



P&A  
Grant Thornton

Report on Review of  
Condensed Consolidated  
Interim Financial Statements

**BDO Unibank, Inc. and Subsidiaries**

For the Nine Months Ended September 30, 2025 and 2024  
*(With Comparative Audited Figures as of December 31, 2024)*

# **Report on Review of Condensed Consolidated Interim Financial Statements**

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**Punongbayan & Araullo**

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**The Board of Directors and the Stockholders**  
**BDO Unibank, Inc. and Subsidiaries**  
BDO Towers Valero  
8741 Paseo de Roxas, Salcedo Village  
Makati City, Philippines

## ***Introduction***

We have reviewed the accompanying condensed consolidated interim financial statements of BDO Unibank, Inc. and subsidiaries (together hereinafter referred to as “the BDO Unibank Group”), which comprise the condensed consolidated interim statement of financial position as of September 30, 2025, and the condensed consolidated interim statements of income, condensed consolidated interim statements of comprehensive income, condensed consolidated interim statements of changes in equity and condensed consolidated interim statements of cash flows for the nine months ended September 30, 2025 and 2024, and notes to condensed consolidated interim financial statements, including selected material accounting policy information and other explanatory information (hereinafter referred to as “condensed consolidated interim financial statements”). Management is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## ***Scope of Review***

We conducted our review in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial position of the BDO Unibank Group as at September 30, 2025, and its condensed consolidated interim financial performance and its condensed consolidated interim cash flows for the nine months ended September 30, 2025 and 2024 are not prepared, in all material respects, in accordance with PAS 34.

**Other Matter**

We have previously audited the consolidated financial statements of the BDO Unibank Group as of December 31, 2024, including the consolidated statement of financial position, which is presented herein for comparative purposes, on which we have rendered our report thereon dated February 22, 2025.

**PUNONGBAYAN & ARAULLO**

By: **Jerald M. Sanchez**  
Partner

CPA Reg. No. 0121830  
TIN 307-367-174  
PTR No. 10465917, January 2, 2025, Makati City  
BIR AN 08-002551-041-2023 (until January 24, 2026)  
BOA/PRC Cert. of Reg. No. 0002/P-013 (until August 12, 2027)

November 12, 2025

**BDO UNIBANK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2025**  
**(UNAUDITED)**  
*(With Comparative Audited Figures as of December 31, 2024)*  
*(Amounts in Millions of Philippine Pesos)*

	<u>Notes</u>	<u>September 30, 2025</u>	<u>December 31, 2024</u>
<b><u>R E S O U R C E S</u></b>			
CASH AND OTHER CASH ITEMS	7	<b>P 73,313</b>	P 109,744
DUE FROM BANGKO SENTRAL NG PILIPINAS	7	206,793	249,593
DUE FROM OTHER BANKS - Net	8	98,028	90,448
TRADING AND INVESTMENT SECURITIES - Net	9	1,010,256	876,108
LOANS AND OTHER RECEIVABLES - Net	10	3,581,966	3,272,518
PREMISES, FURNITURE, FIXTURES AND EQUIPMENT - Net	11, 12	59,140	54,204
INVESTMENT PROPERTIES - Net	13	38,032	33,825
EQUITY INVESTMENTS - Net	14	4,893	4,711
INVESTMENT SECURITIES AND OTHER ASSETS FOR LIFE INSURANCE CONTRACTS - Net	15	131,038	121,911
OTHER RESOURCES - Net	16	<u>64,538</u>	<u>62,988</u>
<b>TOTAL RESOURCES</b>		<b><u>P 5,267,997</u></b>	<b><u>P 4,876,050</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>			
DEPOSIT LIABILITIES	18	<b>P 4,106,508</b>	P 3,794,027
BILLS PAYABLE	19	304,453	261,470
INSURANCE CONTRACT AND OTHER LIABILITIES FOR LIFE INSURANCE CONTRACTS	15	97,574	91,471
OTHER LIABILITIES	20	<u>129,458</u>	<u>151,687</u>
Total Liabilities		<u>4,637,993</u>	<u>4,298,655</u>
<b>EQUITY</b>	21		
Attributable to:			
Shareholders of the Parent Bank		627,107	574,671
Non-controlling Interests		<u>2,897</u>	<u>2,724</u>
Total Equity		<u>630,004</u>	<u>577,395</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>P 5,267,997</u></b>	<b><u>P 4,876,050</u></b>

*See Notes to Condensed Consolidated Interim Financial Statements.*

**BDO UNIBANK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024**  
**(UNAUDITED)**  
*(Amounts in Millions of Philippine Pesos, Except Per Share Data)*

