementing Rules and Regulations (IRR) of the Real Estate Investment Trust (REIT) Act in 2020.

Atty. Amatong holds a Master of Laws (LL.M.) degree with a concentration in International Finance from Harvard Law School and a Bachelor of Laws (LL.B.) from the University of the Philippines College of Law, where he was conferred the Dean's Medal for Academic Excellence. He was admitted to the Philippine Bar and the New York Bar in the year 2000s.

He has served in various capacities in government, including roles with the Supreme Court of the Philippines, the Department of Finance, and the Securities and Exchange Commission.

Currently, he is a Partner at MOSVELDTT Law Offices, where his practice focuses on Corporate and Securities Law, ESG and Sustainable Finance, Public-Private Partnerships, Energy, Fintech, and Project Finance. He is also engaged in several

other professional activities, including serving as an Independent Director of the Asialink Group of Companies, a Consultant for the World Bank Group, and a Lecturer at the University of the Philippines College of Law.

**CARL NICHOLAS NG**

*Non-Executive Director*

Mr. Carl Nicholas Ng is a General Partner in Verge HealthTech Fund, an early-stage venture capital firm based in Singapore that envisions a world with radically extended health span for all.

Mr. Ng led Verge's investments in Bot MD, an AI patient engagement platform used by leading Southeast Asian hospitals and care providers; OLI Technologies, designing a radically compact, portable hemodialysis device for easy home use; and PathwayMD, an AI clinical reference platform used by over a million healthcare practitioners around the world (acquired by Doximity for $63 million). His other deals include Prosoma (digital psycho-oncology care), Lifeyear (remote patient management for cardiac care), and Stratagen Bio (quantitative MRI for cancer).

Mr. Ng is also involved in the Philippine fintech scene. He joined the board of Tonik as a non-executive director in 2025. He has served since 2021 as an independent director and chairs the Audit Committee for Philippine Digital Asset Exchange (PDAX), the Bureau of Treasury's partner for offering tokenized treasury bonds to retail Filipino investors.

Mr. Ng spent several years with global management consulting firm Bain & Company in Singapore in 2017, before returning to the Philippines to join Lifetrack Medical Systems, an early-stage healthtech startup in radiology, eventually becoming Chief Operating Officer. He raised Lifetrack's $5.3 million Series A from the Asia Impact Investment Fund, Philips Healthcare and Kickstart Ventures in 2019.

Prior to Verge, Mr. Ng was also an active startup advisor and investor in a personal capacity. Carl was an independent director for MedGrocer, a digitally-enabled provider of corporate healthcare solutions and patient programs serving over one million Filipinos annually.

Mr. Ng received his MBA from Harvard Business School, and graduated magna cum laude in Business Economics from the University of the Philippines School of Economics in Diliman.

**JUSTIN LIU**

*Non-Executive Director*

Mr. Justin Liu serves as a Non-Executive Director of Tonik. He is the President of Camerton Holdings, Inc., one of the major shareholders of the Bank. Camerton is a Philippines-based conglomerate with diversified investments across the food and beverage, pharmaceutical, insurance, real estate, and technology sectors.

Mr. Liu brings extensive experience in corporate leadership, investment strategy, and governance across multiple industries. He currently serves as Chairman of Figaro Coffee Group, a publicly listed food and beverage company, and as President of Mercantile Insurance Co., Inc., a well-established non-life insurance company in the Philippines.

He holds a Bachelor's Degree from De La Salle University and a Master's degree from the University of San Francisco.

**CESAR VIRTUSIO**

*Non-Executive Director*

Mr. Cesar Virtusio serves as Independent and Non-Executive Director of Tonik. He is a seasoned and highly respected figure in the Philippine banking industry, with decades of leadership experience in both domestic and international financial institutions.

He previously served as the Executive Director of the Bankers Association of the Philippines (BAP), where he played a key role in representing and advancing the interests of the banking sector. Prior to that, he held the position of Adviser to Dresdner Bank and Dresdner Kleinwort, and served as the Bank's Chief Representative in the Philippines, managing cross-border financial relations and institutional partnerships.

Mr. Virtusio obtained his Bachelor's degree in Business Administration from the University of the East – Manila and earned his Master's in Business Administration from George Washington University in Washington, D.C., U.S.A.

He currently sits on the Boards of several private and publicly listed companies, including RCBC Capital Corporation, Beneficial Life Insurance Co. Inc., CATS Motor, Inc., ATR Asset Management, Inc., ATRAM Trust Corporation, and Central Azucarera de San Antonio. His previous board affiliations include Amalgamated Investment Bank, Robinsons Land Corporation, and the Philippine Depository and Trust Corporation.

Committed to continued learning and sound governance, Mr. Virtusio has completed various professional development programs on corporate governance, digital money, financial technology, cybersecurity, and anti-money laundering (AML).

**JOHN ALOYSIUS "LUIGI" BERNAS**

*Independent and Non-Executive Director*

Mr. Luigi Bernas serves as an Independent and Non-Executive Director of Tonik and is the Chairman of the Board Audit Committee. He brings with him extensive experience in investment management, governance, and innovation across both financial services and technology sectors.

Mr. Bernas currently holds leadership positions on the Boards of various investment and technology companies, including LeapFrog Investments, Transnational Education Solutions & Technologies, Inc., and Cold Front

Technologies Asia, Inc. He also serves as Chief Investment Officer of LifeBank Foundation, Inc., where he is responsible for driving the organization's impact-focused investment strategies. In addition, he is an Independent Director at Intellicare and CreditAccess Asia, contributing to governance and oversight in the healthcare and microfinance sectors, respectively.

He has also held directorships in health and insurance-related institutions such as Philcare, Inc. and PhilPlans First, Inc., where he notably served as Chairman of the Investment Committee, providing strategic guidance on financial sustainability and investment governance.

Mr. Bernas earned his Bachelor of Arts in Economics from Ateneo de Manila University and holds a Master of Business Administration from the University of Virginia Darden School of Business.

As an Independent Director and Chair of the Audit Committee, Mr. Bernas plays a key role in overseeing the Bank's financial reporting integrity, internal controls, and overall governance framework in line with regulatory standards and global best practices.

**ROBERTO MARTIN GALANG**

*Independent and Non-Executive Director*

Dr. Roberto Galang serves as an Independent and Non-Executive Director of Tonik and is the Chairman of the Board Related Party Transactions (RPT) Committee. He is a seasoned professional in finance, policy, and development, with extensive experience in both the academic and public sectors.

Dr. Galang previously served for over nine (9) years at the World Bank Group as a Senior Private Sector Specialist, where he led research and advised on key private sector development initiatives in the Philippines, Malaysia, and Indonesia. His work contributed significantly to reforms in economic competitiveness and financial sector governance across Southeast Asia.

He holds a Doctor of Philosophy (Ph.D.) in Management and a Master of Science in Management from IESE Business School in Barcelona, Spain, as well as a Master of Science in Economics for Development from the University of Oxford, United Kingdom.

Earlier in his career, Dr. Galang held various research and consulting positions with global institutions such as the JBF Center for Banking and Finance, LECG, AIM Policy Center, Navigant Consulting, and Penn Schoen & Berland, where he worked across Manila, New York, and Washington, D.C.

He is currently the Dean of the Ateneo John Gokongwei School of Management, and a long-serving faculty member at Ateneo de Manila University, teaching subjects in strategic management, organization theory, Philippine history, and communications research.

**JONATHAN "JOEY" GERARD GURANGO**

*Independent and Non-Executive Director*

Mr. Joey Gurango serves as an Independent and Non-Executive Director of Tonik and is the Chairman of the Board Risk Oversight Committee. He brings over 40 years of experience in software technologies and digital transformation, with deep expertise in data governance, business technology, and ethical artificial intelligence.

Throughout his career, Mr. Gurango has held leadership roles in major global technology companies, including Apple Computer and Microsoft, where he contributed to the early growth of enterprise and productivity technologies. He later founded several software ventures such as Gurango Software and SERVIO Technologies helping shape the local software development and digital innovation landscape in the Philippines.

Since 2011, he has actively mentored hundreds of startup founders and entrepreneurs in building sustainable digital businesses, advancing his advocacy for digital literacy and responsible tech-enabled growth.

Mr. Gurango took up Bachelor's Degree in Industrial Engineering from the University of the Philippines and Electrical Engineering from the University of Washington. Prior to his studies at the University of Washington, he also completed an Associate Degree in Engineering at Bellevue College in Washington, U.S.A.

He currently serves as Chief Executive Officer of Xurpas, Inc., a listed technology company; Chairman of the Capiz ICT Council, promoting digital capacity-building in the region; and as Independent Director of Templetech Finance Corporation (TendoPay), a Tonik affiliate.

**ROBERTO BASCON, JR.**

*Independent and Non-Executive Director*

Mr. Roberto Bascon, Jr. serves as an Independent and Non-Executive Director of Tonik and is the Chairman of the Corporate Governance Committee of the Board. He is a multi-faceted professional with extensive experience in sustainability, corporate governance, and strategic execution, having held various leadership and advisory roles across the private and regulatory sectors.

Mr. Bascon has been actively engaged in shaping corporate governance standards in the Philippines. He previously served as a Member of the Insurance Commission Technical Working Group on the Code of Corporate Governance and as Vice Chairman of the Anti-Red Tape Authority's Protecting Minority Investors Task Force in 2019. He also contributed to the ASEAN Capital Market Forum's Corporate Governance Experts Group through the Philippine Domestic Ranking Body in 2013 and is a Certified Trainer in the Global Reporting Initiative (GRI) Standards, advocating for corporate transparency and sustainability.

He holds a Bachelor's Degree in Management from the Asia Institute for Distance Education (AIDE) in Makati City. He completed executive programs in Business Sustainability Management from the University of Cambridge and in Strategy Execution from the Palladium Kaplan-Norton Framework.

Mr. Bascon formerly served as Director of Corporate Governance Advocacy and Research & Development at the Institute of Corporate Directors, and as Independent Director of Templetech Finance Corporation (TendoPay), a Tonik affiliate. His professional background also includes his role as Operations Director at Caffrey Trading Corporation.

He currently serves as Senior Manager for Sustainability & Governance Advisory Services at Reyes Tacandong & Co., where he advises organizations on environmental, social, and governance (ESG) practices and regulatory compliance.

# SENIOR MANAGEMENT OFFICERS

The Senior Management Officers of Tonik are responsible for the day-to-day leadership and execution of the Bank's strategic objectives, operating within the framework set by the Board of Directors. Led by experienced professionals with deep expertise across banking, technology, risk management, operations, and regulatory compliance, the management team drives the Bank's growth while ensuring sound governance, prudent risk management, and adherence to applicable laws and regulations. Through disciplined execution, innovation, and a strong focus on customer outcomes, Senior Management plays a critical role in translating the Bank's vision into sustainable performance and delivering value to stakeholders.

Presented below are the members of TDB's Senior Management Team, whose leadership and operational expertise drive the Bank's day-to-day execution and strategic priorities. Each officer brings a strong professional background and a proven record of excellence, collectively supporting the organization's growth, resilience, and commitment to sound governance.

**GRYGORII KRASNOV**
President and Chief Executive Officer

**CARMINA ESTEBAN**
Chief Financial Officer

**MELVIN RAMIS**
Chief Technology Officer

**LIUDMYLA BEDRENETS**
Chief Growth Officer

**JENNY MAGSINO**
Head of Treasury

**VANESSA JOY MACATANGAY**
Country HR Head

**ALBERT ADRIEL VALDEZCO**
Head of Retail Partnerships (Shop Installment Loan)

**RALPH EMBALSADO**
Personal Segment Strategy Manager (Head of Upsell)

**KARREN A JOSE**
Head of Legal

**JESSY MARIE GO**
Project Management and Capability Building Office

**HENRY BENITO**
Chief Compliance Officer

**KERT ARSMEL E. FETALCO**
Head of Internal Audit

**CATHERINE ANN PALERACIO**
Chief Information Security Officer

**ADRIAN LOUIS DELA PEÑA**
Data Privacy Officer

**VACANT**
Chief Risk Officer

**Note:**

The position of Chief Risk Officer (CRO) was held during the year until the resignation of the incumbent in August 2025. Following this, the position remained vacant as of 31 December 2025.

In the interim, risk management oversight functions are being performed on an acting basis, with continued oversight from Senior Management and the Board Risk Oversight Committee. The Bank has implemented measures to ensure that risk oversight remains effective and independent during this period.

The Bank has identified a qualified candidate for the CRO position who has accepted the offer and is currently completing the required notice period with his current institution. The appointment remains subject to completion of internal approvals and applicable regulatory requirements.

# RISK MANAGEMENT FRAMEWORK

Tonik is committed to maintaining a robust and forward-looking risk management framework that enables sustainable growth, regulatory compliance, and financial soundness.

Our enterprise risk management approach integrates governance, oversight, and accountability across all business activities, ensuring that risks are identified, assessed, managed, and monitored in alignment with the Bank's strategic objectives.

## Governance Structure

Risk oversight begins with the Board of Directors, which sets the overall risk appetite and provides strategic guidance. The Board is supported by dedicated risk committees that oversee risk exposures, capital adequacy, and control systems.

Management is responsible for operationalizing the Bank's risk strategy, implementing policies, and maintaining a strong internal control environment. Key risk-taking units work closely with independent control functions to ensure that all material risks are properly mitigated and reported.

## Three Lines of Defense

**Tonik applies a clearly defined Three Lines of Defense model:**

1. First Line – Business and operational units are responsible for identifying and managing risks in their day-to-day activities.
2. Second Line – Independent Risk and Compliance teams provide oversight, guidance, and challenge functions to ensure adherence to policies and regulatory requirements.
3. Third Line – Internal Audit provides independent assurance to the Board and Audit Committee regarding the effectiveness of the Bank's risk controls and governance processes.

## Risk Identification and Assessment

Tonik regularly reviews internal and external risk drivers including credit, operational, market, liquidity, cybersecurity, and strategic risks. Risk identification is embedded in business planning, new product development, and investment decisions.

Each risk is assessed based on its potential impact and likelihood, using both quantitative analysis and qualitative judgment. Identified risks are mapped against the Bank's defined risk appetite, which is approved by the Board and reviewed periodically.

## Monitoring and Reporting

The Bank maintains a structured reporting system to provide timely, accurate, and actionable insights to senior management and the Board. Key risk indicators are monitored across business lines and are used to detect early warning signs, assess compliance, and support decision-making.

Escalation procedures are in place to ensure that emerging risks or breaches are addressed promptly and effectively. Regular stress testing and scenario analysis are conducted to assess resilience under adverse conditions.

## Technology and Data Governance

Tonik leverages technology to enhance its risk intelligence and monitoring capabilities. Automated systems support the tracking of portfolio performance, identification of potential fraud indicators, and management of exposure levels. Cybersecurity protocols are integrated into system design to protect data integrity and customer information.

The organization maintains data protection and privacy practices aligned with applicable regulatory requirements, supported by internal controls and periodic reviews.

All models and decision processes operate within established governance frameworks, with regular assessments to support performance, fairness, and regulatory compliance.

**Regulatory Alignment**

Tonik maintains a risk framework that is aligned with the requirements of BSP, including the Manual of Regulations for Banks (MORB), as well as relevant international standards and lending practices.

The Bank adopts a proactive and structured approach to regulatory compliance, ensuring the timely and accurate submission of all required regulatory reports and disclosures. It actively monitors regulatory developments and participates, where appropriate, in industry and regulatory consultations, to support the effective implementation of new and evolving requirements.

Risk awareness and compliance discipline are embedded across the Bank's governance, processes, and digital platforms. These are reinforced through defined policies, controls, and continuous engagement with business units to ensure that risk and compliance considerations are integrated into decision-making.

The effectiveness of the Bank's risk and compliance frameworks is subject to periodic review, taking into account internal audit results, compliance testing outcomes, supervisory feedback, and emerging industry risks. Enhancements are implemented on a continuous basis to ensure sustained alignment with regulatory expectations and the Bank's risk profile.

**AML Risk Management Framework**

Tonik implements a comprehensive Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) Program designed to safeguard the integrity of the financial system and prevent the misuse of its products and services for illicit activities.

The Bank's AML/CFT framework is aligned with Republic Act No. 9160, as amended (Anti-Money Laundering Act of 2001), its Implementing Rules and Regulations, and applicable BSP regulations, and is supported by Board-approved policies and strong governance oversight.

The program adopts a risk-based approach and is supported by defined roles and responsibilities across the organization, enabling the proactive identification, assessment, monitoring, and mitigation of money laundering, terrorist financing, and proliferation financing risks.

Key components of Tonik's AML/CFT framework include:

**Customer Due Diligence (CDD):** The Bank implements risk-based onboarding and customer identification processes, including electronic Know-Your-Customer (e-KYC) procedures, customer risk profiling, and ongoing due diligence throughout the customer lifecycle, in accordance with regulatory requirements.

**Transaction Monitoring:** Automated rule-based transaction monitoring systems are deployed to identify unusual or suspicious activities. Alerts are subject to review and escalation based on defined investigation protocols and risk parameters.

**Sanctions Screening and Watchlist Management:** The Bank conducts screening against applicable sanctions lists and maintains internal watchlists, with defined processes for timely updates and escalation in line with regulatory expectations and internal policy standards.

**Suspicious Transaction Reporting (STR):** The Bank ensures the timely and accurate filing of Covered and Suspicious Transaction Reports with the Anti-Money Laundering Council (AMLC), in accordance with prescribed timelines and reporting standards.

Institutional Risk Assessment (IRA): The bank conducts periodic institutional risk assessments to evaluate its exposure to ML/TF risks and to ensure that controls and mitigating measures remain appropriate and effective.

**Employee Awareness and Training:** AML/CFT training programs are implemented on a risk-based and role-specific basis to ensure that employees are adequately equipped to identify and escalate potential financial crime risks.

**Independent Testing and Program Review:** The AML/CFT framework is subject to periodic review through compliance testing and internal audit to assess its effectiveness and ensure alignment with regulatory requirements and evolving risk trends.

The Bank's AML/CFT function is part of the Bank's broader risk and compliance framework, with oversight from Senior Management and the Board of Directors. The Bank remains committed to maintaining high standards of integrity, transparency, and regulatory compliance.

## Risk Appetite and Limits

In pursuit of its strategic objectives, the bank bears the risk of varying nature. Accordingly, the Bank sets a Risk Appetite framework not only to align with the regulatory requirements, but more so to design an internal control system that captures the dynamic nature of risks in the digital banking sector. This framework covers a thorough reassessment of existing risk definitions and thresholds, ensuring they reflect the current risk landscape and the Bank's operational realities. Moreover, the objective emphasizes the need to proactively identify and integrate emerging risks into the Bank's risk management strategy, ensuring that the Risk Oversight Committee (ROC) and the Board of Directors (BOD) has a comprehensive view of the risk profile and is equipped to make informed decisions about Tonik's risk tolerance.

With this, Tonik has established its Risk Appetite Statement (RAS), a forward-looking document that aims to provide a clear and actionable framework for

managing risks in a rapidly evolving digital banking environment. It reflects a strategic approach to risk management, balancing growth with prudence, innovation with security, and aspirations with regulatory compliance. This proactive and strategic perspective on risk is intended to steer the Bank towards achieving its long-term objectives while maintaining the confidence of stakeholders and regulators alike.

**Capital Adequacy and Regulatory Capital Management**

Tonik maintains capital levels that are commensurate with its risk profile, business strategy, and regulatory requirements, in accordance with the MORB and relevant BSP circulars applicable to digital banks. The Bank adopts a prudent capital management framework designed to ensure that it remains adequately capitalized to support its operations, absorb potential losses, and sustain growth while maintaining regulatory compliance.

As of December 2025, the Bank reported Total Qualifying Capital of PHP 1.174 billion, composed of Common Equity Tier 1 (CET1) Capital of PHP 1.134 billion and Tier 2 Capital of PHP 40.37 million, based on the submitted CAR report. Total Risk-Weighted Assets (RWA) amounted to PHP 7.292 billion, driven primarily by credit risk exposures.