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>INTEREST INCOME</b>			
Loans and other receivables	10	<b>P 180,555</b>	P 165,297
Trading and investment securities	9	<b>33,380</b>	31,429
Due from Bangko Sentral ng Pilipinas and other banks	7, 8	<b>3,917</b>	5,051
Others		<u><b>113</b></u>	<u>101</u>
		<u><b>217,965</b></u>	<u>201,878</u>
<b>INTEREST EXPENSE</b>			
Deposit liabilities	18	<b>56,234</b>	53,819
Bills payable and other borrowings	19, 20	<b>10,919</b>	9,027
Lease liabilities	12	<u><b>796</b></u>	<u>762</u>
		<u><b>67,949</b></u>	<u>63,608</u>
<b>NET INTEREST INCOME</b>		<u><b>150,016</b></u>	<u>138,270</u>
<b>IMPAIRMENT LOSSES (RECOVERIES) - Net</b>	17		
Financial assets	8, 9, 10	<b>11,079</b>	10,322
Non-financial assets	11, 13, 16	<b>229</b>	( 223 )
Others	20	<u><b>( 29 )</b></u>	<u>9</u>
		<u><b>11,279</b></u>	<u>10,108</u>
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES (RECOVERIES)</b>		<b>138,737</b>	128,162
<b>OTHER OPERATING INCOME</b>	22	<b>57,392</b>	50,359
<b>INCOME ATTRIBUTABLE TO INSURANCE OPERATIONS - Net</b>	15	<b>5,677</b>	5,589
<b>OTHER OPERATING EXPENSES</b>	22	<u><b>123,577</b></u>	<u>107,682</u>
<b>PROFIT BEFORE TAX</b>		<b>78,229</b>	76,428
<b>TAX EXPENSE</b>	28	<u><b>14,910</b></u>	<u>15,681</u>
<b>NET PROFIT</b>		<u><b>P 63,319</b></u>	<u>P 60,747</u>
<b>Attributable To:</b>			
Shareholders of the Parent Bank		<b>P 63,087</b>	P 60,616
Non-controlling Interests		<u><b>232</b></u>	<u>131</u>
		<u><b>P 63,319</b></u>	<u>P 60,747</u>
<b>Earnings Per Share:</b>	30		
Basic		<u><b>P 11.77</b></u>	<u>P 11.32</u>
Diluted		<u><b>P 11.75</b></u>	<u>P 11.32</u>

\*Dividend per share information is disclosed in Note 21.

*See Notes to Condensed Consolidated Interim Financial Statements.*

**BDO UNIBANK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024**  
**(UNAUDITED)**  
*(Amounts in Millions of Philippine Pesos)*

	Notes	2025	2024
<b>NET PROFIT</b>		<b>P 63,319</b>	P 60,747
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that are or will be reclassified subsequently to profit or loss:</b>			
Net unrealized gain on debt investments at fair value through other comprehensive income (FVOCI), net of tax	9, 15	4,769	4,888
Transfer of realized losses on disposed debt investments at FVOCI to statements of income, net of tax	9	-	25
Impairment losses (recoveries) on debt investments at FVOCI	9, 17	18	( 27 )
Translation adjustments related to foreign operations		188	( 129 )
		<u>4,975</u>	<u>4,757</u>
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement on life insurance reserves	15	1,133	( 511 )
Net unrealized gains (losses) on equity investments at FVOCI, net of tax	9, 15	( 279 )	1,158
Actuarial losses on remeasurement of retirement benefit obligation, net of tax	14	( 7 )	( 1 )
		<u>847</u>	<u>646</u>
<b>Other Comprehensive Income, net of tax</b>		<u>5,822</u>	<u>5,403</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P 69,141</b>	P 66,150
<b>Attributable To:</b>			
Shareholders of the Parent Bank		P 68,894	P 66,004
Non-controlling Interests		<u>247</u>	<u>146</u>
		<b>P 69,141</b>	<b>P 66,150</b>

*See Notes to Condensed Consolidated Interim Financial Statements.*

**BDO UNIBANK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024**  
**(UNAUDITED)**  
*(Amounts in Millions of Philippine Pesos)*