This resulted in the following capital ratios:

- CET1 Ratio: 15.55%
- Tier 1 Ratio: 15.55%
- Total CAR: 16.10%

These levels remain above the BSP minimum requirements under the MORB and relevant circulars (10% Total CAR, inclusive of buffers).

As reported to the Board of Directors, the Bank's Capital Adequacy Ratio (CAR) remains compliant with the regulatory thresholds prescribed by the BSP. The Bank's capital management framework remains focused on maintaining capital

commensurate with its risk profile, business strategy, and regulatory expectations, consistent with ICAAP principles and BSP capital adequacy standards.

The Board of Directors exercises oversight over the Bank's capital adequacy through regular reviews of capital reports, stress testing results, and capital management assessments, while Senior Management is responsible for implementing strategies to ensure ongoing compliance with regulatory capital requirements. Capital adequacy is monitored on a continuous basis and reported regularly to the Board and relevant Board-level committees to ensure that the Bank's capital position remains aligned with its risk appetite and BSP regulatory expectations.

**Related Party Transactions**

Tonik recognizes that transactions with related parties may give rise to conflicts of interest and potential abuse if not properly governed. The Bank therefore adopts a robust Related Party Transactions (RPT) framework to ensure that all such transactions are conducted in the regular course of business, on an arm's-length basis, and under terms not less favorable than those offered to non-related parties under similar circumstances.

The Bank's RPT framework is aligned with the requirements of the BSP, including the MORB, and is supported by Board-approved policies, clear approval authorities, and effective control mechanisms.

Oversight of RPTs is exercised by the Related Party Transactions Committee (RPTCom), which assists the Board of Directors in ensuring that related party relationships and transactions are properly identified, reviewed, approved, and monitored. The RPTCom evaluates material RPTs to ensure that these are not undertaken on more favorable economic terms (such as price, commissions, interest rates, fees, tenor, or collateral requirements) than comparable

transactions with unrelated parties, and that no corporate or business resources of the Bank are misappropriated or misapplied.

In evaluating RPTs, the Bank considers the nature of the relationship, the material terms and value of the transaction, the benefits to the Bank, the availability of comparable alternatives, and potential risks, including reputational risk. Directors, officers, and employees with a material interest in a transaction are required to disclose such interest and abstain from participating in the deliberation and approval process.

Material RPTs are subject to review and endorsement by the RPTCom and approval by a majority of the members of the Board of Directors. Non-material RPTs are approved by Senior Management or appropriate approving authorities under delegated limits, subject to reporting to or confirmation by the Board of Directors. All Directors, Officers, Stockholders and Related Interests (DOSRI) transactions require prior approval of the Board of Directors in accordance with applicable regulations. All approvals and decisions are properly documented and recorded to ensure transparency, accountability, and auditability.

The Bank maintains a centralized and regularly updated database of related parties to support the identification, monitoring, and reporting of RPTs. Related party exposures are subject to ongoing monitoring, with periodic reporting to the RPTCom and the Board of Directors to ensure that exposures remain within approved limits and risk appetite.

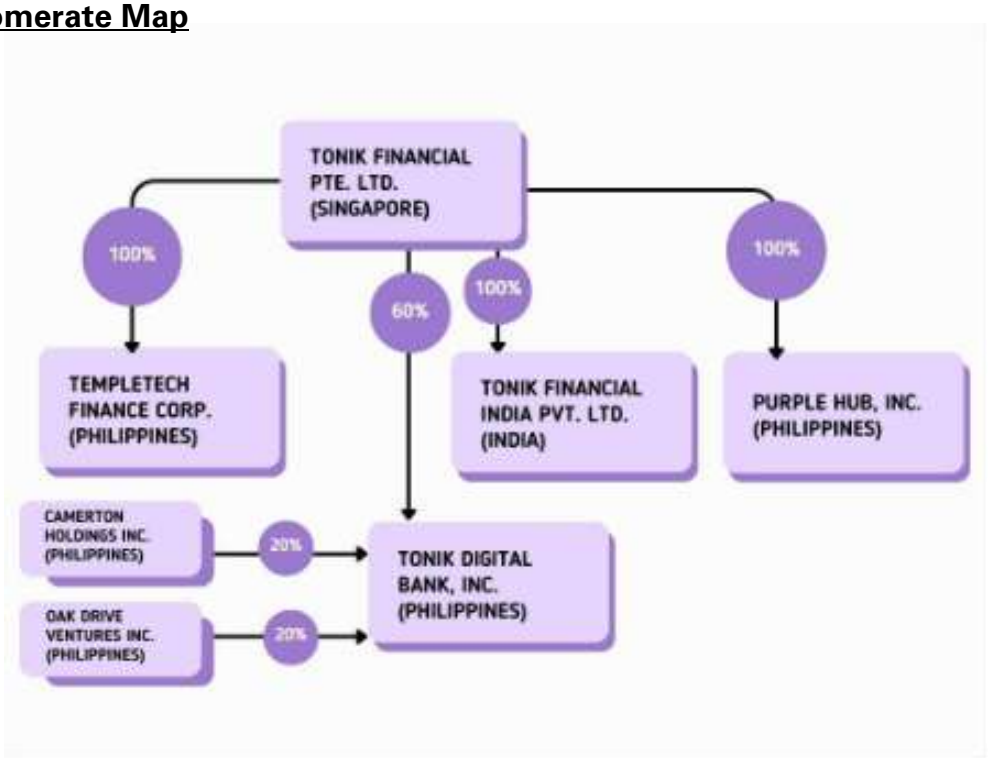
As of 31 December 2025, the Bank has entered into transactions with related parties in the ordinary course of business. The Bank's exposures to Directors, Officers, Stockholders, and Related Interests (DOSRI) are in compliance with the limits and regulatory requirements prescribed by the BSP. As of year-end, total DOSRI exposures amounted to PHP 34,401, representing 0.00%, and remain within the applicable BSP-prescribed ceilings. These exposures are subject to the same credit evaluation, approval, and monitoring processes applied to comparable transactions with non-related parties.

The aggregate amount of related party transactions and outstanding balances amounted to PHP 15.9 million in RPT transactions and PHP 1.6 million in outstanding balance as of 31 December 2025. These exposures primarily relate to placements with the parent company and payables arising from shared services and operational support arrangements. Such transactions are governed by formal agreements, including service level agreements, and are supported by appropriate benchmarking or price discovery mechanisms to ensure compliance with arm's-length principles.

All related party transactions are conducted on an arm's-length basis, are properly reviewed and approved in accordance with the Bank's RPT Policy, and remain within approved limits and the Bank's risk appetite. The Bank ensures that all RPTs are appropriately disclosed in its regulatory reports and audited financial statements, in accordance with BSP regulations and applicable accounting standards, and are subject to periodic independent review by Internal Audit to assess compliance with established policies and controls.

# CORPORATE GOVERNANCE

**Conglomerate Map**



## Organizational Structure

Tonik operates under a streamlined and functionally integrated organizational structure that supports its digital-first business model and strategic objectives. The structure is designed to enable agility, ensure regulatory compliance, and maintain strong coordination across all core functions of the Bank.

The Bank is led by the President and Chief Executive Officer, who is responsible for overall strategic direction and operational execution, under the oversight of the Board of Directors. Supporting the President and Chief Executive Officer is a senior management team composed of leaders overseeing key areas such as risk management, compliance, operations, technology, finance, growth, treasury, information security, and human resources.

Each function operates with clearly defined responsibilities and accountabilities, aligned with Tonik's strategic priorities, regulatory expectations, and customer-centric approach. Functional heads are empowered to lead initiatives, manage performance, and ensure that their respective areas contribute effectively to the Bank's goals of innovation, operational efficiency, and inclusive financial services.

The structure promotes cross-functional collaboration, rapid decision-making, and strong internal controls — critical attributes for a fully digital bank. The Bank's governance framework ensures that strategic initiatives, risk appetite, and operational policies are consistently applied across all levels of the organization.

Tonik regularly reviews its organizational structure to ensure it remains responsive to business growth, market developments, and regulatory changes, while preserving its commitment to ethical leadership and sound governance.

## Corporate Governance Structure and Practices

In line with its commitment to uphold the highest standards of corporate governance, Tonik maintains a robust governance framework anchored on clear accountability, effective oversight, and continuous improvement.

This framework, as articulated in the Bank's Manual of Corporate Governance, is operationalized through three interrelated pillars and was further strengthened in 2025 through enhanced governance practices and formalized evaluation mechanisms.

1. **The Board of Directors**

   TDB's Board of Directors retains ultimate responsibility and accountability for guiding the Bank's long-term success and ensuring prudent oversight of its business and risk strategies. Anchored on the principles of fiduciary responsibility and ethical conduct, the Board:

   - Defines TDB's corporate values, strategic direction, and risk appetite.
   - Oversees the performance of Senior Management, ensuring alignment with the Bank's goals and risk tolerance.
   - Approves key policies including corporate governance, compliance, risk management, and remuneration.
   - Establishes effective governance structures, including Board-level committees such as:
     - Corporate Governance Committee – oversees board nominations, succession planning, and board performance evaluation.
     - Audit Committee – ensures the integrity of financial reporting and effectiveness of internal controls.
     - Risk Management Committee – advises on and monitors TDB's risk appetite and exposure.
     - Related Party Transactions Committee – which ensures that transactions with related parties are reviewed and approved in line with regulatory expectations and internal policies.

The Board meets regularly, including sessions without management present to enable independent deliberation on audit, risk, and compliance matters. It also upholds transparency through structured disclosure and stakeholder communication protocols.

In 2025, the Board further reinforced governance oversight by institutionalizing an enhanced annual Board and Committee self-assessment process, enabling a structured evaluation of individual directors, committees, and the Board as a whole, with results used to identify governance strengths and areas for continuous improvement.

2. **Senior Management**

Senior Management is entrusted with the day-to-day implementation of strategies approved by the Board and is responsible for:

- Executing operational and financial plans.
- Upholding the Bank's risk appetite and internal control environment.
- Promoting a strong culture of compliance, ethics, and accountability.
- Ensuring effective performance management, training, and succession planning for critical roles.

Appointments of key executives, including the CEO and heads of control functions (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive/Head of Internal Audit), are subject to Board approval, and regularly evaluated by the Board based on performance standards and regulatory fit and proper criteria.

Senior Management remains accountable to the Board for the effective execution of strategies and the maintenance of a strong governance, risk, and control framework.

3. **Internal Control and Risk Governance System**

TDB adopts Three Lines of Defense Model, ensuring comprehensive coverage and accountability:

- First Line: Business Units of the Bank - Business units are directly responsible for managing risks and implementing controls as part of their operational activities. They must ensure compliance with policies, procedures, and regulatory obligations in every transaction or customer interaction.
- Second Line: Risk Management and Compliance - these independent functions provide oversight, guidance, and monitoring. They develop risk and compliance frameworks, evaluate RPTs for conflicts of interest or potential abuse, and ensure alignment with the Bank's governance and risk appetite.
- Third Line: Internal Audit – provides independent assurance on the effectiveness of governance, risk management, and control processes. Functionally reports to the Audit Committee.

The Bank's risk governance is further strengthened through:

- A Risk Appetite Statement (RAS) aligned with its strategic objectives.
- A Consumer Protection Risk Management System (CPRMS) ensuring fair treatment and accountability to clients.
- Whistleblowing mechanisms and internal policies to detect and deter unethical or illegal activities.
- Policies and systems to manage Related Party Transactions (RPTs) in compliance with regulatory standards.

Through these pillars, TDB ensures that its operations remain ethically driven, risk-conscious, and aligned with the interests of all stakeholders—shareholders, customers, regulators, and the broader financial ecosystem.

**Selection Process of the Board and Senior Management**

Tonik appoints leaders who embody professional integrity, strategic competence, and a strong cultural fit with the Bank's core values. The selection process is governed by applicable laws, specifically the MORB, as well as TDB's own Corporate Governance Manual and Interlocking Directorship and Officership Policy of the Bank. Relevant experience, background, competency, and training in their chosen field vis-à-vis the banking/financial services industry;

I. **Senior Management Appointments**

The Board of Directors, in coordination with the Management Committee, oversees the screening and final decision-making for all Senior Management appointments. Candidates are rigorously evaluated through a series of interviews and assessments based on:

1. Relevant experience, background, training, and technical competency within banking or financial services;
2. Physical and mental fitness, per the BSP Fit and Proper standards;
3. Time and availability to effectively perform duties;
4. Cultural and values alignment with Tonik's core beliefs—customer focus, innovation, agility, and integrity;
5. Assessment of interlocking positions, in accordance with regulatory and internal policies to avoid conflicts of interest.

All appointments comply with the Fit and Proper Rule under MORB Sec. 131, and BSP notification requirements are observed. Additional performance monitoring mechanisms ensure continued fitness for the role.

II. **Board of Directors: Minimum Qualifications and Governance Alignment**

To promote sound governance, the Bank ensures that all directors meet or exceed the qualifications under MORB Sec. 132 and the TDB Corporate Governance Manual:

1. Fit and Proper Standards:
    - Integrity/probity, physical/mental fitness, and market reputation;
    - Financial literacy, education, and training relevant to corporate governance and banking;
    - Relevant experience, knowledge, and diligence in governance, strategy, and risk;
    - Independence of mind and adequate time commitment to Board duties;
    - Absence of disqualifications, as outlined in BSP regulations and internal policy.
2. Corporate Governance Training: All directors are required to complete a seminar on corporate governance. Exemptions may apply only to select high-profile public officials or regulators, but these do not apply to annual refresher training.
3. Cultural Fit and Tonik Values: Directors are selected not only for competence, but also for alignment with Tonik's mission, values, and digital-first culture. Directors are expected to actively support innovation, transparency, collaboration, and inclusion in their board conduct.

### III. Interlocking Directorships and Officerships

Tonik recognizes that interlocking directorships and officerships, when properly managed, can bring strategic value to the organization. These arrangements may contribute to synergies among aligned institutions, enable broader industry insight, and support effective governance across corporate entities. However, such roles must always be governed by clear boundaries to preserve independence, avoid conflicts of interest, and maintain regulatory compliance.

In accordance with the guidelines of BSP and Tonik's internal policies, the Bank allows interlocking roles only under circumstances where these are deemed beneficial to the Bank's business interests and do not hinder the effective

performance of duties. All interlocking directorships or officerships are subject to prior approval by the Board of Directors, and a thorough review is conducted to ensure that such positions do not create any actual or perceived conflicts.

The Bank also ensures that individuals holding interlocking positions are able to commit adequate time and attention to their responsibilities at Tonik. In cases involving control or governance-critical roles—such as those related to risk, compliance, or internal audit—interlocking appointments are evaluated with particular care to ensure objectivity and independence are not compromised.

Tonik upholds a policy of transparency regarding these roles. Disclosures are submitted annually in accordance with BSP requirements, and any updates are monitored and reported to the appropriate governance bodies.

Through these measures, Tonik strives to strike a balance between the benefits of interlocking engagements and the importance of preserving effective, ethical, and independent leadership throughout the organization.

**Board Overall Responsibility**

The Board of Directors has the ultimate responsibility for the long-term success and sustainability of the Bank. In accordance with applicable laws, rules, and regulations of BSP and the Securities and Exchange Commission (SEC), the Board is primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk governance framework, corporate governance policies, and core corporate values.

The Board is also tasked with monitoring the performance and conduct of senior management to ensure sound and prudent management of the Bank's day-to-day operations.

In fulfilling its governance responsibilities, the Board shall carry out the following duties:

1. Corporate Strategy and Oversight

   Approve and oversee the implementation of the Bank's business strategies and corporate objectives, ensuring alignment with the Bank's long-term vision and stakeholder interests.

2. Risk Governance

   Approve and oversee the implementation of a robust risk governance framework, including internal controls, risk appetite, and systems of checks and balances across all levels of the organization.

3. Corporate Governance Framework

   Establish and maintain an effective corporate governance system that promotes transparency, accountability, and ethical business practices in compliance with BSP and SEC requirements.

4. Senior Management and Key Personnel Oversight

   Approve the appointment, performance evaluation, and succession planning of the Chief Executive Officer, senior management, and heads of control functions (i.e., risk management, compliance, internal audit).

5. Remuneration and Compensation Policy

   Approve a sound and appropriate compensation and remuneration framework that aligns with the Bank's long-term interests, prudent risk-taking, and regulatory expectations.

6. Corporate Culture and Values

   Promote a culture of integrity, professionalism, and performance by defining the Bank's corporate values and setting the tone at the top.

7. Ethical Standards and Whistleblowing Mechanism

   Establish a Code of Conduct and ethical guidelines and institutionalize a whistleblowing mechanism that enables employees and stakeholders to report violations or concerns to an appropriate, independent body.

8. Compliance with Governance Policies

   Discharge such other functions and responsibilities as may be provided under the Bank's Corporate Governance Policy and as required by applicable laws, rules, and regulations.

## Directors and Officers

### Composition and Responsibilities of the Board of Directors

The governance of Tonik is entrusted to a duly constituted Board of Directors, composed of individuals with diverse backgrounds in finance, risk management, technology, and corporate leadership. The Board is collectively responsible for providing strategic direction, ensuring regulatory compliance, and safeguarding the long-term interests of the Bank's stakeholders.

Directors are elected in accordance with the Bank's corporate governance policies and applicable regulatory guidelines. All appointments are subject to regulatory review and must meet the fit-and-proper standards established by BSP.

The Board includes a mix of executive, non-executive, and independent members, reflecting the Bank's commitment to balanced oversight and sound governance practices. Independent Directors play a vital role in ensuring objectivity in Board discussions and decision-making.

Tonik's Board structure also reflects its international footprint, with director appointments inclusive of professionals from both local and international backgrounds, subject to applicable foreign ownership limitations and governance policies.

Through ongoing engagement, committee participation, and strategic oversight, the Board ensures that Tonik operates with integrity, transparency, and resilience in a dynamic financial services environment.

### Board Composition and Independent Directors

**Chairman of the Board**

The Chairman of the Board shall preside over meetings of the Board of Directors and of the stockholders. The Chairman's responsibilities include:

1. Providing leadership to the Board and ensuring effective functioning of the Board as a collegial body;
2. Ensuring that Board decisions are made based on sound judgment, adequate information, and thorough discussion;
3. Facilitating access to accurate, timely, and relevant information to all directors;
4. Ensuring the conduct of onboarding programs for new directors and continuing training for all members of the Board; and
5. Overseeing the regular performance evaluation of the Board, its committees, and individual directors at least annually, in accordance with BSP regulations.

**President and Chief Executive Officer**

The President, who shall also be a member of the Board, shall serve as the Chief Executive Officer (CEO) of the Bank and shall be responsible for the overall management and administration of the Bank's day-to-day business operations.

The President shall:

1. Preside at Board or stockholder meetings in the absence of the Chairman;
2. Initiate and develop corporate objectives and policies for long-term planning, including proposals for executive development and compensation, for Board approval;
3. Supervise and manage the operations and properties of the Bank;
4. Ensure that administrative and operational policies are properly implemented;
5. Appoint, remove, and discipline employees in accordance with law and internal policies, and determine their roles and compensation;

6. Oversee budget preparation and financial reporting in accordance with regulatory requirements;
7. Submit reports and disclosures required by law or regulatory authorities;
8. Represent the Bank in formal proceedings, contracts, and public functions;
9. Sign contracts and instruments on behalf of the Bank, subject to Board approval when applicable;
10. Make reports to the Board and stockholders;
11. Sign stock certificates; and
12. Perform such other duties as delegated by the Board.

**Regular Directors (Executive and Non-Executive)**

All Regular Directors—regardless of whether they hold management responsibilities (executive) or not (non-executive)—are expected to:

1. Act in good faith, with loyalty and due care, in the best interest of the Bank and its stakeholders;
2. Approve the Bank's mission, vision, corporate strategy, major policies, and overall risk appetite;
3. Oversee management's performance, ensure sound risk governance, and safeguard regulatory compliance;
4. Attend and actively contribute to Board and committee meetings, offering expertise and objective judgment;
5. Serve in Board committees as needed and contribute to oversight functions such as audit, risk, governance, and remuneration; and
6. Uphold the principles of transparency, accountability, integrity, and ethical leadership as outlined in the Bank's governance policies.

**Independent Directors**

An Independent Director is one who, apart from his or her shareholdings and fees received from the Bank, is independent from management and free from

any relationship that may impair independence of judgment. Independent Directors are expected to:

1. Provide objective judgment in Board deliberations;
2. Safeguard the interests of all stakeholders;
3. Ensure that Board decisions are made without undue influence from management or other related parties; and
4. Participate actively in board committees, especially in areas of audit, risk oversight, and corporate governance.

Independent Directors must possess the required qualifications, including integrity, experience, and financial literacy, and shall comply with the term limits set forth under BSP and SEC regulations.

**Election and Term**

The Board of Directors is elected during the annual meeting of the stockholders and holds office for one (1) year until its successors are duly elected and qualified. The regular term of a director shall be from the date of his or her election to the regular annual meeting of the stockholders of the Bank, or until his or her successor shall have been elected and qualified to take his or her place at said annual meeting. Unless a director sooner resigns, is removed from office, or becomes unable to act by reason of death, disqualification, or otherwise, he or she shall hold office during the term for which elected until his or her successor is elected and qualified. Any director who ceases to be the owner of at least one share of the capital stock of the Bank shall thereby cease to be a director.

**Eligibility**

Every director must own at least one (1) share in his/her own name, of the Bank's issued and outstanding capital stock. The eligibility of directors shall be subject to existing laws and BSP rules and regulations. Such number of foreigners may be elected as directors of the Bank in proportion to their shareholdings.

**Prohibition**

No individual shall become or be a director if s/he is or becomes a director or employee of any other financial or banking institution under the supervision of Bangko Sentral ng Pilipinas when said financial or banking institutions are of the same type or classification. For purposes of this prohibition, a husband and his wife shall be treated as the same person.

**Vacancies**

Any vacancy occurring on the Board of Directors shall be filled in accordance with the provision in Article III, Sec. 5 of the Bank's By-laws.

**Composition and Responsibilities of Senior Management**

The day-to-day operations and strategic execution of Tonik are managed by a highly experienced and multi-disciplinary Senior Management team, led by the President and composed of executives across key functional areas. This includes the Chief Financial Officer (CFO), Chief Technology Officer (CTO), Chief Operations Officer (COO), Chief Growth Officer, Country HR Head, Head of Credit Quality & Analytics, Head of Retail Partnerships (Head of SIL), Head of Project Management and Capability Building Office, Head of Treasury, Head of Legal, Personal Segment Strategy Manager (Head of Upsell), Chief Risk Officer (CRO), Data Privacy Officer, Chief Compliance Officer (CCO), Head of Internal Audit, and the Chief Information Security Officer (CISO). The qualifications and appointments of these officers are in accordance with Section 135 of the MORB, ensuring competence, integrity, and alignment with the Bank's strategic goals.

Senior Management is responsible for the sound and prudent management of the Bank's operations and for implementing the policies and directives set by the Board of Directors. The team ensures that proper risk management systems, compliance frameworks, and internal controls are in place and function effectively. Each function head plays a critical role in achieving Tonik's objectives—ranging from financial stewardship and operational efficiency to

growth, legal and regulatory compliance, data privacy, cybersecurity, and audit oversight. The team promotes a strong risk culture, customer-centricity, and operational resilience, in line with applicable laws, BSP directives, and the Bank's internal governance standards.

All members of Senior Management are subject to the fit and proper standards under BSP regulations and are accountable to the Board for their respective areas of responsibility. They are expected to exhibit sound judgment, uphold the highest ethical standards, and drive performance and innovation across the Bank. The Senior Management team regularly meets to review organizational performance, assess internal and external risks, and ensure the Bank's continued alignment with its mission, regulatory expectations, and long-term sustainability.

1. Chief Financial Officer (CFO)

   The CFO leads Tonik's financial strategy, ensuring the bank maintains healthy profitability, regulatory compliance, and financial sustainability. Overseeing budgeting, capital allocation, investor relations, and financial reporting, the CFO supports growth through sound fiscal management while partnering with product and business teams to assess financial impact and return on investment of strategic initiatives.

2. Chief Technology Officer (CTO)

   The CTO drives the digital backbone of Tonik, overseeing the development and scalability of its core banking infrastructure, app architecture, and technology stack. Responsible for innovation, system reliability, and tech-driven customer experience, the CTO collaborates closely with Product and Information Security to ensure seamless, secure, and agile delivery of new features and backend integrations.

3. Chief Operations Officer (COO)

The COO ensures operational excellence across Tonik's front- and back-office systems, streamlining processes in customer service, loan disbursements, payment settlements, and core banking operations. With a strong focus on automation and efficiency, the COO enables seamless digital banking experiences while optimizing internal workflows and operational risk controls.

4. Head of Treasury

   The Head of Treasury manages Tonik's liquidity, cash flow, and funding strategy to support lending operations and deposit product performance. This role ensures compliance with BSP requirements, optimizes interest margin, and aligns the bank's asset-liability position with strategic growth targets and macroeconomic factors.

5. Chief Growth Officer

   The Chief Growth Officer owns Tonik's user acquisition, revenue generation, and product adoption strategies. Driving collaboration across marketing and product teams, the CGO steers growth campaigns, brand visibility, and funnel optimizations, ensuring Tonik maintains strong customer lifetime value while scaling its reach in the digital banking market.

6. Country HR Head

   The Country HR Head leads Tonik's people strategy in the Philippines, driving recruitment, culture building, talent development, and performance management. As a key partner to the leadership team, this role ensures the bank attracts top fintech talent, fosters employee engagement, and maintains alignment with organizational goals and regulatory standards.

7. Head of Credit Quality & Analytics

The Head of Credit Quality & Analytics ensures the integrity and performance of Tonik's retail lending portfolio through data-driven credit decisioning and ongoing portfolio monitoring. This role leads to credit scoring model development, stress testing, and delinquency analysis, providing actionable insights to mitigate risk while enabling sustainable loan growth.

8. Head of Retail Partnerships (Head of Shop Installment Loan Product)

   The Head of Retail Partnerships leads the expansion and performance of Tonik's Shop Installment Loan (SIL) and merchant ecosystem. This role builds strategic alliances with retail partners, manages loan merchant acquisition, and ensures seamless loan origination experiences at the point of sale, fueling Tonik's offline-to-online lending strategy.

9. Personal Segment Strategy Manager (Head of Upsell Product)

   The Head of Upsell designs and executes strategies that drive deeper product usage and wallet share among existing Tonik customers. By leveraging behavioral data and segmentation insights, this role develops lifecycle marketing campaigns, cross-selling journeys, and product enhancements tailored to meet the evolving financial needs of the personal segment.

10. Head of Legal

    The Head of Legal provides strategic legal counsel across Tonik's business units, ensuring that the Bank's operations, partnerships, and digital products are structured and executed in accordance with applicable legal frameworks. This role is responsible for drafting, reviewing, and negotiating contracts and other legal instruments; managing corporate governance matters including board and stockholder requirements; advising on litigation, disputes, and enforcement matters; assists with data privacy compliance and the functions of the Data Protection Officer

in accordance with Republic Act No. 10173 or the Data Privacy Act of 2012 and its Implementing Rules and Regulations; and coordinating with external counsel as necessary.

11. Head of Project Management and Capability Building Office

    The Head of PMCBO ensures timely and successful execution of strategic initiatives across Tonik. This role oversees project planning, stakeholder alignment, and delivery governance, ensuring cross-functional collaboration, agile execution, and prioritization of high-impact programs aligned with the bank's roadmap.

    In addition, the role integrates Operations Quality Assurance and Training, ensuring consistent service standards, continuous process improvement, and the development of critical capabilities across teams. By linking project execution with capability building, this role strengthens organizational effectiveness and supports the delivery of sustainable, high-quality outcomes.

12. Chief Risk Officer (CRO)

    The CRO manages Tonik's enterprise risk management framework, overseeing credit, operational, market, and strategic risk domains. With a forward-looking approach, the CRO works closely with Compliance, Audit, and Product teams to ensure risk-adjusted growth while embedding a proactive risk culture across the organization.

13. Chief Compliance Officer (CCO)

    The CCO ensures Tonik's strict adherence to all applicable banking laws, AML/CFT standards, and regulatory obligations. This role manages compliance risk assessments, monitors internal policies, and collaborates with BSP and other regulators to ensure Tonik's operations remain ethical, lawful, and customer protective.

14. Head of Internal Audit

    The Head of Internal Audit provides independent assurance over Tonik's governance, risk management, and control processes. Reporting directly to the Audit Committee, this role conducts audits across all departments, identifies internal control gaps, and recommends improvements to safeguard Tonik's assets and compliance posture.

15. Chief Information Security Officer (CISO)

    The CISO protects Tonik's digital infrastructure, data assets, and customer information from cyber threats. Leading the cybersecurity team, this role implements security frameworks, responds to incidents, and ensures compliance with local and international data security standards, all while supporting secure product innovation.

16. Data Privacy Officer

    The DPO ensures Tonik's compliance with the Data Privacy Act and upholds customer trust by enforcing privacy-by-design across systems and processes. This role manages data subject rights, privacy assessments, breach response, and employee training to maintain the ethical handling of personal data.

**Stockholders' Composition**

As of December 31, 2025, the total subscribed and paid-in capital of Tonik amounted to ₱512.12 million, consisting of 5,121,261 common shares with a par value of ₱100.00 per share. The Bank's ownership is composed primarily of corporate stockholders, supported by individual investors including directors and independent directors, all in compliance with relevant ownership and disclosure regulations of BSP.

The Bank's majority shareholder is TF, which holds 60% of the Bank's total equity. The remaining 40% is held by Filipino corporate and individual stockholders, thereby complying with foreign ownership limitations under Philippine law.

Two Filipino corporate entities, Oak Drive Ventures, Inc. and Camerton, Inc., each hold 20% of the Bank's shares. The remaining shares are distributed among individual shareholders, including officers, directors, and independent directors. Each individual stockholder holds a nominal amount of one share, in line with corporate governance practices related to board representation and regulatory compliance.

No share subscriptions remain unpaid, and there are no preferred shares issued as of the reporting period. All ownership disclosures have been submitted in accordance with Section 173 of the MORB, and the Bank confirms that there were no changes to stockholder composition since the last submitted report.

The Bank continues to uphold transparency and full regulatory compliance in the maintenance and reporting of its ownership structure.

# LIST OF BOARD-LEVEL COMMITTEES

**Audit Committee**

The objective of the committee is to provide structured, systematic oversight of the organization's governance, risk management, and internal control practices. The committee assists the Board and Management by providing advice and guidance on the adequacy of the organization's initiatives for risk management, the internal control framework, oversight of the internal audit activity, external auditor, and other providers of assurance, as well as financial statements and public accounting reports. It provides the Board with independent advice regarding the efficiency of management practices and potential improvements to those practices.

The Audit Committee is composed of three (3) non-executive directors, a majority of whom are independent directors, including the Chairman. The Chairman of the Committee is not the Chairman of the Board of Directors or any of the other Board-level committees.

Composition:

**John Aloysius Bernas** – Chairman
**Ephyro Luis Amatong** – Member
**Roberto Bascon, Jr.** – Member

**Related Party Transactions (RPT) Committee**

The RPT Committee oversees conducting the proper oversight, review, approval, and reporting of all transactions which may be entered into by and between or among the Bank or any of its shareholders, subsidiaries, directors and officers, and respective affiliates ("Related Parties") as defined under the Bank's RPT policy.

The RPT Committee is composed of three (3) members of the Board of Directors, a majority of whom are Independent Directors, including the Chairman. If a member of the Committee (or the shareholder that nominated such director/member) has a personal interest in the transaction to be reviewed, the concerned Board member shall abstain from the discussion and endorsement to the Board of such transaction.

Composition:

**Roberto Martin Galang** – Chairman
**Jonathan Gerard Gurango** – Member
**Carl Nicholas Ng** – Member

**Corporate Governance Committee**

The Corporate Governance Committee (CGC) oversees the fulfillment of the company's corporate governance responsibilities such as the nomination

process for members of the board of directors and for positions appointed by the board of directors, continuing education program for the board of directors, performance evaluation process of the board of directors, board-level committees, and senior management, and the design and operation of the remuneration and other incentives policy. Overall, the committee plays a critical role in fostering trust among stakeholders and ensuring that the company operates responsibly and effectively.

The Corporate Governance Committee is composed of three (3) non-executive directors, majority of whom are independent directors including the Chairman.

Composition:

**Roberto Bascon, Jr.** – Chairman
**Maria Lourdes Jocelyn Pineda** – Member
**John Aloysius Bernas** – Member

**Risk Oversight Committee**

The Risk Oversight Committee is the body responsible for the development and oversight of the Bank's risk management program. It oversees the system of limits to discretionary authority that the Board delegates to Management, ensures that the system remains effective, that the limits are observed, and that immediate corrective actions are taken whenever limits are breached.

The Risk Oversight Committee advises the Board of Directors on the Bank's overall current and future risk appetite, oversees Senior Management's adherence to the Risk Appetite Statement, and reports on the state of risk culture of the Bank.

The Risk Oversight Committee is composed of three (3) non-executive directors, a majority of whom are independent directors, including the Chairman. The Chairman of the Committee is not the Chairman of the Board of Directors or any of the other Board-level committees.

Composition:

**Jonathan Gerard Gurango** – Chairman
**Maria Lourdes Jocelyn Pineda** – Member
**Roberto Martin Galang** – Member

## Director's Attendance at Meetings

The Board of Directors demonstrated strong governance oversight and sustained engagement throughout 2025. The Board convened regular and special meetings to deliberate on key strategic priorities, financial performance, risk management, and regulatory developments, in line with its fiduciary responsibilities and BSP expectations.

During the year, the Board held a total of fourteen (14) meetings, maintaining a high level of participation with an average attendance of 80%. This reflects the Board's continued commitment to effective oversight and informed decision-making.

**BOARD OF DIRECTORS MEETING ATTENDANCE**

| Name of Director | Designation | 2025 | | | | | | | | | | | | | FULL TERM ATTENDANCE | PERCENTAGE OF ATTENDANCE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | JAN | FEB | MAR | MAR | APR | | MAY | JUNE | JULY | AUG | SEPT | SEPT | OCT | NOV | DEC | |
| | | 23 | 12 | 21 | 27 | 14 (S) | 14 (O) | 7 | 28 | 24 | 6 | 4 | 25 | NM | 12 | 16 | 14 | |
| Mark Andrew Ivashko | Chairman | P | P | P | P | P | P | P | P | P | P | P | P | | A | P | 13 | 93% |
| Grygorii Krasnov | Director & President | P | P | P | P | P | P | P | A | P | P | P | P | | P | A | 12 | 86% |
| Maria Lourdes Jocelyn S. Pineda | Non-Executive Director | P | P | P | P | P | P | P | P | P | P | P | P | | P | P | 14 | 100% |
| Todd S. Esposito | Non-Executive Director | P | P | A | P | P | P | P | P | P | P | P | P | | P | P | 13 | 93% |
| Epifanio Luis B. Armstrong | Non-Executive Director | A | A | P | P | P | P | P | A | P | P | P | A | | P | P | 10 | 71% |
| Cesar O. Virtusio | Non-Executive Director | P | P | P | P | P | P | P | P | P | P | P | P | | P | P | 14 | 100% |
| John Phillip P. Sevilla | Non-Executive Director | P | A | P | A | A | A | P | P | P | P | | | | | | 6 | 60% |
| Carl Nicholas C. Ng | Non-Executive Director | | | | | | | | | | | | | | P | A | 1 | 50% |
| Justin T. Liu | Non-Executive Director | P | P | P | P | P | P | A | P | P | P | P | P | | P | P | 13 | 93% |
| John Aloysius S. Bernas | Independent Director | A | P | A | P | P | P | P | A | P | A | A | A | | P | A | 7 | 50% |
| Roberto Martin N. Galang | Independent Director | A | P | A | A | P | P | P | A | P | P | P | A | | P | A | 8 | 57% |
| Jonathan Gerard A. Gurango | Independent Director | P | P | P | P | P | P | P | P | P | P | A | P | | P | P | 13 | 93% |
| Roberto T. Bascon, Jr. | Independent Director | P | P | P | P | P | P | P | P | P | P | P | P | | P | P | 14 | 100% |
| | | | | | | | | | | | | | | | | Average Board Attendance: | | 80% |

*Director Sevilla resigned effective Aug 15 2025 and was replaced by Director Carl Ng last 25 September 2025

**Legend:**
**P - Present**
**A - Absent**
**NM - no meeting**
**S - Special Meeting**
**O - Organizational Meeting**

**CORPORATE GOVERNANCE COMMITTEE MEETING ATTENDANCE**

| Name of Director | Designation | 2025 | | | | | | | | | | | | FULL TERM ATTENDANCE | PERCENTAGE OF ATTENDANCE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | JAN | FEB | MAR | APR | | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | | |
| | | 20 | 5 | NM | 10 | 23 | NM | 16 | 23 | NM | 3 | 29 | NM | NM | | |
| Maria Lourdes Jocelyn S. Pineda | Non-Executive Director | P | P | | P | P | | P | P | | P | P | | | 8 | 100% |
| Roberto T. Bascon, Jr. | Independent Director | P | P | | P | P | | P | P | | P | P | | | 8 | 100% |
| John Aloysius S. Bernas | Independent Director | P | P | | P | P | | P | P | | A | P | | | 7 | 88% |

**RELATED PARTY TRANSACTIONS COMMITTEE MEETING ATTENDANCE**

| Name of Director | Designation | 2025 | | | | | | | | | | | | FULL TERM ATTENDANCE | PERCENTAGE OF ATTENDANCE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | | |
| | | NM | 5 | NM | 23 | NM | NM | 23 | NM | NM | NM | NM | NM | | |
| John Phillip P. Sevilla | Non-Executive Director | | R | | R | | | R | | | | | | 3 | 100% |
| Jonathan Gerard A. Gurango | Independent Director | | R | | R | | | R | | | | | | 3 | 100% |
| Roberto Martin N. Galang | Independent Director | | R | | R | | | R | | | | | | 3 | 100% |
| Carl Nicholas C. Ng | Independent Director | | R | | R | | | R | | | | | | No RPT Committee Meeting conducted after appointment | |

*Director Sevilla resigned effective Aug 15 2025 and was replaced by Director Carl Ng last 25 September 2025

**AUDIT COMMITTEE MEETING ATTENDANCE**

| Name of Director | Designation | 2025 | | | | | | | | | | | | FULL TERM ATTENDANCE | PERCENTAGE OF ATTENDANCE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | JAN | FEB | MAR | APR | | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | |
| | | 20 | NM | NM | 4 | 23 | NM | 25 | 23 | NM | NM | 29 | NM | NM | 6 | |
| Ephyro Luis B. Amatong | Non-Executive Director | P | | | P | P | | P | P | | | P | | | 6 | 100% |
| John Aloysius S. Bernas | Independent Director | P | | | P | P | | P | P | | | P | | | 6 | 100% |
| Roberto T. Bascon, Jr. | Independent Director | P | | | P | P | | P | P | | | A | | | 5 | 83% |

**RISK OVERSIGHT COMMITTEE MEETING ATTENDANCE**

| Name of Director | Designation | 2025 | | | | | | | | | | | | FULL TERM ATTENDANCE | PERCENTAGE OF ATTENDANCE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | JAN | FEB | MAR | APR | MAY | JUNE | JULY | | AUG | SEPT | OCT | NOV | DEC | |
| | | NM | 5 | 12 | 23 | NM | NM | 23 | 31 | NM | 3 | 29 | NM | 10 | 8 | |
| Maria Lourdes Jocelyn S. Pineda | Non-Executive Director | | P | A | P | | | P | P | | P | P | | P | 7 | 88% |
| Jonathan Gerard A. Gurango | Independent Director | | P | P | P | | | P | P | | P | P | | P | 8 | 100% |
| Roberto Martin N. Galang | Independent Director | | P | P | P | | | P | P | | A | A | | A | 5 | 63% |

**IT OVERSIGHT COMMITTEE MEETING ATTENDANCE**

| Name of Director | Designation | 2025 | | | | | | | | | | | | FULL TERM ATTENDANCE | PERCENTAGE OF ATTENDANCE |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | | |
| | | 22 | 19 | NM | 16 | 21 | 18 | 16 | 20 | 17 | 15 | 19 | 17 | 11 | |
| Jonathan Gerard A. Gurango | Independent Director | P | P | | P | P | P | P | P | P | P | P | P | 11 | 100% |

**Legend:**
**P - Present**
**A - Absent**
**NM - no meeting**

Highlights:

- Directors consistently demonstrated strong attendance, with all members participating in the majority of Board meetings, underscoring their dedication to governance responsibilities.
- Independent and non-executive directors played a critical role in Board deliberations and committee work, contributing to objective oversight and balanced decision-making.
- Committee meeting attendance remained robust, with average participation levels at 90%, reinforcing the effectiveness of Board committee governance.
- Directors appointed during the year underwent structured onboarding and continuing education programs covering corporate governance, risk management, and BSP regulatory expectations, supporting their effective integration into the Board.
- Board committees conducted sessions independently, including executive sessions without the presence of management, to ensure open and transparent discussions on key matters.