Notes	Common Stock	Preferred Stock	Additional Paid-in Capital	Treasury Shares at Cost	Surplus Reserves	Other Reserves	Surplus Free	Net Unrealized Fair Value Gains (Losses) on FVOCI	Accumulated Actuarial Losses	Revaluation Increment	Remeasurement on Life Insurance Reserves	Accumulated Translation Adjustment	Accumulated Share in Other Comprehensive Loss of Associates	Total Attributable to Shareholders of the Parent Bank	Non-controlling Interests	Total Equity
Balance at January 1, 2025	P 53,265	P 6,180	P 237,468	( P 7,077 )	P 28,956	P 3	P 291,654	( P 12,980 )	( P 26,571 )	P 1,010	P 2,766	P 8	( P 11 )	P 574,671	P 2,724	P 577,395
Transactions with owners:																
21	69	-	721	-	-	-	-	-	-	-	-	-	-	790	-	790
	-	-	-	1	-	-	-	-	-	-	-	-	-	1	-	1
	-	-	-	-	( 871 )	-	-	-	-	-	-	-	-	( 871 )	-	( 871 )
23	-	-	-	-	888	-	-	-	-	-	-	-	-	888	-	888
	-	-	-	-	-	-	( 17,407 )	-	-	-	-	-	-	( 17,407 )	( 1 )	( 17,408 )
	-	-	( 49 )	7,076	-	-	( 7,076 )	-	-	-	-	-	-	( 49 )	-	( 49 )
Total transactions with owners	69	-	672	7,077	17	-	( 24,483 )	-	-	-	-	-	-	( 16,648 )	( 1 )	( 16,649 )
Total comprehensive income (loss)	-	-	-	-	-	-	63,087	4,493	-	-	1,133	188	( 7 )	68,894	247	69,141
Transfer from Surplus Free:																
21	-	-	-	-	2,712	-	( 2,712 )	-	-	-	-	-	-	-	-	-
	-	-	-	-	752	-	( 752 )	-	-	-	-	-	-	-	-	-
	-	-	-	-	3,464	-	( 3,464 )	-	-	-	-	-	-	-	-	-
Disposals of equity securities classified as FVOCI	-	-	-	-	-	-	77	( 32 )	-	-	-	-	-	45	-	45
Other adjustments	-	-	-	-	-	145	-	-	-	-	-	-	-	145	( 73 )	72
Additional capital contribution to a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at September 30, 2025</b>	<b>P 53,334</b>	<b>P 6,180</b>	<b>P 238,140</b>	<b>P -</b>	<b>P 32,437</b>	<b>P 148</b>	<b>P 326,871</b>	<b>( P 8,519 )</b>	<b>( P 26,571 )</b>	<b>P 1,010</b>	<b>P 3,899</b>	<b>P 196</b>	<b>( P 18 )</b>	<b>P 627,107</b>	<b>P 2,897</b>	<b>P 630,004</b>
Balance at January 1, 2024	P 52,684	P 6,180	P 230,452	( P 1 )	P 25,054	P 7	P 233,369	( P 12,210 )	( P 23,048 )	P 1,010	P 2,375	P 54	( P 10 )	P 515,916	P 2,638	P 518,554
Transactions with owners:																
21	37	-	458	-	-	-	-	-	-	-	-	-	-	495	-	495
	-	-	-	-	( 672 )	-	-	-	-	-	-	-	-	( 672 )	-	( 672 )
23	-	-	-	-	685	-	-	-	-	-	-	-	-	685	-	685
	-	-	-	-	-	-	( 14,899 )	-	-	-	-	-	-	( 14,899 )	( 373 )	( 15,272 )
Total transactions with owners	37	-	458	-	13	-	( 14,899 )	-	-	-	-	-	-	( 14,391 )	( 373 )	( 14,764 )
Total comprehensive income (loss)	-	-	-	-	-	-	60,616	6,029	-	-	( 511 )	( 129 )	( 1 )	66,004	146	66,150
Transfer from Surplus Free:																
21	-	-	-	-	2,216	-	( 2,216 )	-	-	-	-	-	-	-	-	-
	-	-	-	-	566	-	( 566 )	-	-	-	-	-	-	-	-	-
	-	-	-	-	2,782	-	( 2,782 )	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	( 4 )	-	-	-	-	-	-	-	( 4 )	268	264
Additional capital contribution to a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at September 30, 2024</b>	<b>P 52,721</b>	<b>P 6,180</b>	<b>P 230,910</b>	<b>( P 1 )</b>	<b>P 27,849</b>	<b>P 3</b>	<b>P 276,304</b>	<b>( P 6,181 )</b>	<b>( P 23,048 )</b>	<b>P 1,010</b>	<b>P 1,864</b>	<b>( P 75 )</b>	<b>( P 11 )</b>	<b>P 567,525</b>	<b>P 2,679</b>	<b>P 570,204</b>

See Notes to Condensed Consolidated Interim Financial Statements.

**BDO UNIBANK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024**  
**(UNAUDITED)**  
*(Amounts in Millions of Philippine Pesos)*

	Notes	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		P 78,229	P 76,428
Adjustments for:			
Interest received		224,517	206,713
Interest income	7, 8, 9, 10	( 217,965 )	( 201,878 )
Interest expense	12, 18, 19, 20	67,949	63,608
Interest paid		( 67,708 )	( 60,660 )
Impairment losses - net	17	11,279	10,108
Depreciation and amortization	11, 13, 16	9,360	8,826
Unrealized foreign exchange gains		( 4,509 )	( 3,193 )
Income attributable to insurance operations - net	15	( 3,037 )	( 3,853 )
Share in net profit of associates	14	( 1,304 )	( 1,026 )
Dividend received from investment in associates	14	1,155	924
Fair value losses on financial assets at fair value through profit or loss (FVTPL)		1,128	308
Gain from disposal of financial assets at fair value through other comprehensive income (FVOCI)		( 188 )	( 87 )
Loss from disposal of investment securities at amortized cost		7	-
Operating profit before changes in operating resources and liabilities		98,913	96,218
Decrease (increase) in:			
FVTPL		( 6,408 )	( 9,124 )
Loans and other receivables		( 261,113 )	( 219,476 )
Investment properties		( 4,652 )	( 1,171 )
Investment securities and other assets for life insurance contracts		187	( 5,964 )
Other resources		( 12,815 )	( 22,785 )
Increase (decrease) in:			
Deposit liabilities		312,831	171,975
Insurance contract and other liabilities for life insurance contracts		7,236	10,219
Other liabilities		( 22,514 )	25,625
Cash generated from operations		111,665	45,517
Cash paid for income taxes		( 14,057 )	( 13,511 )
Net Cash From Operating Activities		97,608	32,006
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of financial assets at FVOCI	9	( 873,757 )	( 995,828 )
Proceeds from disposal of securities at FVOCI	9	771,118	920,012
Acquisitions of investment securities at amortized cost	9	( 142,545 )	( 105,936 )
Maturities of investment securities at amortized cost	9	126,393	91,934
Acquisitions of financial assets at FVOCI arising from life insurance contracts	15	( 17,970 )	( 14,981 )
Acquisitions of premises, furniture, fixture and equipment	11	( 8,401 )	( 6,733 )
Proceeds from disposal of financial assets at FVOCI arising from life insurance contracts	15	8,310	11,480
Maturities of investment securities at amortized cost arising from life insurance contracts	15	96	1,874
Acquisitions of investment securities at amortized cost arising from life insurance contracts	15	( 93 )	-
Proceeds from disposal of premises, furniture, fixture and equipment	11	52	45
Additional investment in associates	14	( 40 )	( 360 )
Net Cash Used in Investing Activities		( 136,837 )	( 98,493 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from bills payable	19	252,674	243,547
Payments of bills payable	19	( 211,722 )	( 173,453 )
Dividends paid	21	( 17,408 )	( 15,272 )
Payments of lease liabilities	12	( 3,537 )	( 3,297 )
Proceeds from issuance of common stock	21	790	495
Capital infusion from non-controlling interest	27	72	264
Payment of transaction costs related to property dividends		( 49 )	-
Proceeds from sale of treasury shares		1	-
Net Cash From Financing Activities		20,821	52,284
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS <i>(Carried forward)</i></b>		<b>( P 18,408 )</b>	<b>( P 14,203 )</b>