All Board and committee proceedings are properly documented in accordance with internal governance policies and applicable BSP regulations. Attendance and participation are formally reviewed by the Corporate Governance Committee as part of the annual Board performance evaluation process.

# HR PRACTICES

**Performance Assessment Program**

The Bank implements a comprehensive annual performance appraisal system designed to ensure alignment between individual contributions and organizational objectives. This structured process begins with collaborative goal-setting sessions between employees and their immediate managers, where specific targets and performance indicators are established.

Employees engage in a detailed self-evaluation that assesses both their achievement of Key Performance Indicators (KPIs) and their demonstration of company values. As part of the performance cycle, a structured Training Needs Analysis (TNA) is conducted to identify capability gaps and development priorities at both the individual and organizational levels. In parallel, Individual Development Plans (IDPs) are developed collaboratively between employees and their managers, outlining targeted learning interventions, skill-building opportunities, and clear career progression pathways aligned with both personal growth and business needs.

The formal evaluation phase includes thorough manager assessments that undergo careful calibration to maintain consistency and fairness across departments. Following these assessments, employees, and managers participate in in-depth performance discussions aimed at reviewing accomplishments, identifying areas for improvement, and aligning on development actions and future career objectives that support both individual growth and organizational success.

The Bank's Performance Management System is anchored on three core principles: simplicity, transparency, and fairness. Managers provide ongoing feedback and support throughout the year, ensuring that performance management is a continuous, development-driven process that keeps employees engaged, capable, and effective.

**Talent Acquisition and Staffing**

Our Talent Acquisition and Staffing practices demonstrate our unwavering commitment to excellence and embody our innovative approach to modern banking solutions. We firmly believe that our dedicated workforce represents not just our most valuable asset, but the very foundation upon which our continued success is built. Our employees are the driving force behind our ability to consistently deliver progressive financial solutions that keep us at the forefront of the banking industry.

Recognizing this, we have developed and continuously refined a comprehensive talent acquisition strategy that spans multiple dimensions of workforce planning and development. This strategic framework is designed to excel in three critical areas: attracting high-caliber professionals who align with our values and vision, implementing rigorous and objective selection processes, and fostering an engaging work environment that supports long-term retention across all organizational levels.

Building on the introduction of Bleed Purple in 2024, we continued to embed this values-based assessment tool into our hiring process in 2025. Beyond screening for cultural alignment, insights gathered from Bleed Purple have been actively used to inform hiring decisions, enabling a more consistent and values-driven evaluation of candidates across roles.

In parallel, we strengthened our hiring capabilities through the introduction of an AI-powered custom GPT tool, HireBot. HireBot supports key stages of the recruitment process by efficiently parsing CVs, generating structured interview

questions, summarizing interview discussions, and producing comparative candidate assessments. Infused with Tonik's core values and aligned with updated job descriptions, HireBot enhances objectivity while significantly improving efficiency, particularly in high-volume CV screening and initial candidate evaluation.

Hiring managers serve as essential stakeholders in our talent acquisition process by clearly defining the skills, qualifications, experience levels, and cultural attributes required for each role. Our staffing team and HR business partners work closely with them through detailed consultations to understand team dynamics, business needs, and role-specific expectations, ensuring alignment throughout the hiring process.

To attract top talent, we leverage a range of recruitment channels, including LinkedIn job boards, proactive outbound sourcing through LinkedIn, professional networks, and our employee referral program, enabling us to build a diverse and high-quality candidate pool. For select roles, such as internships, we also utilize social media as an additional sourcing channel to broaden reach. Candidates undergo a structured selection process that includes multiple interview stages assessing both technical capability and cultural alignment, alongside behavioral evaluations and, where applicable, case studies or role-specific assessments.

While maintaining a strong external hiring strategy, we continue to prioritize internal talent mobility by providing development programs, mentoring opportunities, and structured learning pathways that empower our employees to grow and progress within the organization.

**Orientation and Education Program**

As a digital bank operating in today's rapidly evolving financial landscape, we recognize the critical importance of agility and adaptability in an increasingly dynamic environment. Our approach to employee development begins with a

comprehensive onboarding program that lays the foundation for a successful and growth-oriented career in Tonik.

New hires undergo a structured onboarding experience designed to equip them with the essential context, knowledge, and role-specific skills needed to contribute effectively from day one. Throughout the year, we conduct bank-wide learning sessions covering critical topics such as Anti-Money Laundering, Data Privacy, Information Security Awareness, and regulatory compliance updates. In parallel, we deliver function-specific learning interventions through both internal subject matter experts and external partners, focusing on systems training, capability building, and emerging industry trends.

We continue to leverage the Tonik Brain Club, our learning management system, as a central platform for internal learning modules, particularly for mandatory training programs. To further strengthen our learning governance and visibility, we introduced a structured training calendar that tracks identified learning programs across the organization, ensuring alignment with business priorities and development needs.

In addition, we have initiated the development of department-level skill trees as part of our broader effort to build a comprehensive and actionable career roadmap for all employees by 2026. This initiative is designed to provide greater clarity on role expectations, required competencies, and potential career progression pathways within the organization.

We place strong emphasis on leadership development, particularly through targeted coaching sessions for senior management. These initiatives are designed to enhance leadership capability, strategic thinking, and decision-making. Through continuous development and mentorship, we equip our leaders with the tools to effectively guide their teams, foster innovation, and drive high performance aligned with the Bank's vision and values.

We also continue to run ToniKonnect – IntelliForums, our wellness series focused on supporting employees' physical and mental health. Through a range of sessions, including well-being programs and health-focused initiatives, we aim to equip employees with the tools to maintain overall wellness and sustain performance both personally and professionally.

**Succession Policy**

Succession planning serves as a fundamental cornerstone of our talent management strategy at the Bank, playing a vital role in ensuring seamless continuity and long-term stability across leadership positions and other critical roles within the organization. Our comprehensive, board-approved succession planning policy provides a structured framework that enables us to systematically identify key positions throughout the organization while leveraging our robust performance management process to recognize and nurture employees who demonstrate potential for future leadership roles.

In our thorough evaluation process, we carefully assess candidates through multiple dimensions, including their track record of performance, demonstrated leadership capabilities, technical and soft skills, core competencies, and their overall readiness for career advancement. This multi-faceted assessment approach ensures we identify the most promising candidates for future roles.

To develop our succession bench, we implement a diverse range of developmental initiatives including challenging stretch assignments, comprehensive formal training programs, and targeted skill development opportunities. Through these carefully designed interventions, we systematically build and maintain a strong succession pool while simultaneously identifying any potential gaps in our talent pipeline.

This strategic approach to succession planning enables us to develop and implement appropriate contingency measures and forward-looking strategies. These include both short-term solutions such as interim appointments and

longer-term approaches like targeted external recruitment campaigns, all working together to maintain operational continuity and organizational effectiveness throughout any leadership transitions.

**Remuneration Policy**

Tonik is committed to promoting fairness, transparency, and market competitiveness in the way it compensates its employees. The Bank's remuneration strategy is structured to support employee performance, organizational success, and regulatory compliance.

All employees, including senior management, officers, and rank-and-file staff, are compensated based on their individual job performance and contributions to the Bank's goals. Performance is measured through a structured evaluation process that considers both quantitative outcomes and behavioral alignment with Tonik's values. These evaluations inform merit-based compensation adjustments and development planning, ensuring that each employee is rewarded fairly for their efforts.

To ensure that Tonik remains competitive within the banking and fintech industries, the Human Resources Department conducts regular market benchmarking and internal salary structure reviews. These assessments enable the Bank to respond to evolving market conditions while preserving internal equity across various functions and job levels.

The Bank also fully adheres to relevant labor and employment laws in the Philippines, including the provisions of Presidential Decree 442, which govern compensation, benefits, and working conditions. In line with its commitment to employee welfare, Tonik provides comprehensive health coverage for its employees and their eligible dependents starting from the first day of employment.

Senior Management works closely with the Human Resources Department in reviewing and refining compensation structures to ensure alignment with the

Bank's financial performance and workforce strategy. Remuneration decisions for key executives are subject to Board oversight, ensuring appropriate governance and alignment with the long-term interests of the organization.

This performance-driven, market-responsive, and governance-backed approach reflects Tonik's commitment to fostering a high-performance culture while supporting the growth and well-being of its people.

# INTERNAL AUDIT AND COMPLIANCE FUNCTIONS

**Internal Audit**

The Internal Audit Function conducts its activities in conformance with the Global Internal Audit Standards (GIAS) under the IIA's (Institute of Internal Auditors) International Professional Practices Framework (IPPF), effective January 9, 2025, and upholds the IIA Code of Ethics embedded therein. Internal control assessments are anchored on the COSO Internal Control-Integrated Framework, while technology-related engagements are guided by ISACA's (Information Systems Audit and Control Association) IT Audit Framework (ITAF) 5th Edition and COBIT 2019 as the reference framework for IT governance and management.

Internal Audit provides independent and objective assurance and advisory services through a systematic, risk-based approach to evaluating and improving the effectiveness of risk management, internal control, and governance processes. Upholding a commitment to integrity and accountability, Internal Audit serves as a trusted and independent source of insight for Senior Management and governing bodies. Internal Audit reports to the Board of Directors through the Audit Committee of the Board (ACB), which approves the annual audit plan, annual budget and manpower requirements, evaluates performance, and oversees the timely resolution of audit findings.

Internal Audit provides reasonable assurance to the Board, Senior Management, and stockholders that the Bank's key organizational and procedural controls are

effective, appropriate, and complied with. Audit coverage encompasses the adequacy and effectiveness of controls that cover governance, operations and information systems, including reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules, and regulations.

The foregoing practices are consistent with the BSP's requirements under MORB Sections 162 and 163 for adherence to sound internal auditing standards, internationally recognized control frameworks, and relevant codes of ethics, as further elevated by the digital banking regulatory expectations under BSP Circular No. 1154.

**Compliance**

The Compliance function of the Bank operates as an independent control unit that ensures the adherence to applicable laws, regulations, and internal policies.

It is structured to promote a strong culture of compliance and ethics across the organization and reports functionally to the Board of Directors through its designated oversight committee.The Compliance function provides independent oversight and guidance to business and support units to ensure that regulatory requirements are properly understood and effectively implemented. It maintains a constructive working relationship with relevant regulatory authorities, including the BSP, and supports the Bank in meeting its regulatory obligations in a timely and accurate manner.

**Key responsibilities of the Compliance function include:**

- **Regulatory Monitoring and Advisory**: Tracking developments in the regulatory environment and advising business units on implications of new and existing regulations on policies, processes, and operations;
- **Compliance Reviews and Assessments:** Evaluating adherence to applicable laws, regulations, and internal policies, and coordinating with business units on the resolution of any identified gaps;

- **Monitoring and Follow-through:** Tracking compliance with regulatory requirements, including commitments arising from regulatory examinations and internal reviews, and monitoring the timely implementation of corrective actions.
- **Regulatory Reporting and Engagement:** Facilitating the timely and accurate submission of regulatory reports and coordinating with regulators on inquiries, examinations, and other supervisory requirements;
- **Training and Awareness:** Delivering compliance training and awareness sessions to promote understanding of regulatory obligations, ethical standards, and internal policies across the organization;

The Compliance Department works collaboratively with Risk Management and Internal Audit under the Bank's governance framework to ensure effective oversight and control. While business and support units are responsible for managing compliance risks in their respective areas, Compliance provides independent review and challenge to support consistent application of regulatory requirements. Significant compliance matters, including identified issues and emerging risks, are reported to Senior Management and the Board of Directors as appropriate.

Tonik remains committed to maintaining a strong compliance culture that supports responsible business practices, regulatory transparency, and the protection of stakeholder interests.

# DIVIDEND POLICY

As part of its assessment of dividend eligibility for the year ended December 31, 2025, the Bank evaluated its compliance with the Bangko Sentral ng Pilipinas (BSP) requirements governing the declaration of dividends. BSP regulations require banks to maintain minimum capital adequacy thresholds, positive retained earnings after regulatory adjustments, no major supervisory issues, and

full settlement of supervisory fees and penalties prior to any dividend declaration.

Based on this assessment:

- **Capital Adequacy Ratio (CAR):** The Bank posted a CAR of 16.1%, exceeding the BSP minimum requirement of 10%
- **CET1 and Tier 1 Ratios:** The Bank likewise remained compliant with the minimum CET1 (6%) and Tier 1 (7.5%) capital thresholds.
- **Retained Earnings Requirement:** While the Bank maintained adequate capital levels, regulatory conditions relating to retained earnings were not met as of year-end.
- **Supervisory Status:** The Bank had no major supervisory issues or enforcement actions during the period.
- **Supervisory Fees and Penalties:** The Bank remained current on all BSP supervisory fees and penalties.

Based on the foregoing, the Bank remained compliant with applicable capital adequacy and supervisory requirements. However, as certain regulatory conditions relating to retained earnings were not satisfied as of December 31, 2025, no dividends were declared or issued during the year.

# CORPORATE SOCIAL RESPONSIBILITY

The Bank remains committed to supporting the country's mission of nation-building and to meaningfully contributing to uplifting the lives of Filipinos. As part of this commitment, the Human Resources Department is currently conceptualizing a structured Corporate Social Responsibility (CSR) framework that is aligned with the United Nations Environmental, Social, and Governance (ESG) goals.

The proposed CSR initiatives will focus on key areas such as financial inclusion, community development, employee volunteerism, and responsible business

practices, ensuring that the Bank's social impact efforts are both purposeful and measurable. These initiatives are being designed not only to extend support to underserved communities, but also to reinforce the Bank's role as a responsible corporate citizen.

A pilot program will be implemented to test and refine these initiatives, with defined success metrics and impact indicators aligned to ESG principles. Insights from the pilot will inform the broader CSR strategy and enable scalable, sustainable implementation across the organization.

The full CSR framework, including the pilot program design and governance structure, will be presented to the Board for approval prior to rollout.

## CONSUMER PROTECTION PRACTICES

The Board of Directors and Senior Management are responsible for establishing and maintaining an effective consumer protection framework within Tonik. The Board provides overall oversight by approving consumer protection policies and ensuring their proper implementation, while Senior Management is accountable for executing the Bank's consumer protection strategy and embedding it across day-to-day operations.

| Roles | Responsibilities |
|---|---|
| Board of Directors | Approves and oversees consumer protection policies and ensures that independent reviews of the Consumer Protection Risk Management System (CPRMS) are conducted by Internal Audit and Compliance at prescribed intervals. |

| | |
|---|---|
| Senior Management | Develops and implements consumer protection strategies, ensures compliance with regulatory requirements, and oversees day-to-day execution. Actively participates in Financial Consumer Protection (FCP) discussions, with decisions and actions formally documented. |
| Risk Oversight Committee | Reviews Key Risk Indicators (KRIs) related to consumer protection and ensures timely corrective actions. Oversees the relevance and accuracy of KRIs in reflecting the Bank's risk profile. |
| Compliance | Conducts independent reviews of the CPRMS on a biennial basis and ensures continuous monitoring and reporting of consumer protection-related risks. |
| Internal Audit | Performs annual independent assessments of the CPRMS to evaluate its effectiveness, adequacy, and alignment with regulatory requirements. |
| Head of Contact Center | Leads the Financial Consumer Protection Assistance Mechanism (FCPAM), ensuring timely and |

| | |
|---|---|
| | effective resolution of customer complaints. Participates in governance forums, including IT Oversight Committee meetings, for app-related concerns impacting customer experience. |
| Social Media Team | Monitors and responds to customer interactions on social media platforms and escalates cases requiring formal handling to the Contact Center for proper ticketing, tracking, and resolution. |
| Operations – Quality and Training | Develops and implements training programs and quality assurance processes to ensure staff awareness and adherence to consumer protection standards. Maintains updated training materials aligned with regulatory requirements. |
| Human Resources | Integrates consumer protection training into new employee onboarding to promote awareness from the outset of employment. |
| Operations – Contact Center – Service Quality | Oversees day-to-day complaint monitoring and resolution. Serves as the Bank's designated Customer Assistance Office. |

| | |
|---|---|
| Operations – Collections | Manages in-house and external collections activities and ensures compliance with applicable regulations and internal policies governing fair collection practices. |
| Retail Partnerships | Oversees the performance and compliance of external in-store promoters for Shop Installment Loans, ensuring alignment with consumer protection standards. |

**Consumer Protection Risk Management System**

Tonik is committed to ensuring that all business activities are conducted in accordance with applicable laws, rules, regulations, and regulatory guidelines, as well as the highest ethical standards.

To support this commitment, the Bank established a Consumer Protection Risk Management System, which enables the identification, measurement, monitoring, and control of consumer protection risk across its operations.

- Board and Senior Management Oversight – provides strategic direction and ensures accountability for the effective implementation of consumer protection across the Bank.
- Policies and Procedures – Establishes clear guidelines to embed consumer protection principles into business operations, ensuring compliance with applicable laws and regulations. These are regularly reviewed and updated to remain relevant and effective.
- Internal Audit Function - Conducts independent reviews of consumer protection practices, including adherence to internal policies and compliance with regulatory requirements.

- Training- Provides targeted and comprehensive training programs for personnel, particularly those with customer-facing roles, to reinforce the implementation of consumer protection standards.
- Reputational Risk Policy - Recognizes customer satisfaction as a key driver of reputational risk and outlines the framework for identifying, measuring, managing, mitigating, and reporting such risks.




**Complaints Handling Procedure**

Clients may lodge complaints regarding the Bank's products, services, or personnel through various channels, including phone (hotline), email, written correspondence, and In-App Chat. All complaints are promptly acknowledged and, when feasible, resolved at the point of interaction. The Contact Center leverages recorded interactions and screen data to support complaint validation and investigation. When necessary, complaints are escalated and reviewed by the Quality and Service Quality teams to ensure accurate assessment and appropriate resolution.