	Notes	2025	2024
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS (<i>Brought forward</i>)</b>		<b>( P 18,408 )</b>	<b>( P 14,203 )</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>			
Cash and other cash items	7	109,744	94,278
Due from Bangko Sentral ng Pilipinas (BSP)	7	249,593	335,076
Due from other banks	8	88,260	84,678
Investment securities at amortized cost	9	3,545	709
Reverse repurchase agreements	10	25,463	25,370
Interbank loans receivable	10	61,844	48,920
Foreign currency notes and coins (FCNC)	16	10,301	8,986
Investment securities and other assets for life assurance contracts	15	5	454
		<b>548,755</b>	<b>598,471</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>			
Cash and other cash items	7	73,313	72,396
Due from BSP	7	206,793	209,502
Due from other banks	8	95,413	81,076
Investment securities at amortized cost	9	2,631	761
Reverse repurchase agreements	10	87,383	162,800
Interbank loans receivable	10	59,008	52,360
FCNC	16	5,798	5,373
Investment securities and other assets for life assurance contracts	15	8	-
		<b>P 530,347</b>	<b>P 584,268</b>

**Supplemental Information on Non-cash Financing and Investing Activities:**

- The BDO Unibank Group recognized additional right-of-use assets amounting to P3,354 and P3,201, which is presented as part of Premises, Furnitures, Fixtures and Equipment, for the nine months ended September 30, 2025 and 2024, respectively (see Note 12).
- On April 19, 2024, the Board of Directors of the Parent Bank approved the declaration as property dividends the treasury shares arising from the merger of the Parent Bank and The Podium Complex Inc., formerly known as SM Keppel Land, Inc., with the Parent Bank as the surviving entity. The treasury shares amounting to P7,076 were distributed to shareholders on May 30, 2025 after obtaining approval from the Securities and Exchange Commission (see Note 21).

**Other Information**

Certain investment securities at amortized cost, reverse repurchase agreements, interbank loans receivables, and FCNC are included as part of cash and cash equivalents for cash flow purposes but are presented as part of Trading and Investment Securities, Loans and Other Receivables, Investment Securities and Other Assets for Life Insurance Contracts, and Other Resources, respectively, in the condensed consolidated interim statements of financial position. Margin deposits amounting to P2,615 and P2,188 as of September 30, 2025 and December 31, 2024, respectively, presented as part of Due from Other Banks are excluded from cash and cash equivalents for cash flow purposes.

*See Notes to Condensed Consolidated Interim Financial Statements.*

**BDO UNIBANK, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2025 AND 2024**  
**(UNAUDITED)**

*(With Comparative Audited Figures as of December 31, 2024)*  
*(Amounts in Millions of Philippine Pesos, Except Per Share Data or as Indicated)*

**1. CORPORATE MATTERS**

**1.1 Incorporation and Operations**

BDO Unibank, Inc. (BDO Unibank, BDO or the Parent Bank) was incorporated in the Philippines on December 20, 1967 to engage in the business of banking. It was authorized to engage in trust operations on January 5, 1988 and in foreign currency deposit operations on November 23, 1990. The Bangko Sentral ng Pilipinas (BSP) granted approval to the Parent Bank to operate as an expanded commercial bank or universal bank on August 5, 1996. The Parent Bank commenced operations as such in September of the same year. The Parent Bank and its subsidiaries (collectively referred to as BDO Unibank Group) offer a wide range of banking services such as commercial banking, investment banking, private banking, insurance and other banking services. These services include traditional loan and deposit products, as well as treasury, asset management, realty management, leasing and finance, remittance, trade services, retail cash cards, life insurance and insurance brokerage, credit card services, stock brokerage, trust and others.

As a banking institution, BDO Unibank Group's operations are regulated and supervised by the BSP. In this regard, BDO Unibank Group is required to comply with the rules and regulations of the BSP such as those relating to maintenance of reserve requirements on deposit liabilities and deposit substitutes and those relating to the adoption and use of safe and sound banking practices, among others, as promulgated by the BSP. BDO Unibank Group is subject to the provisions of Republic Act (R.A.) No. 8791, the *General Banking Law of 2000*, and other related banking laws.

The Parent Bank's common shares are listed in the Philippine Stock Exchange (PSE).

The BDO Unibank Group's banking network within and outside the Philippines as of September 30, 2025 and December 31, 2024 follows:

	<b>September 30, 2025</b>	December 31, 2024
Local branches	<b>1,839</b>	1,791
Foreign branches	<b>2</b>	2
Automated teller machines (ATMs):		
On-site	<b>3,055</b>	2,962
Off-site	<b>1,984</b>	1,960
Cash accept machines (CAMs)	<b>387</b>	411
Branch universal machines (BUMs)	<b>509</b>	481
Mobile ATM	<b>1</b>	1

BDO Unibank Group operates mainly within the Philippines with banking branches in Hong Kong and Singapore, a real estate and holding company in Europe, and various remittance subsidiaries operating in Asia, Europe, Canada and the United States. These foreign operations accounted for 2.1% of BDO Unibank Group's total revenues for both nine months ended September 30, 2025 and 2024 and 3.2% and 2.7% of BDO Unibank Group's total resources as of September 30, 2025 and December 31, 2024, respectively.