The Contact Center is committed to resolving customer complaints within the prescribed timelines below, in accordance with defined escalation protocols:

| TASK | SIMPLE | COMPLEX |
|---|---|---|
| **Acknowledgement** | Within two (2) days from receipt | Within two (2) days from receipt |
| **Processing and resolution (assess, investigate, and resolve)** | Within seven (7) days from receipt | Within forty-five (45) days from receipt |
| **Communication of resolution** | Within nine (9) days from receipt | Within forty-seven (47) days from receipt |

- Anonymous complaints – Complaints where the complainant does not disclose their identity are acknowledged and treated as feedback. These are endorsed to the relevant business units for review. The Contact Center encourages complainants to provide their identity to enable proper documentation and facilitate formal responses or resolution.
- Complaints received from Employees – Employees may raise complaints related to the Bank's products and services through standard customer channels. For complaints involving other employees, the matter is referred through appropriate internal channels, beginning with the line manager and, when necessary, coordinate with the concerned supervisor and the Human Resource Department for proper handling.
- Repeat complaints – Recurring complaints are escalated to Senior Management and relevant business units for further review. Where applicable, the Contact Center provides recommendations to address underlying issues and mitigate recurrence, including potential product or process enhancements.
- Handling difficult customers – Contact Center personnel are expected to maintain professionalism, composure, and empathy at all times. Agents are required to provide appropriate assistance and remain engaged in

addressing the concern within the bounds of policy and operational guidelines.

- Complaints endorsed by BSP – Complaints received through the Bangko Sentral ng Pilipinas are promptly acknowledged and handled with priority. The Bank endeavors to provide a formal response to both the customer and BSP within fifteen (15) days from receipt of notice, unless a different timeline is prescribed.

The Contact Center prepares and submits regular reports on complaint profiles, including the Bank's Consolidated Complaints Report (BCCR) to support oversight and regulatory reporting. These reports are presented monthly to the Senior Management Committee and quarterly to the Board of Directors, with copies furnished to Compliance.

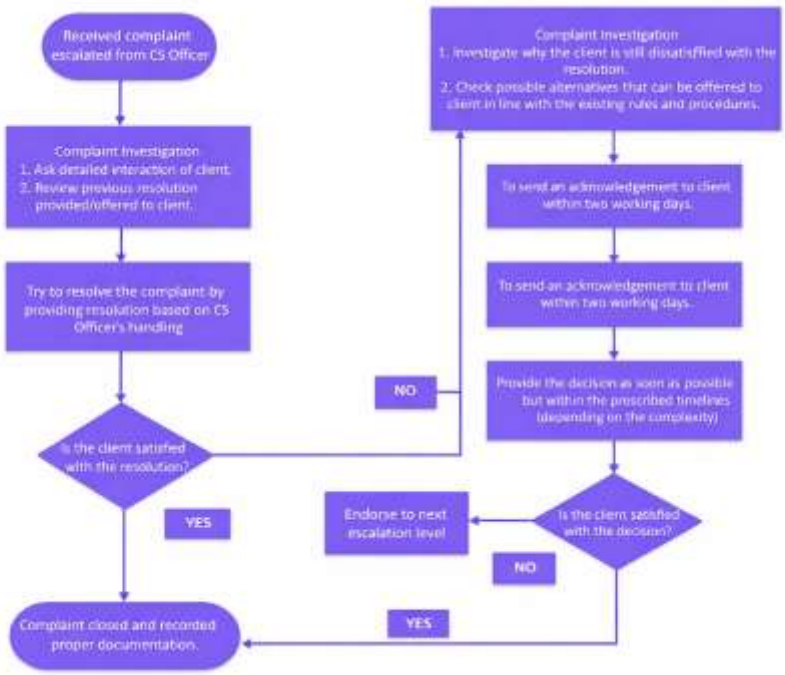
Tonik is committed to delivering fair, timely, and consistent resolution of customer concerns through a structured complaints management framework. While most complaints are resolved at the operational level, certain cases may require escalation due to complexity, potential systemic impact, or regulatory implications.

Escalation is determined based on the nature and severity of the issue, including matters involving legal interpretation, regulatory compliance, or cross-functional dependencies. Such cases are elevated to the appropriate management or governance bodies to ensure coordinated resolution and effective risk management.

Senior management involvement reinforces accountability, strengthens internal controls, and drives continuous improvement. Insights from escalated cases are analyzed and shared with relevant units to address root causes and enhance overall customer experience. Where appropriate, these insights are also reported to the governance committees.

This escalation framework is aligned with Tonik's consumer protection policy and ensures that all customers are treated fairly, consistently, and in accordance with applicable regulatory requirements and service standards.

## Complaints Handling Flowchart




## Complaints Escalation Levels



# CORPORATE INFORMATION

Company Address:

**TONIK DIGITAL BANK, INC.**

Unit 605B, 6/F West Wing, The Offices at Estancia, 1605 Meralco Ave., Pasig City

Online Channels:

Official Website - https://tonikbank.com/

Official Facebook - https://www.facebook.com/TonikBankPH

Official Instagram - https://www.instagram.com/tonikbank/

Official LinkedIn - https://www.linkedin.com/company/tonikbank

Contact Center Hotline: 02 5 322 2645

# AUDITED FINANCIAL STATEMENT

Isla Lipana & Co.

# Independent Auditor's Report

To the Board of Directors and Shareholders of
**Tonik Digital Bank, Inc.**
Unit 605B, 6/F West Wing
The Estancia Offices, Meralco Avenue
Pasig City 1605

## Report on the Audits of the Financial Statements

### Our Opinion

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

### What we have audited

The financial statements of the Bank comprise:

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

## Basis for Opinion

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

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

### Independence

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

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

## Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required by the Bangko Sentral ng Pilipinas under Section 174 of the Manual of Regulations for Banks (MORB) and by the Bureau of Internal Revenue under Revenue Regulations No. 15-2010 as disclosed in Notes 17 and 18, respectively, to the financial statements is presented for the purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audits of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Isla Lipana & Co.**



Dexter DJ V. Toledaña
Partner
CPA Cert. No. 0121827
P.T.R. No. 0032961; issued on January 8, 2026 at Makati City
SEC A.N. (individual) as general auditors 121827-SEC, Category A;
valid to audit 2022 to 2026 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements
T.I.N. 255-979-765
BIR A.N. 08-000745-241-2026, issued on January 16, 2026; effective until January 15, 2029
BOA/PRC Reg. No. 0142/P-031, effective until November 14, 2028

Makati City
May 5, 2026

Isla Lipana & Co.

# Statement Required by Section 8-A
# Revenue Regulations No. V-1

To the Board of Directors and Shareholders of
**Tonik Digital Bank, Inc.**
Unit 605B, 6/F West Wing
The Estancia Offices, Meralco Avenue
Pasig City 1605

None of the partners of the firm has any financial interest in Tonik Digital Bank, Inc. or any family relationships with its president, manager or principal shareholders.

The supplemental information on taxes and licenses is presented in Note 18 to the financial statements.

**Isla Lipana & Co.**



Dexter DJ V. Toledaña
Partner
CPA Cert. No. 0121827
P.T.R. No. 0032961; issued on January 8, 2026 at Makati City
SEC A.N. (individual) as general auditors 121827-SEC, Category A;
valid to audit 2022 to 2026 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2025 financial statements
T.I.N. 255-979-765
BIR A.N. 08-000745-241-2026, issued on January 16, 2026; effective until January 15, 2029
BOA/PRC Reg. No. 0142/P-031, effective until November 14, 2028

Makati City
May 5, 2026

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas,
1226 Makati City, Philippines
+63 (2) 8845 2728

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine group of member firms and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

Unit 605B, 6/F West Wing
Estancia Offices
Meralco Avenue, Pasig City 1605
+63 2 7908 6645

# STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **Tonik Digital Bank, Inc.** (the "Bank") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the Value-Added Tax and/or Other Percentage Tax Returns, Withholding Tax Returns, Documentary Stamp Tax Returns, and any and all other tax returns.

In this regard, Management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Bank, complete and correct in all material respects. Management likewise affirms that:

a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Bank's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and

c) the Bank has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



_____,
GREG KRASNOV/PRESIDENT AND CEO



_____,
CARMINA L. ESTEBAN/CHIEF FINANCIAL OFFICER

Signed this 5th day of May 2026.

**Tonik Digital Bank, Inc.**

Statements of Condition
December 31, 2025 and 2024
(All amounts in Philippine Peso)

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **Assets** | | | |
| Cash and other cash items | 2 | 49,986 | 49,986 |
| Due from Bangko Sentral ng Pilipinas (BSP) | 2 | 1,716,736,472 | 3,882,360,188 |
| Due from other banks | 2 | 75,914,285 | 284,468,337 |
| Loans receivables, net | 3 | 5,429,168,719 | 2,163,172,479 |
| Premises, furniture, fixtures and equipment, net | 4 | 36,274,706 | 66,678,055 |
| Deferred tax assets, net | 10 | 203,523,067 | 167,173,969 |
| Due from settlement partners | 5 | 36,843,464 | 59,678,153 |
| Due from related parties | 11 | 490,262,427 | 453,813,946 |
| Other assets, net | 5 | 242,910,785 | 30,508,873 |
| **Total assets** | | 8,231,683,911 | 7,107,903,986 |
| **Liabilities and Capital Funds** | | | |
| Deposit liabilities | 6 | 6,641,298,957 | 5,766,070,828 |
| Due to related parties | 11 | 69,012,648 | 8,898,029 |
| Lease liabilities | 12 | 15,783,268 | 31,228,291 |
| Other liabilities | 7 | 232,745,438 | 231,059,629 |
| Total liabilities | | 6,958,840,311 | 6,037,256,777 |
| Share capital | 8 | 512,142,091 | 460,780,100 |
| Additional paid-in capital | 8 | 4,561,397,635 | 4,038,946,292 |
| Other reserves | 8 | 96,647,836 | 88,343,043 |
| Deficit | | (3,897,343,962) | (3,517,422,226) |
| Total capital funds | | 1,272,843,600 | 1,070,647,209 |
| **Total liabilities and capital funds** | | 8,231,683,911 | 7,107,903,986 |

The notes are an integral part of these financial statements.

**Tonik Digital Bank, Inc.**

Statements of Total Comprehensive Income
For the years ended December 31, 2025 and 2024

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **Interest income** | | | |
| On loans receivables | 3 | 1,712,425,943 | 712,878,539 |
| On due from other banks | 2 | 118,034 | 116,492 |
| On due from BSP | 2 | 178,011,665 | 377,995,613 |
| | | 1,890,555,642 | 1,090,990,644 |
| **Interest expense** | | | |
| On deposit liabilities | 6 | 259,332,977 | 309,687,645 |
| On lease liabilities | 12 | 290,189 | 1,725,086 |
| | | 259,623,166 | 311,412,731 |
| **Net interest income** | | 1,630,932,476 | 779,577,913 |
| Provision for impairment losses | 3,5 | (969,891,998) | (300,222,409) |
| **Net interest income after provision for impairment losses** | | 661,040,478 | 479,355,504 |
| **Other income (expense), net** | | | |
| Fees and commission expense | | (195,536,732) | (161,385,764) |
| Fees and commission income | | 239,785,018 | 92,780,414 |
| Foreign exchange loss, net | 15 | (383,869) | (5,287,774) |
| Other operating income | | 26,985,359 | 12,532,600 |
| | | 70,849,776 | (61,360,524) |
| **Operating expenses** | | | |
| Compensation and benefits | 9 | 382,710,012 | 360,914,281 |
| Management and other professional fees | | 212,759,922 | 281,617,270 |
| Marketing expense | | 85,132,780 | 100,285,923 |
| Taxes and licenses | | 117,734,591 | 71,397,056 |
| Information technology expense | | 22,554,030 | 50,937,385 |
| Occupancy and equipment-related expense | 4,12 | 33,931,154 | 38,670,489 |
| Documentary stamp tax expense | | 28,700,266 | 21,429,387 |
| Communication expense | | 49,106,120 | 18,915,431 |
| Insurance expense | | 13,329,393 | 13,436,777 |
| Office expense | | 4,386,600 | 3,617,267 |
| Repairs and maintenance expense | | 1,452,198 | 2,807,105 |
| Employee stock option plan | 8 | - | - |
| Other expenses | | 125,080,725 | 10,334,756 |
| | | 1,076,877,791 | 974,363,127 |
| **Loss before income tax** | | (344,987,537) | (556,368,147) |
| Income tax expense | 10 | (34,934,199) | (569,787,821) |
| **Net loss after income tax** | | (379,921,736) | (1,126,155,968) |
| Other comprehensive income | | - | - |
| **Total comprehensive loss** | | (379,921,736) | (1,126,155,968) |

The notes are an integral part of these financial statements.

**Tonik Digital Bank, Inc.**

Statements of Changes in Capital Funds
For the years ended December 31, 2025 and 2024

| | Share capital (Note 8) | Additional paid-in capital (Note 8) | Other reserves (Note 8) | Deficit | Total |
|---|---|---|---|---|---|
| **Balance, January 1, 2024** | 431,519,000 | 3,363,712,733 | 104,540,106 | (2,391,266,258) | 1,508,505,581 |
| **Transactions with shareholders** | | | | | |
| Issuance of shares | 29,261,100 | 675,233,559 | - | - | 704,494,659 |
| Share-based compensation | - | - | (16,197,063) | - | (16,197,063) |
| | 29,261,100 | 675,233,559 | (16,197,063) | - | 688,297,596 |
| **Comprehensive loss** | | | | | |
| Net loss for the year | - | - | - | (1,126,155,968) | (1,126,155,968) |
| Other comprehensive income for the year | - | - | - | - | - |
| | - | - | - | (1,126,155,968) | (1,126,155,968) |
| **Balance, December 31, 2024** | 460,780,100 | 4,038,946,292 | 88,343,043 | (3,517,422,226) | 1,070,647,209 |
| **Transactions with shareholders** | | | | | |
| Issuance of shares | 51,361,991 | 522,451,343 | - | - | 573,813,334 |
| Share-based compensation | - | - | 8,304,793 | - | 8,304,793 |
| | 51,361,991 | 522,451,343 | 8,304,793 | - | 582,118,127 |
| **Comprehensive loss** | | | | | |
| Net loss for the year | - | - | - | (379,921,736) | (379,921,736) |
| Other comprehensive income for the year | - | - | - | - | - |
| | - | - | - | (379,921,736) | (379,921,736) |
| **Balance at December 31, 2025** | 512,142,091 | 4,561,397,635 | 96,647,836 | (3,897,343,962) | 1,272,843,600 |

The notes are an integral part of these financial statements.

**Tonik Digital Bank, Inc.**

Statements of Cash Flows
For the years ended December 31, 2025 and 2024

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before income tax | | (344,987,537) | (556,368,147) |
| Adjustments for: | | | |
| Unrealized foreign exchange gain/loss, net | | (906,953) | 645,915 |
| Provision for impairment losses | 3 | 969,891,998 | 300,222,409 |
| Interest expense on deposit liabilities | 6 | 259,332,977 | 309,687,645 |
| Interest income | 2,3 | (1,890,555,642) | (1,090,990,644) |
| Share-based compensation expense | 8 | 8,304,793 | (16,197,063) |
| Depreciation and amortization | 4 | 33,152,483 | 37,845,528 |
| Interest expense on lease liabilities | 12 | 290,189 | 1,725,086 |
| Operating loss before changes in operating assets and liabilities | | (965,477,692) | (1,013,429,271) |
| Changes in operating assets and liabilities | | | |
| (Increase) decrease in: | | | |
| Loans receivables, net | | (4,152,203,326) | (2,613,062,578) |
| Due from settlement partners | | 22,834,689 | (45,647,213) |
| Due from related parties | | (36,448,481) | - |
| Other assets | 5 | (234,734,767) | (440,772,650) |
| (Decrease) increase in: | | | |
| Deposit liabilities | 6 | 875,228,129 | (2,037,856,871) |
| Due to related parties | | 60,114,619 | (16,112,670) |
| Other liabilities | 7 | (7,277,202) | 85,014,141 |
| Net cash (used in) from operations | | (4,437,964,031) | (6,081,867,112) |
| Interest received | | 1,806,062,959 | 1,759,274,146 |
| Interest paid | | (262,671,485) | (348,082,855) |
| Final taxes paid | | (34,934,199) | (77,104,417) |
| Net cash (used in) from operating activities | | (2,929,506,756) | (4,747,780,238) |
| **Cash flows from investing activities** | | | |
| Additions to premises, furniture, fixtures and equipment | 4 | (2,749,134) | (4,123,784) |
| Proceeds from sale of premises, furniture, fixtures and equipment | 4 | - | 195,464 |
| Net cash used in investing activities | | (2,749,134) | (3,928,320) |
| **Cash flows from financing activities** | | | |
| Payments of lease liabilities | 12 | (15,735,212) | (15,938,329) |
| Proceeds from the contributions of shareholders | 8 | 573,813,334 | 704,494,659 |
| Net cash from (used in) financing activities | | 558,078,122 | 688,556,330 |
| **Net decrease in cash and cash equivalents** | | (2,374,177,768) | (4,063,152,228) |
| **Cash and cash equivalents** | | | |
| Beginning of the year | | 4,166,878,511 | 8,230,030,739 |
| End of the year | 2 | 1,792,700,743 | 4,166,878,511 |

The notes are an integral part of these financial statements.

**Tonik Digital Bank, Inc.**

Notes to the Financial Statements
As at and for the years ended December 31, 2025 and 2024
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

## 1 General information

*Corporate profile*

On May 26, 2020, Tonik Digital Bank, Inc. (the "Bank") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) primarily to engage in, and carry on, the business of extending banking services to service the needs of agricultural and industrial enterprises, preferably for small and medium scale enterprises, through digital augmentation and use of financial technology to make such services available to the public, and to have and exercise all authority and powers, to do and perform all acts, and to transacts all business, necessary or incidental, which may legally be had or done by banks organized under and in accordance with Republic Act No. 7353 (the Rural Bank Act of 1992), as amended.

On September 3, 2020, the Bank obtained authority from the Bangko Sentral ng Pilipinas (BSP) to operate as a bank with a rural banking license in the Philippines.

On November 25, 2020, the Bank commenced its commercial operations.

On June 3, 2021, the Monetary Board of the BSP approved the conversion of the banking license of the Bank from a rural bank to a digital bank. As defined by Section 102 of Manual of Regulations for Banks, a digital bank offers financial products and services that are processed end-to-end through a digital platform and/or electronic channels with no physical branch/sub-branch or branch-lite unit offering financial products and services. In a letter dated September 29, 2021, the BSP provided the Bank with the Certificate of Authority to Register to proceed with the filing of the amended Articles of Incorporation and by-laws, with authority to operate as a digital bank, to the SEC.

On February 11, 2022, the Bank was granted a Certificate of Authority to operate with a digital banking license, under the BSP Monetary Board Resolution No. 693 dated June 3, 2021, pursuant to R.A. No. 8791, General Banking Law of 2000. The Bank's first day of operations as a digital bank was on February 14, 2022.

The Bank is 60% owned by Tonik Financial Pte. Ltd. (the "Parent Company"), a company incorporated and domiciled in Singapore, 20% owned by Oak Drive Ventures, Inc. ("Oak Drive") and 20% owned by Camerton, Inc. ("Camerton"). Both Oak Drive and Camerton are incorporated in the Philippines.

The Bank's registered office address is at Unit 605B, 6/F West Wing, The Estancia Offices, Meralco Ave., 1605 Pasig City, Philippines.

As at December 31, 2025, the Bank has 319 employees (2024 - 292).

*Approval and authorization for issuance of the audited financial statements*

These financial statements have been approved and authorized for issuance by the Board of Directors (BOD) on April 10, 2026. There are no material events that occurred from April 10, 2026 to May 5, 2026.

## 2 Cash and cash equivalents

The account as at December 31 consists of:

| | 2025 | 2024 |
|---|---|---|
| Cash and other cash items | 49,986 | 49,986 |
| Due from BSP | 1,716,736,472 | 3,882,360,188 |
| Due from other banks | 75,914,285 | 284,468,337 |
| | 1,792,700,743 | 4,166,878,511 |

The Bank's cash and other cash items consist of a petty cash fund maintained under the imprest system.