The Parent Bank's principal office address is at BDO Corporate Center, 7899 Makati Avenue, Makati City while the temporary business address is at BDO Towers Valero, 8741 Paseo de Roxas Street, Salcedo Village, Makati City effective October 30, 2021 until further notice.

## 1.2 Subsidiaries

The BDO Unibank Group holds interests in the following subsidiaries as of September 30, 2025:

Subsidiaries	Percentage of Ownership
Thrift Bank	
BDO Network Bank, Inc. (BDO Network)	85.86%
Investment House	
BDO Capital & Investment Corporation (BDO Capital)	99.88%
Private Banking	
BDO Private Bank, Inc. (BDO Private)	100.00%
Leasing and Finance	
Averon Holdings Corporation (Averon)	99.98%
BDO Rental, Inc. (BDO Rental)	100.00%
BDO Finance Corporation (BDO Finance)	100.00%
BDORO Europe Ltd. (BDORO)	100.00%
Securities Company	
BDO Securities Corporation (BDO Securities)	99.88%
Real Estate Companies	
Equimark-NFC Development Corporation (Equimark)*	60.00%
Insurance Companies	
BDO Life Assurance Company, Inc. (BDO Life)	100.00%
BDO Insurance and Reinsurance Brokers, Inc. (BDOI)	100.00%
Holding Companies	
Dominion Holdings, Inc. (Dominion Holdings)	88.54%
BDO Strategic Holdings, Inc. (BDOSHI)	100.00%
Remittance Companies	
BDO Remit (USA), Inc. (BRUSA)***	100.00%
BDO Remit (Japan) Ltd.	100.00%
BDO Remit (Canada) Ltd.	100.00%
BDO Remit Limited	100.00%
BDO Remit (Macau) Ltd.	100.00%
BDO Remit (UK) Ltd. (BDO Remit UK)**	99.88%
BDO Remit International Holdings B.V. (BDO RIH)*	96.20%
CBN Greece S.A*	96.13%

\* Under liquidation

\*\* For liquidation

\*\*\* For sale or liquidation

As of December 31, 2024, the BDO Unibank Group holds the same percentage of ownership among its subsidiaries, except for BDO Network Bank with an 84.92% interest held.

Non-controlling interests represent the interests not held by BDO Unibank Group in BDO Network, BDO Capital, Dominion Holdings, Averon, BDO Securities, Equimark, BDO Remit UK, BDO RIH and CBN Greece S.A. Please refer to Note 15 of the audited consolidated financial statements as of and for the year ended December 31, 2024 for information on these entities.

### ***1.3 Approval of Condensed Consolidated Interim Financial Statements***

The condensed consolidated interim financial statements (unaudited) of BDO Unibank Group as of and for the nine months ended September 30, 2025 (including the comparative audited consolidated financial statements as of December 31, 2024 and the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2024) were authorized for issue by the Parent Bank's Chief of Staff and Comptroller on behalf of the President on November 12, 2025.

## **2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

### ***(a) Statement of Compliance with Financial Reporting Standards in the Philippines***

These condensed consolidated interim financial statements for the nine months ended September 30, 2025 and 2024 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements, and should be read in conjunction with the BDO Unibank Group's audited consolidated financial statements as of and for the year ended December 31, 2024. The condensed consolidated interim financial statements of BDO Unibank Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board (IASB) and approved by the Philippine Board of Accountancy.

### ***(b) Adoption of Amended PFRS Accounting Standards***

BDO Unibank Group adopted for the first time the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which is mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments are relevant to BDO Unibank Group but have no material impact on the condensed consolidated interim financial statements.

### ***(c) Functional and Presentation Currency***

These condensed consolidated interim financial statements are presented in Philippine pesos, the BDO Unibank Group's functional and presentation currency, and all values are presented in millions, except for per share data or when otherwise indicated.

### ***(d) Prior Period Reclassification of Accounts***

In its 2024 annual audited consolidated financial statements, the BDO Unibank Group presented separately the profit or loss items comprising pre-tax income attributable to insurance operations. The reclassifications made did not affect the consolidated financial position, equity and cash flows of the BDO Unibank Group.

Presented below is the analysis of the effects of the reclassification in the BDO Unibank Group's interim condensed consolidated interim statement of income for the nine months ended September 30, 2024 to align with the current presentation.

<i>(Amounts in PHP)</i>	Notes	As Previously Stated	Reclassification	As Restated
Other operating income	22	48,649	1,710	50,359
Income attributable to insurance operations - net	15	6,625	(1,036)	5,589
Other operating expenses	22	(107,008)	(674)	(107,682)
Effect in profit before tax			-	

### 3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of condensed consolidated interim financial statements in accordance with PAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of resources and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

In preparing the condensed consolidated interim financial statements, the significant judgments made by management in applying BDO Unibank Group's key sources of estimation uncertainty are consistent with those applied in the BDO Unibank Group's audited consolidated financial statements as of and for the year ended December 31, 2024 prepared in accordance with PFRS Accounting Standards.

### 4. RISK MANAGEMENT POLICIES AND OBJECTIVES

The BDO Unibank Group is exposed to risk in relation to its operating, investing, and financial activities, and the business environment in which it operates. Generally, the BDO Unibank Group's objectives in risk management are to ensure that it identifies, measures, monitors, and controls the various risks that arise from its business activities and that it adheres strictly to the policies, procedures, and control systems which are established to address these risks. In managing financial instruments, the BDO Unibank Group is exposed to financial risk such as market risk (including foreign currency risk, interest rate risk, and price risk), liquidity risk and credit risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; hence, they should be read in conjunction with the BDO Unibank Group's annual consolidated financial statements as of and for the year ended December 31, 2024.

There have been no significant changes in the risk management structure of the BDO Unibank Group or in any risk management policies since the previous annual period.

## 5. SEGMENT REPORTING

### 5.1 *Business Segments*

BDO Unibank Group's main operating businesses are organized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. These are also the basis of BDO Unibank Group in reporting to its chief operating decision-maker for its strategic decision-making activities.

Management currently identifies the BDO Unibank Group's five service lines as primary operating segments. In addition, minor operating segments, for which quantitative thresholds have not been met, as described in PFRS 8, *Operating Segments*, are combined as Others.

- (a) **Commercial banking** – handles the entire lending (corporate and consumer), trade financing and cash management services for corporate and retail customers;
- (b) **Investment banking** – provides services to corporate clients outside the traditional loan and deposit products. These services include loan syndications, underwriting and placing of debt and equity securities, financial advisory services and securities brokerage;
- (c) **Private banking** – provides traditional and non-traditional investment and structured products to high net worth individuals and institutional accounts;
- (d) **Leasing and financing** – provides direct leases, sale and leaseback arrangements and real estate leases;
- (e) **Insurance** – engages in insurance brokerage and life insurance business by providing protection, education, savings, retirement and estate planning solutions to individual and corporate clients through life insurance products and services; and,
- (f) **Others** – includes remittance, holding and realty management, none of which individually constitutes a separate reportable segment.

These segments are the basis on which BDO Unibank Group reports its segment information. Transactions between the segments are made on normal commercial terms and conditions. Inter-segment transactions are eliminated in consolidation.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on BDO Unibank Group's cost of capital. There are no other material items of income or expense between the segments.

Segment assets and liabilities comprise operating assets and liabilities including items such as taxation and borrowings.

Segment revenues and expenses that are directly attributable to primary operating segment and the relevant portions of BDO Unibank Group's revenues and expenses that can be allocated to that operating segment are accordingly reflected as revenues and expenses of that operating segment. Revenue sharing agreements are used to allocate external customer revenues to a segment on a reasonable basis.

There have been no significant changes from prior periods in the measurement methods used to determine reported segment information.

## 5.2 Analysis of Segment Information

Segment information (by service lines) as of and for the nine months ended September 30, 2025 (including the comparative audited consolidated financial statements as of December 31, 2024 and the condensed consolidated interim financial statements for the nine months ended September 30, 2024) follows:

<i>(Amounts in PHP)</i>	Commercial Banking	Investment Banking	Private Banking	Leasing and Financing	Insurance	Others	Total
<b>September 30, 2025 (Unaudited)</b>							
<b>Revenues</b>							
From external customer							
Interest income	215,937	71	928	887	3,584	142	221,549
Interest expense	(67,308)	(2)	(102)	(536)	-	(1)	(67,949)
Net interest income	148,629	69	826	351	3,584	141	153,600
Intersegment revenue							
Interest income	625	12	-	-	11	32	680
Interest expense	(211)	(31)	(69)	(131)	(251)	(8)	(701)
Net interest income (expense)	414	(19)	(69)	(131)	(240)	24	(21)
Other Operating Income							
Investment banking fees	-	865	-	-	-	-	865
Others	60,598	227	1,558	527	19,659	258	82,827
	60,598	1,092	1,558	527	19,659	258	83,692
<b>Total net revenues</b>	<b>209,641</b>	<b>1,142</b>	<b>2,315</b>	<b>747</b>	<b>23,003</b>	<b>423</b>	<b>237,271</b>
<b>Expenses</b>							
Other operating expenses							
Depreciation and amortization	8,865	68	98	371	217	15	9,634
Impairment losses (recoveries)	11,251	-	(1)	29	(4)	4	11,279
Others	111,573	624	1,703	314	16,999	236	131,449
	131,689	692	1,800	714	17,212	255	152,362
Segment operating income	77,952	450	515	33	5,791	168	84,909
Tax expense	13,230	125	152	35	1,328	40	14,910
<b>Segment net income</b>	<b>64,722</b>	<b>325</b>	<b>363</b>	<b>(2)</b>	<b>4,463</b>	<b>128</b>	<b>69,999</b>
<b>Statement of Financial Position</b>							
Total resources							
Segment assets	5,145,992	6,395	32,293	20,625	134,813	6,297	5,346,415
Intangible assets	8,012	78	86	-	80	-	8,256
	5,154,004	6,473	32,379	20,625	134,893	6,297	5,354,671
Total Liabilities	4,508,385	1,513	24,583	19,355	104,418	367	4,658,621
<b>Other segment information</b>							
Capital expenditures	13,564	7	38	461	42	3	14,115
Investment in associates under equity method	-	-	-	-	-	5,046	5,046
Share in the profit of associates	-	-	-	-	-	1,304	1,304