*Due from other banks*

The account pertains to deposits maintained with various banks as detailed below.

| | Peso-denominated account | Dollar-denominated account | Total |
|---|---|---|---|
| At December 31, 2025 | 75,843,475 | 70,810 | 75,914,285 |
| At December 31, 2024 | 280,276,022 | 4,192,315 | 284,468,337 |

These deposits carry interest rates ranging from 0.05% to 0.75% in 2025 (0.05% to 0.75% in 2024). Interest income earned on due from other banks amounts to P118,034 in 2025 (2024 - P116,492).

*Due from BSP*

The account includes the balances maintained with the BSP to cover mandatory reserve requirements for deposit liabilities and to serve as clearing accounts for other interbank claims. These are non-interest bearings and are not available for use in the Bank's day-to-day operations.

As at December 31, 2025, the BSP reserve requirement is set at 2.5% (2024 - 4%) and the mandatory reserves amount 164,202,061 (2024 - 229,440,887). The Bank is following the minimum reserve requirement as of December 31, 2025, and 2024.

Excess liquidity from the demand deposit accounts has been placed in various BSP facilities, with interest rates ranging from 4.00% to 6.30% (2024 - 5.25% to 6.81%; 2023 - 6.00% to 6.95%). Interest income earned from the BSP facilities amounts to P178,011,665 in 2025 (2024 - P377,995,613).

Cash and cash equivalents are classified as current as at December 31, 2025, and 2024.

## 3 Loans receivables, net

The account as at December 31 consists of:

| | 2025 | 2024 |
|---|---|---|
| Consumer loans | 5,822,213,696 | 2,371,673,713 |
| Accrued interest receivable | 187,004,755 | 103,319,843 |
| Deferred origination fee | - | 39,373,626 |
| Unamortized loan processing fee | (51,699,854) | (9,075,280) |
| | 5,957,518,597 | 2,505,291,902 |
| Allowance for impairment losses | (528,349,878) | (342,119,423) |
| | 5,429,168,719 | 2,163,172,479 |

Deferred origination fees represent loan origination costs amortized over the contractual life of the loans. Following the Bank's transition to Direct Loan Booking of Tendo loans, no deferred origination fees were recognized in 2025. As of December 31, 2025, the balance was fully amortized (2024 - P39.4 million).

| | 2025 | 2024 |
|---|---|---|
| January 1 | 342,119,423 | 348,707,721 |
| Provision for impairment losses | 969,891,998 | 300,089,083 |
| Write-off | (783,661,543) | (306,677,381) |
| | 528,349,878 | 342,119,423 |

Details of loans receivables as at December 31, 2025, and 2024 are as follows:

a) *Concentration as to industry/economic sector*

The BSP considers that concentration of credit risk exists when the total loan exposure to a particular industry or economic sector exceeds 30% of total loan portfolio. As to concentration in the industry/economic sector, the entire loan portfolio of the Bank is classified under the activities of the household sector.

b) *Classification as to collateral*

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

Loans receivables carry interest rates ranging from 7% to 125% per annum in 2025 (2024 - 7% to 95%). Interest earned on loans receivable for the year ended December 31, 2025 amounts to 1,712,425,943 (2024 - P712,878,539).

The maturity profile of loans receivables, gross of allowance for impairment losses, as at December 31 follows:

| | 2025 | 2024 |
|---|---|---|
| Within one year | 4,444,619,920 | 2,514,367,182 |
| More than one year | 1,564,598,531 | - |
| | 6,009,218,451 | 2,514,367,182 |

As of the reporting date, the longest contractual term of the Company's loans receivable is 36 months.

## 4 Premises, furniture, fixtures and equipment, net

The account as at December 31 consists of:

| | Office premises | IT and other equipment | Furniture and fixtures | Total |
|---|---|---|---|---|
| Cost | | | | |
| At January 1, 2024 | 131,074,113 | 39,700,179 | 7,679,610 | 178,453,902 |
| Additions | 3,004,969 | 1,009,055 | 109,760 | 4,123,784 |
| Disposals | - | (974,750) | - | (974,750) |
| At December 31, 2024 | 134,079,082 | 39,734,484 | 7,789,370 | 181,602,936 |
| Additions | 397,640 | 2,133,620 | 217,875 | 2,749,134 |
| Disposals | - | - | - | - |
| At December 31, 2025 | 134,476,722 | 41,868,104 | 8,007,245 | 184,352,070 |
| Accumulated depreciation and amortization | | | | |
| At January 1, 2024 | 51,776,437 | 23,183,444 | 2,898,758 | 77,858,639 |
| Depreciation and amortization | 25,245,171 | 11,125,190 | 1,475,167 | 37,845,528 |
| Disposals | - | (779,286) | - | (779,286) |
| At December 31, 2024 | 77,021,608 | 33,529,348 | 4,373,925 | 114,924,881 |
| Depreciation and amortization | 26,342,621 | 5,317,260 | 1,492,603 | 33,152,483 |
| Disposals | - | | - | - |
| At December 31, 2025 | 103,364,229 | 38,846,608 | 5,866,528 | 148,077,364 |
| Net book value | | | | |
| December 31, 2024 | 57,057,474 | 6,205,136 | 3,415,445 | 66,678,055 |
| December 31, 2025 | 31,112,493 | 3,021,496 | 2,140,717 | 36,274,706 |

Office premises include right-of-use (ROU) assets on its long-term lease agreements (Note 12).

As at December 31, 2025, the Company continues to utilize certain assets that are fully depreciated, with carrying value of zero, as their continued use provides significant operational benefits.

Under the BSP Manual of Regulation for Banks (MORB), Premises, furniture, fixtures and equipment should not exceed 50% of unimpaired capital. As at December 31, 2025, and 2024, the Bank has complied with this requirement.

Depreciation is included as part of occupancy and equipment-related expenses under operating expenses in the statement of total comprehensive income.

Premises, furniture, fixtures, and equipment are considered non-current assets.

## 5 Due from settlement partners; Other assets, net

*Due from settlement partners*

Due from settlement partners amounting to P36,843,464 as at December 31, 2025 (2024 - P59,678,153) represent operational funds maintained by the Bank with its settlement partners. These operational funds are set up as virtual disbursement wallets that facilitate cash-in and cash-out transactions of the Bank's customers. These are considered as current assets.

*Other assets, net*

The account as at December 31 consists of:

| | Notes | 2025 | 2024 |
|---|---|---|---|
| Intercompany receivables | | 197,326,385 | 451,517,974 |
| Security deposits | 12 | 18,246,849 | 17,241,849 |
| Other receivables | | 20,535,629 | 3,045,458 |
| Miscellaneous | | 21,679,814 | 27,403,146 |
| | | 257,788,677 | 499,208,427 |
| Allowance for impairment losses | | (14,877,892) | (14,885,608) |
| | | 242,910,785 | 484,322,819 |

Prepaid expenses represent advance payments made in relation to the Bank's outsourced services and lease arrangements.

Other receivables include an arbitral award arising from a contractual dispute with a third-party payment services provider, for which management expects collection based on the current status of the award, and advances to employees.

Intercompany receivables include unamortized merchant commission and sales commission of Purple Hub, Inc.

Miscellaneous assets consist of suspense and clearing accounts used for Instapay transactions pending identification or proper classification.

Allowance for impairment losses pertains to other receivables. The movement in the Bank's allowance for impairment losses follow:

| | 2025 | 2024 |
|---|---|---|
| At January 1 | 14,885,608 | 14,960,411 |
| (Reversal of) Provision for impairment losses | (7,716) | (74,803) |
| At December 31 | 14,877,892 | 14,885,608 |

Other assets are expected to be realized as follows:

| | 2025 | 2024 |
|---|---|---|
| Current | 273,309,896 | 467,138,730 |
| Non-current | 20,827,878 | 32,069,697 |
| | 294,137,774 | 499,208,427 |

## 6 Deposit liabilities

The account as at December 31 consists of:

| | 2025 | 2024 |
|---|---|---|
| Savings | 4,654,996,140 | 3,625,855,598 |
| Time | 1,986,302,817 | 2,140,215,230 |
| | 6,641,298,957 | 5,766,070,828 |

Deposit liabilities from retail customers are denominated in Philippine peso and carry an average interest rate ranging from 1% to 6% in 2025 and 2024. Interest expense on deposit liabilities amounts to P259,332,977 in 2025 (2024 - P309,687,645).

Under current and existing BSP regulations, the Bank should comply with the minimum reserve requirement on statutory/legal liquidity reserve. Furthermore, all reserves are required to be kept by the BSP. As at December 31, 2024, mandatory reserves amount to P164,202,061 (2024 - P229,440,877), which is included under Due from BSP (Note 2). The Bank is following the minimum reserve requirement of the BSP. The maturity profile of the Bank's deposit liabilities is presented as follows:

| | 2025 | 2024 |
|---|---|---|
| Less than one year | 6,009,816,844 | 5,190,521,334 |
| One to five years | 631,482,113 | 575,549,494 |
| | 6,641,298,957 | 5,766,070,828 |

Related interest expense on deposit liabilities is broken down as follows:

| | 2025 | 2024 |
|---|---|---|
| Savings | 140,830,125 | 122,260,667 |
| Time | 118,502,852 | 187,426,978 |
| | 259,332,977 | 309,687,645 |

## 7 Other liabilities

The account as at December 31 consists of:

| | 2025 | 2024 |
|---|---|---|
| Accrued expenses | 92,024,341 | 75,362,627 |
| Payable to regulatory agencies | 66,301,912 | 47,657,931 |
| Accounts payable | 33,252,210 | 48,560,427 |
| Miscellaneous liabilities | 41,166,975 | 68,376,673 |
| | 232,745,438 | 239,957,658 |

Accrued expenses mainly include accruals for employee benefits and various marketing expenses.

Accounts payable pertain to the outstanding liabilities to various suppliers for goods and services received by the Bank.

Miscellaneous liabilities consist of suspense and clearing accounts used for transactions pending identification or proper classification.

Payable to regulatory agencies consist of accruals for taxes.

Other liabilities are classified as current.

## 8 Capital funds; Retained earnings

*Share capital*

Details of the Bank's share capital follow:

| | December 31, 2025 | | December 31, 2024 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| Authorized common shares (at P100 par value per share) | 10,000,000 | 1,000,000,000 | 10,000,000 | 1,000,000,000 |
| Issued common shares | 5,121,421 | 512,142,091 | 4,607,801 | 460,780,100 |

Movements in the capital stock for the years ended December 31 follow:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| Balance, January 1 | 4,607,801 | 460,780,100 | 4,315,190 | 431,519,000 |
| Issuance of Shares | 513,620 | 51,361,991 | 292,611 | 29,261,100 |
| Balance, December 31 | 5,121,421 | 512,142,091 | 4,607,801 | 460,780,100 |

In 2025, the Bank received capital infusions from its shareholder through the issuance of capital stock. On April 14, 2025, the Bank issued 211,194 shares for total consideration of P221,440,799, followed by the issuance of 302,426 shares on November 12, 2025 for P352,372,535. The excess of the proceeds over share capital of P522,451,343 has been recognized as additional paid-in capital. The proceeds were used to strengthen the Bank's capital position and support ongoing operations and regulatory capital requirements.

*Retained earnings*

Retained earnings represent the accumulated results of the Bank's operations after recognition of profit or loss and other comprehensive income, net of any dividends declared and other equity adjustments, if any.

For the year ended December 31, 2025, the Bank recognized a total comprehensive loss of ₱379,921,736, which was added to the accumulated deficit. Consequently, the retained earnings deficit increased to ₱3,897,343,962 as at December 31, 2025.

No dividends were declared or paid during the years ended December 31, 2025 and 2024 due to the existence of an accumulated deficit. In accordance with existing regulations, retained earnings available for dividend declaration remain subject to compliance with regulatory capital requirements and other restrictions prescribed by the BSP.

*Other reserves*

Other reserves, which amount to P96,647,836 in 2025 (2024 - P88,343,043), pertain to share-based compensation reserves for the shares awarded to certain employees of the Bank under the Parent Company's Employee Stock Option Plan (ESOP).

The Parent Company implemented the ESOP during the financial period from September 2019 to December 31, 2020, in accordance with the plan approved by the shareholders and directors of the Parent Company on September 17, 2020. The purpose of the plan is to provide an opportunity for directors, employees and other business consultants or partners of the Bank to participate in the equity of the Parent Company to motivate them to greater dedication, loyalty and higher standards of performance.

The options granted under the scheme (in number of shares) are as follows:

| | 2025 | 2024 |
|---|---|---|
| Outstanding at the beginning of the year/period | 11,032 | 15,433 |
| Granted during the year/period | 3,700 | - |
| Forfeiture/expired during the year | (930) | (4,401) |
| Outstanding at the end of the year/period | 13,802 | 11,032 |
| Exercisable at the end of the year/period | 7,962 | 8,662 |

Vesting schedules vary from a five-year graded schedule to only exercisable upon an exit event and are conditional upon completing the required period of service and performance conditions determined by the Parent Company.

The fair value of options granted in 2025, determined using the Black Scholes Model, is US$57.90 (in 2024 US$387.44).

The significant inputs into the model are as follows:

| | 2025 | 2024 |
|---|---|---|
| Share price (US$) | 140.27 | 387.44 |
| Exercise price (US$) | 92.58 | 0.01 |
| Expected volatility (%) | 40 | 40 |
| Expected life (years) | 2 | 5 |
| Risk free rate (%) | 1.38 | 2.82 |
| Expected dividend yield (%) | 0.00 | 0.00 |

## 9 Compensation and benefits

Expenses recognized for compensation and benefits consist of:

| | 2025 | 2024 |
|---|---|---|
| Salaries and wages | 338,844,852 | 323,617,140 |
| Social security costs and other contributions | 43,865,160 | 37,297,141 |
| | 382,710,012 | 360,914,281 |

## 10 Income taxes

Details of income tax expense for the years ended December 31 are as follows:

| | 2025 | 2024 |
|---|---|---|
| Current (including final tax) | 34,934,199 | 77,104,418 |
| Deferred | - | 492,683,403 |
| | 34,934,199 | 569,787,821 |

The details of net operating loss carryover (NOLCO) and temporary differences for the years ended December 31, for which the Bank has recognized deferred tax assets follow:

| | 2025 | 2024 |
|---|---|---|
| NOLCO | 189,097,734 | 250,164,212 |
| Allowance for impairment loss | 515,514,728 | 357,005,030 |
| Leases | 15,783,268 | 31,228,291 |
| Unearned loan processing fees | (51,699,854) | (9,075,280) |
| Others | - | 39,373,623 |
| Total temporary differences | 668,695,876 | 668,695,876 |
| Statutory tax rate | 25% | 25% |
| | 167,173,969 | 167,173,969 |
| MCIT (2%) | 36,349,098 | - |
| Deferred tax assets, net | 203,523,067 | 167,173,969 |

The Bank recognized deferred tax assets amounting to P203,523,066 as of December 31, 2025, (2024 - P167,173,969), inclusive of the portion adjusted due to NOLCO. The NOLCO is recognized to the extent that it is expected to be utilized, supported by management's projections that the Bank will generate operating profits in the subsequent years.

Details of the Bank's NOLCO as at December 31 follow:

| Year incurred | Year of expiration | 2025 | 2024 |
|---|---|---|---|
| 2020 | 2025 | 40,816,826 | 40,816,826 |
| 2021 | 2026 | 500,142,550 | 500,142,550 |
| 2022 | 2025 | 637,368,884 | 637,368,884 |
| 2023 | 2026 | 1,056,300,565 | 1,056,300,565 |
| 2024 | 2027 | 902,885,538 | 902,885,538 |
| 2025 | 2028 | 239,843,170 | - |
| Total NOLCO | | 3,377,357,533 | 3,137,514,363 |
| Expired | | (678,185,710) | - |
| Utilized | | - | - |
| Unrecognized NOLCO | | (2,510,074,088) | (2,887,350,151) |
| Total recognized NOLCO | | 189,097,735 | 250,164,212 |
| Statutory tax rate | | 25% | 25% |
| Deferred tax asset from NOLCO | | 47,274,434 | 62,541,053 |

The details of the MCIT over the normal income tax are as follows:

| Year incurred | Year of expiration | 2025 | 2024 |
|---|---|---|---|
| 2024 | 2027 | 23,140,622 | 23,140,624 |
| 2025 | 2028 | 13,208,476 | |
| Deferred tax asset from MCIT | | 36,349,098 | 23,140,624 |

A reconciliation between the income tax benefit at the statutory income tax rate to the effective income tax benefit as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Statutory tax benefit | (86,246,884) | (25.00) | (139,092,037) | (25.00) |
| Effects of items not subjected to statutory tax rate: | | | | |
| Income subject to lower tax rate | (8,906,485) | (2.58) | (75,622,421) | (13.59) |
| Non-deductible interest expense | 8,906,485 | 2.58 | 18,905,605 | 3.40 |
| NOLCO not recognized | 59,960,792 | 17.38 | 225,721,385 | 40.57 |
| Non-deductible expenses/(non-taxable income), net | 61,220,291 | 17.75 | 539,875,289 | 97.03 |
| Effective income tax expense/benefit | 34,934,199 | 10.13 | 569,787,821 | 102.41 |

Significant decrease in the current year effective income tax is mainly due to lower interest income on cash deposit placements subject to final tax during the year and the one-off write-off of deferred tax assets made in 2024.

## 11 Related party transactions

The Bank created a Related Party Transactions Committee composed of independent directors and non-executive directors. The said Committee exercises an oversight role to ensure the Bank's compliance with BSP regulations on related party transactions.

Related party balances and transactions as at and for the years ended December 31 are summarized as follows:

| | Transactions | | Outstanding balances Due from (due to) | | Terms and conditions |
|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | |
| Parent Company | | | | | |
| IT Service Level Agreement | 13,521,700 | 47,925,372 | (13,521,700) | - | - Payable in cash on demand at gross amount<br>- Non-interest bearing<br>- Unguaranteed and unsecured |
| Reimbursement of expenses | 4,983,763 | - | 1,609,911 | 2,295,972 | |
| Entities under common control | | | | | |
| Loan services outsourcing | 37,083,297 | 716,856,913 | 488,601,271 | 451,517,974 | |
| Reimbursement of expenses | - | - | 51,245 | - | - Payable in cash on demand at gross amount<br>- Non-interest bearing<br>- Unguaranteed and unsecured |
| Commission Expense | 18,224,448 | - | (27,122,478) | (8,898,029) | |
| SIL Loan Production | 329,360,280 | - | (28,368,470) | - | |
| Sub-lease agreement | 458,395 | 649,937 | - | - | |
| | 403,631,883 | 765,432,222 | 421,249,779 | 444,915,917 | |

The Bank has due from (due to) balances with Tonik Financial Pte. Ltd, Purple Hub Inc., and Templetech Finance Corporation.

*Information technology solutions and service level agreement (SLA)*

On August 25, 2020, the BOD approved the engagement of the Parent Company for the overall management and delivery of the following material information technology (IT) solutions and support services:

a. Core banking system
b. Card management system
c. Digital onboarding and biometric authentication
d. Mobile app security
e. Suspicious activity monitoring customer due diligence, watch list filtering
f. Data source (anti-money laundering) access to World Check's database of heightened risk individuals and organizations
g. Security audit
h. Alternative risk scoring services
i. Video SMS/social media solutions
j. API Management

The Parent Company will send an invoice to the Bank within five days from the end of each calendar quarter for all applicable fees and charges. The Bank deducts fees for any failure due to non-compliance of the SLA. The invoice is denominated in US Dollars, and the payment of any fees or charges shall be made in US Dollars. It was agreed that the Bank will pay the amount billed by the Parent Company within 30 days from the date of the invoice, provided that there is no disputed amount as provided in the SLA.