<i>(Amounts in PHP)</i>	Commercial Banking	Investment Banking	Private Banking	Leasing and Financing	Insurance	Others	Total
<u>September 30, 2024 (Unaudited)</u>							
<b>Revenues</b>							
From external customer							
Interest income	200,035	67	941	640	3,371	195	205,249
Interest expense	(63,095)	(8)	(119)	(385)	-	(1)	(63,608)
Net interest income	<u>136,940</u>	<u>59</u>	<u>822</u>	<u>255</u>	<u>3,371</u>	<u>194</u>	<u>141,641</u>
Intersegment revenue							
Interest income	1,168	9	-	12	16	48	1,253
Interest expense	(188)	(81)	(33)	(515)	(473)	(8)	(1,298)
Net interest income (expense)	<u>980</u>	<u>(72)</u>	<u>(33)</u>	<u>(503)</u>	<u>(457)</u>	<u>40</u>	<u>(45)</u>
Other Operating Income							
Investment banking fees	-	1,328	-	-	-	-	1,328
Others	51,210	288	1,447	2,163	17,743	287	73,138
	<u>51,210</u>	<u>1,616</u>	<u>1,447</u>	<u>2,163</u>	<u>17,743</u>	<u>287</u>	<u>74,466</u>
Total net revenues	<u>189,130</u>	<u>1,603</u>	<u>2,236</u>	<u>1,915</u>	<u>20,657</u>	<u>521</u>	<u>216,062</u>
<b>Expenses</b>							
Other operating expenses							
Depreciation and amortization	8,022	64	90	804	238	16	9,234
Impairment losses (recoveries)	10,015	(1)	89	11	(11)	(6)	10,097
Others	95,675	676	1,530	1,006	14,974	232	114,093
	<u>113,712</u>	<u>739</u>	<u>1,709</u>	<u>1,821</u>	<u>15,201</u>	<u>242</u>	<u>133,424</u>
Segment operating income	75,418	864	527	94	5,456	279	82,638
Tax expense	13,979	231	215	91	1,110	55	15,681
Segment net income	<u>61,439</u>	<u>633</u>	<u>312</u>	<u>3</u>	<u>4,346</u>	<u>224</u>	<u>66,957</u>
<u>December 31, 2024 (Audited)</u>							
<b>Statement of Financial Position</b>							
Total resources							
Segment assets	4,757,066	6,829	33,075	13,552	125,955	7,783	4,944,260
Deferred tax assets (liabilities) - net	57	(162)	14	14	124	(2)	45
Intangible assets	8,038	90	116	-	79	1	8,324
	<u>4,765,161</u>	<u>6,757</u>	<u>33,205</u>	<u>13,566</u>	<u>126,158</u>	<u>7,782</u>	<u>4,952,629</u>
Total Liabilities	<u>4,174,130</u>	<u>1,670</u>	<u>25,821</u>	<u>11,878</u>	<u>100,307</u>	<u>2,383</u>	<u>4,316,189</u>
<u>September 30, 2024 (Unaudited)</u>							
<b>Other segment information</b>							
Capital expenditures	8,665	13	23	447	38	4	9,190
Investment in associates under equity method	-	-	-	-	-	4,493	4,493
Share in the profit of associates	-	-	-	-	-	1,026	1,026

### 5.3 Reconciliation

Presented below and on the succeeding page is a reconciliation of the BDO Unibank Group's segment information to the key financial information presented in its condensed consolidated interim financial statements.

<i>(Amounts in PHP)</i>	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
<b>Revenues</b>		
Total segment net revenues	237,271	216,062
Expenses of insurance operations presented as part of income attributable to insurance operations - net	(15,560)	(13,733)
Elimination of intersegment revenues	(8,626)	(8,111)
Net revenues as reported in profit or loss	<u>213,085</u>	<u>194,218</u>
<b>Profit or loss</b>		
Total segment net income	69,999	66,957
Elimination of intersegment profit	(6,680)	(6,210)
Net profit as reported in profit or loss	<u>63,319</u>	<u>60,747</u>



<i>(Amounts in PHP)</i>	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
<b>Resources</b>		
Total segment resources	5,354,671	4,952,629
Elimination of intersegment resources	(86,674)	(76,579)
Total resources	<u>5,267,997</u>	<u>4,876,050</u>
<b>Liabilities</b>		
Total segment liabilities	4,658,621	4,316,189
Elimination of intersegment liabilities	(20,628)	(17,534)
Total liabilities	<u>4,637,993</u>	<u>4,298,655</u>

## 6. FAIR VALUE MEASUREMENT AND DISCLOSURES

### 6.1 Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the condensed consolidated interim financial statement of financial position are shown below.

<i>(Amounts in PHP)</i>	September 30, 2025 (Unaudited)		December 31, 2024 (Audited)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
At amortized cost:				
Cash and other cash items	73,313	73,313	109,744	109,744
Due from BSP	206,793	206,793	249,593	249,593
Due from other banks	98,028	98,073	90,448	90,485
Investment securities	597,060	589,389	576,591	557,019
Loans and other receivables	3,585,226	3,578,389	3,276,148	3,271,396
Other resources	7,276	7,276	11,803	11,803
	<u>4,567,696</u>	<u>4,553,233</u>	<u>4,314,327</u>	<u>4,290,040</u>
At fair value:				
Investment securities at FVTPL	68,905	68,905	64,001	64,001
Investment securities at FVOCI	467,918	467,918	349,528	349,528
	<u>536,823</u>	<u>536,823</u>	<u>413,529</u>	<u>413,529</u>
	<u>5,104,519</u>	<u>5,090,056</u>	<u>4,727,856</u>	<u>4,703,569</u>
<b>Financial liabilities</b>				
At amortized cost:				
Deposit liabilities	4,106,508	4,114,125	3,794,027	3,801,843
Bills payable	304,453	299,580	261,470	260,914
Insurance contract liabilities	91,827	91,827	86,170	86,170
Other liabilities	114,649	114,649	138,273	138,273
	<u>4,617,437</u>	<u>4,620,181</u>	<u>4,279,940</u>	<u>4,287,200</u>
At fair value – Other Liabilities	7,377	7,377	6,361	6,361
	<u>4,624,814</u>	<u>4,627,558</u>	<u>4,286,301</u>	<u>4,293,561</u>