*Reimbursement of expenses*

In addition to the IT SLA, there are reimbursable expenditures advanced by TDB on behalf of TFI in connection with expenses incurred by the Executive Committee. Such expenditures include, but are not limited to, visa processing fees, GP implementation and certification costs, DOLE AEP publication requirements, rental expenses, and travel-related costs. These amounts are subsequently recharged to TFI on a monthly basis in USD.

Further, reimbursable expenses from affiliates represent expenditures advanced by TDB on behalf of Purple Hub, Inc., primarily related to leasehold improvement costs that are contractually reimbursable and therefore recognized as a related party receivable.

*Sub-lease agreement*

In November 2022, the Bank entered into a sub-lease agreement with Purple Hub, Inc. (PHI), an affiliate, wherein the Bank sub-leases a portion of its office premises for an initial term of one (1) year, and unless earlier terminated as provided in the sub-lease agreement, with automatic extension for a similar term of one (1) year. The sub-lease contract includes an annual escalation clause of 5%. In 2023, the agreement has been extended to a period of five years.

In June 2024, the Bank entered into a sub-lease agreement with Templetech Finance Corp., an affiliate, wherein the Bank sub-leases a portion of its office premises with initial term of one (1) year, and unless, earlier terminated as provided in the sub-lease agreement, with automatic renewal for a similar term of one (1) year.

Under IFRS 16, both sub-lease agreements are classified as operating leases, as they do not transfer substantially all the risks and rewards associated with the right-of-use assets. Accordingly, sub-lease rental income is recognized on a straight-line basis over the respective lease terms and is presented as part of other operating income in the statement of total comprehensive income.

*Loan services outsourcing agreement*

Intercompany receivables amounting to P160,011,820 pertain to the amount due from Tendo which is the total loan payments that are collected from the clients by Templetech Finance Corp. and to be remitted to the Bank as part of their services outsourcing agreement.

***Key management personnel***

Salaries and other benefits paid to key management personnel in 2025 amount to P61,554,323 (2024 - P45,846,180). There were no provisions for termination, post-employment, and other long-term benefits for key management personnel, except for the stock option plan (Note 8). There was no outstanding receivable from (payable to) key management personnel as at December 31, 2025, and 2024.

## 12 Lease commitment

The Bank recognized ROU assets and lease liabilities from its long-term leases. Details of the ROU assets and lease liabilities as at December 31 are as follows:

| | 2025 | 2024 |
|---|---|---|
| ROU assets | | |
| Office premises | 73,658,539 | 73,658,539 |
| Accumulated depreciation | (62,108,937) | (50,421,617) |
| | 11,549,602 | 23,236,922 |
| Lease liabilities | | |
| Current | 14,135,411 | 13,741,072 |
| Non-current | 1,647,857 | 17,487,219 |
| | 15,783,268 | 31,228,291 |

There are no variable lease payments during 2025.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of 4.95% in 2025 and 2024 for Unit 602 and 5.674% and 2.831% in 2025 and 2024 for Unit 605, respectively.

Movements in the lease liabilities for the years ended December 31 follow:

| | 2025 | 2024 |
|---|---|---|
| Balance, beginning | 31,228,291 | 45,441,534 |
| Interest accretion on lease liabilities | 290,189 | |
| | | 1,725,086 |
| Payments during the year | | |
| Principal portion of lease liabilities | (15,445,023) | (14,213,243) |
| Interest expense on lease liabilities | (290,189) | (1,725,086) |
| Balance at December 31 | 15,783,268 | 31,228,291 |

As at December 31, 2025, the total cash outflow for leases is P15,735,212 (2024 - P15,938,329).

Movements in ROU assets, net for the years ended December 31 follow:

| | 2025 | 2024 |
|---|---|---|
| At January 1 | 23,236,922 | 37,008,305 |
| Depreciation | (11,687,320) | (13,771,383) |
| At December 31 | 11,549,602 | 23,236,922 |

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

| | 2025 | 2024 |
|---|---|---|
| Interest expense | 290,189 | 1,725,086 |
| Reported under Occupancy and equipment-related expense | | |
| Depreciation expense on ROU assets | 11,687,320 | 13,771,383 |
| Expense relating to short-term leases | 1,452,198 | 2,741,707 |

## 13 Commitments and contingencies

As at December 31, 2025, and 2024, there are no pending cases against the Bank arising from its normal banking activities. There is no outstanding guarantee of indebtedness of others, obligation under letters of credit or standby agreements, guarantee to repurchase receivables or the capacity and other unconditional obligation to make payment during and as at year-end.

## 14 Critical accounting estimates, assumptions and judgments

The Bank makes estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities. Estimates, assumptions, and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. It is reasonably possible that the outcomes within the next financial year could differ from assumptions made at the reporting date and could result in the adjustment to the carrying amount of affected assets and liabilities.

### 14.1 Critical accounting estimates and assumptions

#### 14.1.1 Measurement of expected credit losses (ECL)

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

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

- Determining criteria for significant increase in credit risk.
- Choosing appropriate models and assumptions for the measurement of ECL.
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- Establishing groups of similar financial assets for purposes of measuring ECL.

#### 14.1.2 Realization of deferred tax assets (Note 10)

The Bank reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is applied by management to determine the amount of deferred tax assets that can be recognized based on the likely timing and level of the Bank's future taxable income together with its future tax planning strategies. The Bank assessed its projected performance in determining the sufficiency of future taxable income to support the recognition of deferred tax assets.

As at December 31, 2025, the carrying value of net deferred tax assets, which management assessed to be realizable within the next three to five years, amounts to P203,523,067 (2024 - P167,173,969). The Bank did not fully recognize deferred tax assets amounting to P627,518,522 from its NOLCO amounting to P2,510,074,088 as at December 31, 2025. Management assessed that it does not have sufficient taxable income to fully utilize the balance of NOLCO that is expiring from 2025 to 2027.

#### 14.1.3 Determination of incremental borrowing rate (Note 12)

The Bank measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contracts. The lease payments are discounted using a reasonable rate deemed by management to be equal to the Bank's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the lease, the underlying asset, and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

The Bank has assessed that it is impracticable to present the sensitivities arising from the impact of upward/downward changes in the discount rates used in the determination of lease liabilities without undue efforts; as such, the sensitivity analysis was no longer presented.

### 14.2 Critical accounting judgments

#### 14.2.1 Impairment of Premises, furniture, fixtures and equipment (Note 4)

Assets that have definite useful lives are subject to depreciation and amortization and are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In assessing whether there is any indication that an asset may be impaired, management considers evidence of obsolescence or physical damage of an asset, assets becoming idle, or if the economic performance of the asset is, or will be, worse than expected. If any such evidence exists for any item of Premises, furniture, fixtures and equipment, changes in those estimates and judgments could result in adjustments to the net carrying amount of the assets.

There is no recorded provision for impairment loss pertaining to Premises, furniture, fixtures and equipment for the years ended December 31, 2025, and 2024. This was upon consideration of the absence of impairment indicators, such as evidence of obsolescence or physical damage to any item of Premises, furniture, fixtures and equipment or significant changes in the Bank's business or industry in which it operates.

## 15 Financial risk and capital management

*Risk management structure*

The BOD is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Management Department (RMD), headed by the Chief Risk Officer (CRO), has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The RMD is responsible for managing risk decisions and monitoring risk levels and reports to the BOD. Furthermore, the RMD is responsible for implementing and maintaining risk-related procedures to ensure an independent control process is maintained. The department works closely with and reports to the BOD to ensure that procedures are compliant with the overall framework.

The RMD is also responsible for monitoring compliance with risk principles, policies, and limits across the Bank. The Bank's policy also requires that exceptions are reported daily, where necessary, to the RMD, and the relevant actions are taken to address exceptions and any areas of weakness.

The Bank's Treasury Department is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Bank. The Bank's policy is that risk management processes throughout the Bank are audited annually by the Internal Audit function, which examines both the adequacy of the procedures and the Bank's compliance with those. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the BOD.

The possibility of incurring losses is, however, compensated by the possibility of earning more than expected income. Risk-taking is, therefore, not entirely negative to avoid. Risk-taking actions present opportunities if risks are fully identified and accounted, deliberately taken, and are kept within prudent and rationalized limits.

The most important financial risks that the Bank manages are credit risk, market risk, and liquidity risk.

### 15.1 Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the CRO of the Bank's RMD. It is their responsibility to review and manage credit risk for all types of counterparties. Credit risk management consists of line credit risk managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit risk manager, as well as the business with tools like credit risk systems, policies, models and reporting. The Bank has established a credit quality review process to monitor the quality of the loan portfolio and credit worthiness of counterparties. Counterparty limits are established using a credit risk classification system, which assigns each counterparty with a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Bank to assess the potential loss because of the risks to which it is exposed and take corrective actions.

*Credit risk exposures*

The following table shows the maximum exposure to credit risk of the Bank as at December 31, 2025, and 2024:

| | Notes | 2025 | 2024 |
|---|---|---|---|
| Due from BSP | 2 | 1,716,736,472 | 3,882,360,188 |
| Due from other banks | 2 | 75,914,285 | 284,468,337 |
| Loans receivables, net | 3 | 5,429,168,719 | 2,163,172,479 |
| Due from settlement partners | 5 | 36,843,464 | 59,678,153 |
| Other assets, net | | | |
| Intercompany receivables | 5 | 197,326,385 | 451,517,974 |
| Security deposits | 5 | 18,246,849 | 17,241,849 |
| Other receivables | 5 | 20,535,629 | 3,485,510 |
| | | 7,494,771,803 | 6,861,924,490 |

The carrying amount of net loans receivable represents the Bank's maximum credit risk as any related collateral is insignificant. There are no other collaterals held as security or other credit enhancements attached to the Bank's financial assets.

*Due from BSP and other banks*

The Bank has cash and various placements deposited with the BSP and other banks which carry a performing status (Stage 1). The credit quality of these credit exposures is assessed and managed using external ratings. Cash with the BSP is covered by a sovereign guarantee. The Bank deposited its cash and had short-term placements with reputable banks of good credit and financial standing. Accordingly, management has assessed that the credit risk arising from these credit exposures is minimal as at December 31, 2025, and 2024.

*Loans receivables, net*

In response to the characteristics and scale of business, the Bank sets up credit policies for risk management purposes.

The Bank, using statistical methods and expert professional judgment, as well as the consideration of customer information, employs credit policies for the purpose of evaluating the credit risk of its clients. The policies are regularly reviewed to check if the calculation result is consistent with the actual situation.

The credit quality of borrowers can be divided into four risk categories, which are set out and defined below, from very low to high, apart from impaired:

(i) Very low - obligors rated in this category have an excellent capacity to meet financial commitments with very low credit risk.
(ii) Low - obligors rated in this category have a good capacity to meet financial commitments with low credit risk.
(iii) Medium - obligors rated in this category have a fairly acceptable capacity to meet financial commitments with moderate credit risk.
(iv) High - obligors rated in this category have uncertain capacity to meet financial commitments and are subject to high credit risk.

The credit risk of the Bank's loans and receivables as at December 31, 2025 and 2024 follows:

| 2025 | Stage 1 12-month ECL | Stage 2 | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| Credit risk | | | | |
| Very low | - | - | - | - |
| Low | - | - | - | - |
| Medium | 5,315,449,739 | 317,395,522 | - | 5,632,845,261 |
| High | - | - | 324,673,336 | 324,673,336 |
| Gross carrying amount | 5,315,449,739 | 317,395,522 | 324,673,336 | 5,957,518,597 |
| Allowance for impairment | (218,528,913) | (82,108,008) | (227,712,957) | (528,349,878) |
| Carrying amount | 5,096,920,826 | 235,287,514 | 96,960,379 | 5,429,168,719 |

| 2024 | Stage 1 12-month ECL | Stage 2 | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| Credit risk | | | | |
| Very low | - | - | - | - |
| Low | - | - | - | - |
| Medium | 2,126,103,777 | 159,896,732 | - | 2,286,000,509 |
| High | - | - | 219,291,393 | 219,291,393 |
| Gross carrying amount | 2,126,103,777 | 159,896,732 | 219,291,393 | 2,505,291,902 |
| Allowance for impairment | (98,836,932) | (72,794,064) | (170,488,427) | (342,119,423) |
| Carrying amount | 2,027,266,845 | 87,102,668 | 48,802,966 | 2,163,172,479 |

The Bank's allowance for Stage 1 loans receivables is higher than the minimum General Loan Loss Provision (GLLP) required by the BSP. The GLLP represents a regulatory prudential provision and does not incorporate macroeconomic variables in the computation of expected credit losses in accordance with PFRS 9.

There were no purchased originated credit impaired loans as at December 31, 2025 and 2024.

Loss allowance

The following table summarizes the changes in the loss allowance for loans receivables, net between the beginning and the end of the annual period.

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| Loss allowance, at January 1, 2025 | 98,836,932 | 72,794,064 | 170,488,427 | 342,119,423 |
| Provision for credit losses for the year | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 | (295,691,092) | 83,862,940 | 211,828,152 | - |
| Transfer from Stage 2 | 718,025 | (763,819) | 45,794 | - |
| Transfer from Stage 3 | 3,064,030 | 1,642,379 | (4,706,409) | - |
| New financial assets originated | 503,117,962 | - | - | 503,117,962 |
| Other movements | (91,516,943) | (75,427,556) | 633,718,535 | 466,774,036 |
| Write-off | - | - | (783,661,543) | (783,661,543) |
| Loss allowance, at December 31, 2025 | 218,528,914 | 82,108,008 | 227,712,956 | 528,349,878 |

| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | Total |
|---|---|---|---|---|
| Loss allowance, at January 1, 2024 | 170,963,298 | 68,261,067 | 109,483,356 | 348,707,721 |
| Provision for credit losses for the year | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 | (274,259,967) | 58,696,602 | 215,563,365 | - |
| Transfer from Stage 2 | 67,011,675 | (68,016,531) | 1,004,856 | - |
| Transfer from Stage 3 | 109,061,838 | 105,604 | (109,167,442) | - |
| New financial assets originated | 260,442,307 | - | - | 260,442,307 |
| Other movements | (190,204,923) | 76,032,766 | 153,818,933 | 39,646,776 |
| Write-off | (44,177,296) | (62,285,444) | (200,214,641) | (306,677,381) |
| Loss allowance, at December 31, 2024 | 98,836,932 | 72,794,064 | 170,488,427 | 342,119,423 |

*Other financial assets*

The Bank's other financial assets generally arise from transactions with various unrated counterparties with good credit standing. The Bank applies the simplified approach, as permitted by PFRS 9, in measuring ECL which uses a lifetime expected loss methodology for other financial assets.

To measure the ECL, other financial assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of and corresponding historical credit losses experienced within the said period. The impact of forward-looking variables on macroeconomic factors is considered insignificant in calculating the ECL provisions for other financial assets. Allowance for impairment losses for other receivables amounts to P14,877,892 as at December 31, 2025 (2024 - P14,885,608).

**15.2 Liquidity risk**

Liquidity risk is defined as the risk that the Bank does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due, as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Bank on acceptable terms. To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity, on a daily basis. The Bank has developed internal control processes and contingency plans for managing liquidity risk.

The Treasury Department is responsible for managing the Bank's liquidity risk through comprehensive policies, governance and review procedures, stress testing, monitoring of limit sets to ensure these are in line with the overall liquidity risk appetite and strategy of the Bank.

The Treasury Department of the Bank is responsible for working with other departments within the Bank to ensure the liquidity risk strategy is executed. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding, if required. The Bank also intends to maintain a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. Further, the Bank has lines of credit that it can access to meet liquidity needs. Net liquid assets consist of cash and short-term bank deposits, less deposit for banks and other issued securities and borrowings due to mature within the next month, if any.

***Liquidity Coverage Ratio (LCR)***

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

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

***Net Stable Funding Ratio (NSFR)***

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

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

The table below shows the liquidity metrics of the Bank as reported to the BSP as at December 31:

| | 2025 | 2024 |
|---|---|---|
| Liquidity coverage ratio | 1,405.45% | 3,718.58% |
| Total stock of High Quality Liquid Assets (HQLA) | 1,709,615,017 | 3,876,046,557 |
| Total net cash outflows | 121,641,900 | 104,234,683 |
| | | |
| Net stable funding ratio | 170.15% | 261.82% |
| Available stable funding | 7,555,727,154 | 7,108,226,887 |
| Required stable funding | 4,440,577,664 | 2,714,893,788 |

### 15.2.1 Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities as at December 31, 2025, and 2024. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date it could be required to pay, and the table does not reflect the expected cash flows indicated by its deposit retention history.

Liquidity is monitored by the Bank on a regular basis and under stressful situations using gap analysis. The maturity profile of the Bank's financial assets and financial liabilities as at December 31, 2025, and 2024 based on contractual cash flows, is shown below:

| At December 31, 2025 | Up to 1 year | Over 1 year and up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Cash and other cash items | 49,986 | - | - | 49,986 |
| Due from BSP | 1,176,736,472 | - | - | 1,176,736,472 |
| Due from other banks | 75,914,285 | - | - | 75,914,285 |
| Loans receivables | 4,444,619,920 | 1,564,598,531 | - | 6,009,218,451 |
| Due from settlement partners | 36,843,464 | - | - | 36,843,464 |
| Other assets | 242,910,784 | - | - | 242,910,784 |
| Total financial assets | 5,977,074,911 | 1,564,598,531 | - | 7,541,673,442 |
| Financial liabilities | | | | |
| Deposit liabilities | 6,009,816,844 | 631,482,113 | - | 6,641,298,957 |
| Due to Parent Company | - | - | - | - |
| Lease liabilities | 14,682,437 | 1,100,831 | - | 15,783,268 |
| Other liabilities | 246,267,139 | - | - | 246,267,139 |
| Total financial liabilities | 6,270,766,420 | 632,582,944 | - | 6,903,349,364 |

| At December 31, 2024 | Up to 1 year | Over 1 year and up to 3 years | Over 3 years | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Cash and other cash items | 49,986 | - | - | 49,986 |
| Due from BSP | 3,882,360,188 | - | - | 3,882,360,188 |
| Due from other banks | 284,468,337 | - | - | 284,468,337 |
| Loans receivables | 2,514,367,182 | - | - | 2,514,367,182 |
| Due from settlement partners | 59,678,153 | - | - | 59,678,153 |
| Other assets | 469,889,092 | 17,241,849 | - | 487,130,941 |
| Total financial assets | 7,210,812,938 | 17,241,849 | - | 7,228,054,787 |
| Financial liabilities | | | | |
| Deposit liabilities | 5,190,521,334 | 575,549,494 | - | 5,766,070,828 |
| Due to Parent Company | - | - | - | - |
| Lease liabilities | 14,686,142 | 26,289,434 | - | 40,975,576 |
| Other liabilities | 191,618,006 | - | - | 191,618,006 |
| Total financial liabilities | 5,396,825,482 | 601,838,928 | - | 5,998,664,410 |
| | 1,813,987,456 | (584,597,079) | - | 1,229,390,377 |

As at December 31, 2025, and 2024, the Bank has no contingent liabilities and commitments.

### 15.3 Market risk

Market risk is the risk of changes in the fair value of financial instruments from fluctuations in foreign exchange rates (currency risk) and market interest rates (interest rate risk), whether such changes in price are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The main market risks to which the Bank is exposed are interest rate risk and foreign currency risks.

#### 15.3.1 Interest rate risk

The Bank's primary business model is to collect deposits and use these funds to provide loans and other potential funding products to its customers. Interest rate risk is the impact that changes in interest rates could have on the Bank's margins, profit or loss, and equity. Interest risk arises from the mismatch of interest payable on the Bank's liabilities and the interest earned on its assets.

The Bank's asset-liability profile in its banking books is such that interest on deposits and interest from loan portfolio are primarily fixed. The Bank started to grant customer loans beginning July 2021.

The Bank's policy is to monitor positions on a daily basis. The banking book interest rate risk is monitored using various interest rate shock scenarios, including sensitivity of profit or loss and equity, but do not include any management actions that could arise as the markets change. The sensitivity of profit or loss is the effect of the assumed changes in interest rates on the profit or loss over a 12-month horizon and measures sensitivities to short-term interest rate changes.

The table below summarizes the interest profile of the Bank's financial instruments at December 31 categorized by earlier of interest repricing or maturity date:

| At December 31, 2025 | Notes | Interest-bearing | | | Non-repricing | Total |
|---|---|---|---|---|---|---|
| | | Up to 1 year | Over 1 Up to 3 Years | Over 3 Years | | |
| Financial Assets | | | | | | |
| Cash and other cash items | 2 | 49,986 | | | | 49,986 |
| Due from BSP | 2 | 1,176,736,472 | - | - | - | 1,176,736,472 |
| Due from other banks | 2 | 75,914,285 | - | - | - | 75,914,285 |
| Loans receivables | 3 | 4,444,619,920 | 1,564,598,531 | - | - | 6,009,218,451 |
| Due from settlement partners | 5 | - | - | - | 36,843,464 | 36,843,464 |
| Other assets | 5 | - | - | - | 242,910,784 | 242,910,784 |
| Total financial assets | | 5,697,320,663 | 1,564,598,531 | - | 279,754,248 | 7,541,673,442 |
| Financial liabilities | | | | | | |
| Deposit liabilities | 6 | 6,268,969,891 | 372,329,066 | - | - | 6,641,298,957 |
| Lease liabilities | 12 | 14,682,437 | 1,100,831 | - | - | 15,783,268 |
| Other liabilities | 7 | - | - | - | 246,267,139 | 246,267,139 |
| Total financial liabilities | | 6,283,652,328 | 373,429,897 | - | 246,267,139 | 6,903,349,364 |
| Total interest gap | | (586,331,665) | 1,191,168,634 | - | 33,487,109 | 638,324,078 |

| At December 31, 2024 | Notes | Interest-bearing | | | Non-repricing | Total |
|---|---|---|---|---|---|---|
| | | Up to 1 year | Over 1 up to 3 years | Over 3 years | | |
| Financial assets | | | | | | |
| Cash and other cash items | 2 | 49,986 | - | - | - | 49,986 |
| Due from BSP | 2 | 3,882,360,188 | - | - | - | 3,882,360,188 |
| Due from other banks | 2 | 284,468,337 | - | - | - | 284,468,337 |
| Loans receivables | 3 | 2,514,367,182 | - | - | - | 2,514,367,182 |
| Due from settlement Partners | 5 | - | - | - | 59,678,153 | 59,678,153 |
| Other assets | 5 | - | - | - | 487,130,941 | 487,130,941 |
| Total financial assets | | 6,681,245,693 | - | - | 546,809,094 | 7,228,054,787 |
| Financial liabilities | | | | | | |
| Deposit liabilities | 6 | 5,190,521,334 | 575,549,494 | - | - | 5,766,070,828 |
| Lease liabilities | 12 | 13,741,072 | 17,487,219 | - | - | 31,228,291 |
| Other liabilities | 7 | - | - | - | 191,618,006 | 191,618,006 |
| Total financial liabilities | | 5,204,262,406 | 593,036,713 | - | 191,618,006 | 5,988,917,125 |
| Total interest gap | | 1,476,983,287 | (593,036,713) | - | 355,191,088 | 1,239,137,662 |

### 15.3.2 Foreign currency risk

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

The table below presents the carrying amount in Philippine Peso of US Dollar-denominated financial asset as at December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Due from other banks (In US Dollar) | $1,204.46 | $72,474.98 |
| Exchange rate | USD1.00:P58.79 | USD1.00:P57.85 |
| PHP equivalent | 70,810 | 4,192,678 |

Presented below is a sensitivity analysis demonstrating the impact on net loss after tax and capital funds due to possible change in the exchange rate between USD and PHP. The fluctuation rate is based on the historical movement of US Dollar against the Philippine Peso, considering all other variables held constant.

| Year | Change in currency | Effect on net loss after tax and capital funds |
|---|---|---|
| 2025 | +/- 6.2% | 4,390 |
| 2024 | +/- 5.39% | 43,288,261 |

Details of the Company's foreign exchange gain (loss), net follow:

| | 2025 | 2024 |
|---|---|---|
| Unrealized foreign exchange gain (loss), net | (906,953) | 4,641,860 |
| Realized foreign exchange gain (loss), net | 1,290,822 | 645,914 |
| | 383,869 | 5,287,774 |

### 15.4 Fair value of financial assets and liabilities

All of the Bank's financial assets and liabilities are carried at amortized cost and the carrying amounts, except for loans receivables, deposit liabilities and lease liabilities, are assumed to approximate their fair values considering either their short-term maturities and/or low susceptibility to price volatility, or the impact of discounting is not material or the rates used are consistent with market rates.

The fair values of lease liabilities are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity, and costs.

The fair values of the financial assets and liabilities above are categorized under Level 2 of the fair value hierarchy.

The fair values of loans and receivables and deposit liabilities are not materially different from their carrying amounts, as these instruments are either short-term in nature or reprice frequently at market rates. Accordingly, management considers the carrying amounts to be a reasonable approximation of fair value.

### 15.5 Capital management

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

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

As at December 31, the CAR of the Bank as submitted to the BSP is shown in the table below:

| | 2025 | 2024 |
|---|---|---|
| Total Common Equity Tier 1 (CET1) / Tier 1 capital | 1,133,705,463 | 847,952,473 |
| Total qualifying capital | 1,174,073,694 | 863,666,762 |
| Total risk-weighted assets | 7,291,876,778 | 3,606,536,935 |
| Credit risk-weighted assets | 6,404,735,095 | 3,122,147,448 |
| Market risk-weighted assets | - | - |
| Operational risk-weighted assets | 887,141,683 | 484,389,487 |
| CET1 / Tier 1 capital ratio | 15.55% | 23.51% |
| Total CAR | 16.10% | 23.95% |

As at December 31, 2025, and 2024, the Bank reflects a strong and healthy CAR despite losses incurred from operations. This is attributable to a strong capital base and profits derived from high-yielding placements. As the Bank continues to scale its business and widen its reach, it is expected that some losses may still be incurred before a turnaround to profit is expected in the medium term. Amidst the Bank's plans, management is keen to ensure compliance with all regulatory ratios and capitalization requirements.

*Leverage Ratio*

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

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

| | 2025 | 2024 |
|---|---|---|
| Basel III Leverage Ratio | 14.03% | 12.12% |
| Tier 1 capital | 1,133,705,463 | 847,952,473 |
| Exposure measure | 8,081,101,752 | 6,998,789,258 |

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

## 16 Summary of material accounting policies

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

### 16.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy, and adopted by the SEC:

- PFRS Accounting Standards
- PAS Standards, and
- Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC).

These financial statements of the Bank have been prepared under the historical cost convention.

The preparation of these financial statements in accordance with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The area involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 14.

### 16.2 Changes in accounting policies and disclosures

*(a) New standards, and amendments and intepretations to existing standards effective January 1, 2025*

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2025, that have a material effect on the financial statements of the Bank.

*(b) Amendments to existing standards not yet adopted by the Bank*

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

- *PFRS 18, 'Presentation and Disclosure in Financial Statements'*

  This is the new standard on presentation and disclosure in financial statements, which replaces PAS 1, with a focus on updates to the statement of profit or loss.

  The key new concepts introduced in PFRS 18 relate to:

  a) The structure of the statement of profit or loss with defined subtotals;
  b) Requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
  c) Required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
  d) Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

- *Amendments to the Classification and Measurement of Financial Instruments - Amendments to PFRS 9 and PFRS 7*

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

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

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

**16.3 Financial assets**

**16.3.1 Classification**

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

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

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

The Bank does not hold financial assets at FVTPL and FVOCI as at December 31, 2025, and 2024.

### 16.3.2 Recognition and derecognition

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

### 16.3.3 Measurement

The classification is based on both the business model for managing the financial assets and their contractual cash flow characteristics. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

Based on these factors, the Bank classifies its financial assets in debt instruments as measured at amortized cost. Financial assets are measured at amortized cost if they are held under a business model with the objective of collecting contractual cash flows, and they have contractual terms under which cash flows are solely payments of principal and interest (SPPI). In making the SPPI assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI. As a result of the application of these criteria, only debt financial assets are eligible to be measured at amortized cost.

Amortized cost financial assets at December 31, 2025, and 2024 include cash and cash equivalents (Note 2), loans receivables (Note 3), due from settlement partners (Note 5), and other accounts receivables (Note 5).

### 16.3.4 Impairment

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

Based on the above process, the Bank groups its loans into Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired (POCI), as described below:

- Stage 1 - When loans are first recognized, the Bank recognizes an allowance based on 12 months' ECL (12mECL). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2 - When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for lifetime ECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3 - Loans considered credit-impaired. The Bank records an allowance for lifetime ECL.

- POCI assets - are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition, and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the ECL.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

### 16.3.5 Calculation of ECL

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

- Probability of default - The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default can occur only during the assessment period if the facility remains in the portfolio and has not been derecognized.

- Exposure at default - The Exposure at Default (EAD) is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- Loss Given Default - The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan. It is usually expressed as a percentage of the EAD.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification of losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

- Stage 1 - The 12mECL is calculated as the portion of the lifetime ECL that represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original effective interest rate.

- Stage 2 - When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime ECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original effective interest rate.

- Stage 3 - For loans considered credit-impaired, the Bank recognizes the lifetime ECL for these loans. The method is like that for Stage 2 assets, with the PD set at 100%.

- POCI assets - are financial assets that are credit impaired on initial recognition.

*Forward-looking information incorporated in the ECL models*

The Bank incorporates historical and current information, and forecasts forward-looking events and key economic variables that are assessed to impact credit risk and ECL for its portfolio. Specifically, the Bank uses forecasts of the unemployment rate as a key forward-looking macroeconomic variable, as it is considered a relevant indicator of borrower's repayment capacity and its impact on the portfolio's non-performing loan (NPL) rates.

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

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

*Definition of default and credit-impaired assets*

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

(i) Quantitative criteria

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

(ii) Qualitative criteria

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

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

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

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

### 16.3.6 Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss of allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expenses.

## 16.4 Financial liabilities

### 16.4.1 Classification

The Bank classifies its financial liabilities in the following categories: financial liabilities at FVTPL, and financial liabilities at amortized cost. As at December 31, 2025, the Bank only has financial liabilities at amortized cost. Financial liabilities measured at amortized cost include deposit liabilities (Note 6), due to Parent Company (Note 11), lease liabilities (Note 12) and other liabilities (excluding provisions and tax-related liabilities) (Note 7).

### 16.4.2 Recognition, measurement and derecognition

Financial liabilities at amortized cost are recognized when the Bank becomes a party to the contractual provision of the instruments. Financial liabilities at amortized cost are initially measured at fair value less transaction costs and subsequently measured at amortized cost using the effective interest rate method.

Financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

### 16.5 Fair value measurement

The Bank classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

As at December 31, 2025 and 2024, there are no financial and non-financial assets and liabilities measured at fair value.

All the Bank's financial assets and liabilities are carried at amortized cost and the carrying amounts, except for lease liabilities, are assumed to approximate their fair values considering either their short-term maturities and/or low susceptibility to price volatility, or the impact of discounting is not material or the rates used are consistent with the market rates.
The fair values of lease liabilities are determined using a present value model based on contractually agreed cash flows, considering credit quality, liquidity and costs.

### 16.6 Premises, furniture, fixtures and equipment

Premises, furniture, fixture and equipment are stated at historical cost less accumulated depreciation and accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

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

| | |
|---|---|
| Furniture and fixtures | 5 years |
| IT and other equipment | 3 years |
| Leasehold improvement | Useful life of the improvement or term of the related lease, whichever is shorter |

Major renovations are depreciated over the remaining useful life of the related asset. The Bank's ROU assets are depreciated over the lease term of 5 years (Note 12).

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value-in-use.

The carrying amount of an asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, their cost, accumulated depreciation and amortization are eliminated from the accounts. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

### 16.7 Prepayments

Prepayments are carried out at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

### 16.8 Income taxes

The income tax expense recognized in the statement of total comprehensive income comprises current and deferred income tax.

### 16.8.1 Current tax

Current tax expenses are calculated based on the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and establishes provisions, where applicable, based on amounts expected to be paid to the tax authorities.

### 16.8.2 Deferred tax

DIT assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (NOLCO) and Minimum Corporate Income Tax (MCIT) to the extent it is probable that future taxable profit will be available against which the temporary differences, NOLCO, and MCIT can be utilized.

NOLCO is the net operating loss for any taxable year immediately preceding the current taxable year which had not been previously offset as deduction from gross income. Ordinarily, NOLCO can be normally carried over as a deduction from gross income for the next three (3) consecutive years. However, specifically for NOLCO incurred from 2020 to 2021, the Bank may carry it over as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.
MCIT is a tax imposed at 2% of gross income, commencing on the fourth taxable year immediately following the year in which business operations commenced, when the MCIT is higher than the regular corporate income tax (RCIT). MCIT paid in excess of the RCIT may be carried forward and credited against future RCIT for the next three immediately succeeding taxable years, subject to the provisions of existing tax regulations.

The Bank reassesses at the end of each reporting period the need to recognize a previously unrecognized DIT asset.

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

### 16.9 Equity

*Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

*Retained earnings*

Retained earnings represent the accumulated profit arising from the operations of the Bank, less any dividends declared. Appropriation of retained earnings is recognized based on the approval of the Bank's BOD relating to specific purpose or projects. The Bank's BOD releases retained earnings from appropriation when the purpose of such appropriation has been completed.

### 16.10 Interest income and expense

Interest income and expense are recognized in profit or loss on a time-proportion basis using the effective interest rate method.

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of impairment, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring impairment.

### 16.11 Other income (expense)

#### 16.11.1 Fees and commissions

The Bank recognized revenue when (or as) the Bank satisfies a performance obligation by transferring a promised good or service to a customer (i.e. an asset). An asset is transferred when (or as) the customer obtains control of that asset.

Fees and commissions are generally recognized over time when the service has been provided and the control over the service is transferred to the customer. The service being rendered by the Bank represents a single performance obligation.

Fees and commissions, mainly representing service fees, are recognized on an accrual basis when the service has been provided. Fees and commission arising from loans, deposits and other banking transactions are recognized as income based on agreed terms and conditions.

#### 16.11.2 Other operating income

Other operating income mainly represents gains recognized from the sale of non-performing loans (NPLs) to various third-party customers.

### 16.12 Employee benefits

#### 16.12.1 Short-term employee benefits

Salaries, wages, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Bank.

#### 16.12.2 Share-based compensation

The Parent Company operates an equity-settled, share-based compensation plan. Under this plan, restricted stock units are awarded to the recipients at no cost upon their grant. These are generally granted annually and generally vest over four years and are subject to forfeiture until the vesting date. In addition, stock options may be granted with an exercise price equal to the fair value of the Parent Company's common stock at grant date. The fair value of the employee services received in exchange for the grant of the options and awards is recognized as an expense with a credit to an equity account. The total amount to be expensed over the vesting period is determined by reference to the fair value at grant date.

#### 16.12.3 Other benefits

The Bank provides for retirement benefits to its employees in accordance with the requirements of Republic Act No. 7641, The Philippine Retirement Pay Law. The law provides that an employee upon serving five years shall be entitled to a retirement pay equivalent to at least one-half (1/2) month salary for every year of service.
The Bank did not accrue any retirement benefits as at December 31, 2025 and 2024 as the amounts are determined to be not material.

### 16.13 Leases

*The Bank as the Lessee*

The Bank recognizes a right-of-use asset and a corresponding liability from its long-term lease at the date at which the leased asset is available for use.

Assets and liabilities arising from long-term leases are initially measured on a present value basis. Interest expense is recognized in the statement of total comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the lease commencement date plus any initial direct costs incurred, less any lease incentives received. The right-of-use asset is depreciated over the lease term. The right-of-use asset may be reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Payments associated with short-term leases are recognized on a straight-line basis as an expense in the statement of total comprehensive income.

### 16.14 Related party transactions and relationships

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

### 16.15 Comparatives

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

Where PAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year. This did not have an impact on prior period's reported results of operations, total assets, total liabilities, capital funds or cash flows. During the year, certain items previously classified under Other Assets were reclassified to Due from Related Parties, and Other Liabilities to Due to Related Parties to better present the amounts of related party balances.

### 16.16 Subsequent events

Post-year-end events that provide additional information about the Bank's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

## 17 Supplementary information required under BSP Circular No. 1074

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

(i) Basic quantitative indicators of financial performance

The Bank's key financial performance indicators follow:

| | 2025 | 2024 |
|---|---|---|
| Return on average equity | (32%) | (38%) |
| Return on average assets | (5%) | (14%) |
| Net interest margin | 24% | 10% |

The Bank's performance was primarily affected by increased operating expenses and provisions on impairment losses on loans receivable, thereby resulting in negative returns. However, the Bank remains committed to reducing these losses by optimizing its product mix, focusing on higher-margin investments, and implementing cost-saving measures. Management is confident that these strategies will improve the Bank's financial performance going forward.

(ii) Description of capital instrument issued

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

(iii) Significant credit exposures

The BSP considers that concentration of credit risk exists when the total loans exposure to a particular industry or economic sector exceeds 30% of total loan portfolio or 10% of tier 1 capital. As to concentration to industry/economic sector, the entire loan portfolio of the Bank is classified under the activities of household sector.

(iv) Breakdown of total loans

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

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

| | 2025 | 2024 |
|---|---|---|
| Performing loans | 5,366,649,593 | 2,286,605,900 |
| Non-performing loans | 642,568,858 | 218,686,002 |
| | 6,009,218,451 | 2,505,291,902 |
| Allowance attributable to performing loans | (218,528,915) | (171,630,996) |
| Allowance attributable to NPL | (309,820,963) | (170,488,427) |
| | (528,349,878) | (342,119,423) |
| Net carrying amount | 5,480,868,573 | 2,163,172,479 |

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

(v) Information on related party loans

The Bank has outstanding loans to directors, officers, stockholders and related interests (DOSRI) and other related party loans as at December 31, 2025, amounting to P158,082 (2024 - P756,713).

(vi) Secured liabilities and assets pledged as security

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

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

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

## 18 Supplementary information required by the Bureau of Internal Revenue (BIR)

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

(a) Documentary stamp taxes

Documentary stamp taxes paid for the year ended December 31, 2025 amount to P27,311,753 and an accrued of P3,456,988.

(b) Withholding taxes

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

| | Paid | Accrued | Total |
|---|---|---|---|
| Withholding taxes on compensation and benefits | 46,780,705 | 3,270,185 | 50,050,890 |
| Expanded withholding taxes | 12,355,539 | 2,657,145 | 15,012,684 |
| Final withholding taxes | 47,297,166 | 6,340,257 | 53,637,423 |
| | 106,433,410 | 12,267,587 | 118,700,997 |

Accrued withholding taxes are presented as part of Other liabilities in the statement of condition.

(c) All other local and national taxes

| | Paid | Accrued | Total |
|---|---|---|---|
| Gross receipts tax | 84,907,096 | 30,093,389 | 115,000,485 |
| Business permits | 2,056,411 | - | 2,056,411 |
| Others | 677,689 | - | 677,689 |
| | 87,641,196 | 30,093,389 | 117,734,585 |

The above local and national taxes are included as part of Taxes and licenses under Operating expenses in the statement of total comprehensive income.

(d) Tax cases and assessments

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

As at December 31, 2025, the Bank has an outstanding claim for refund of erroneously paid documentary stamp taxes (DST) for 2022, which is currently pending resolution before the Court of Tax Appeals (CTA).