## 6.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

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

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When BDO Unibank Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

### 6.3 Financial Instruments Measured at Fair Value

The financial assets and financial liabilities as of September 30, 2025 and December 31, 2024 are grouped into the fair value hierarchy as presented below.

<i>(Amounts in PHP)</i>	Notes	Level 1	Level 2	Level 3	Total
<b>September 30, 2025 (Unaudited)</b>					
Resources					
Financial assets at FVTPL	9.1, 15.1				
Equity securities - quoted		26,045	1,375	-	27,420
Government debt securities		20,251	7,252	-	27,503
Corporate debt securities		645	5,232	-	5,877
Derivative financial assets		-	8,105	-	8,105
		<u>46,941</u>	<u>21,964</u>	<u>-</u>	<u>68,905</u>
Financial assets at FVOCI	9.2, 15.1				
Government debt securities		295,778	86,827	-	382,605
Corporate debt securities		44,847	31,966	-	76,813
Equity securities - quoted		7,526	540	-	8,066
Equity securities - not quoted		-	155	279	434
		<u>348,151</u>	<u>119,488</u>	<u>279</u>	<u>467,918</u>
		<u>395,092</u>	<u>141,452</u>	<u>279</u>	<u>536,823</u>
Liabilities –					
Derivatives with negative fair values	20	<u>102</u>	<u>7,275</u>	<u>-</u>	<u>7,377</u>
<b>December 31, 2024 (Audited)</b>					
Resources					
Financial assets at FVTPL	9.1, 15.1				
Equity securities - quoted		27,501	1,068	-	28,569
Government debt securities		16,391	6,261	-	22,652
Corporate debt securities		145	4,344	-	4,489
Derivative financial assets		-	8,291	-	8,291
		<u>44,037</u>	<u>19,964</u>	<u>-</u>	<u>64,001</u>
Financial assets at FVOCI	9.2, 15.1				
Government debt securities		227,175	52,471	-	279,646
Corporate debt securities		29,807	31,465	-	61,272
Equity securities - quoted		7,781	565	-	8,346
Equity securities - not quoted		-	159	105	264
		<u>264,763</u>	<u>84,660</u>	<u>105</u>	<u>349,528</u>
		<u>308,800</u>	<u>104,624</u>	<u>105</u>	<u>413,529</u>
Liabilities –					
Derivatives with negative fair values	20	<u>101</u>	<u>6,260</u>	<u>-</u>	<u>6,361</u>

There have been no significant transfers among Levels 1 and 2 in the reporting periods.

Discussed below and on the succeeding page is the information about how fair values of the BDO Unibank Group's classes of financial assets are determined.

#### (a) Equity securities

- (i) Quoted equity securities classified as financial assets at FVTPL or financial assets at FVOCI have fair values that were determined based on their closing prices on the PSE. These instruments are included in Level 1.

Financial assets at FVTPL included in Level 2 pertain to investments in Unit Investment Trust Funds (UITFs). The fair value of these financial assets was derived using the net asset value per unit (computed by dividing the net asset value of the fund by the number of outstanding units at the end of the reporting period), as published by banks and the Investment Company Association of the Philippines.

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

- (ii) Unquoted equity securities consist of preferred shares and common shares of various unlisted local companies. For unquoted preferred shares, the fair value is determined based on their discounted amount of estimated future cash flows expected to be received or paid, or based on their cost which management estimates to approximate their fair values. Further, unlisted common share which are classified as financial assets at FVOCI securities, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument. These instruments are included in Level 2 or 3.

(b) *Debt securities*

The fair value of the debt securities of BDO Unibank Group, which are categorized within Level 1 and Level 2, is discussed below.

- (i) Fair values of peso-denominated government debt securities issued by the Philippine government, are determined based on the reference price per Bloomberg which used Bloomberg Valuation (BVAL). These BVAL reference rates are computed based on the weighted price derived using an approach based on a combined sequence of proprietary BVAL algorithms of direct observations or observed comparables.
- (ii) For corporate and other quoted debt securities, fair value is determined to be the current mid-price, which is computed as the average of ask and bid prices as appearing on Bloomberg.

(c) *Derivatives*

The fair values of Republic of the Philippines (ROP) warrants which are categorized within Level 1, is determined to be the current mid-price based on the last trading transaction as defined by third-party market makers. The fair value of other derivative financial instruments, which are categorized within Level 2, is determined through valuation techniques using the net present value computation.

#### 6.4 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of BDO Unibank Group's financial assets and financial liabilities, which are measured at amortized cost in the condensed consolidated interim statement of financial position but for which fair value is disclosed.

<i>(Amounts in PHP)</i>	Level 1	Level 2	Level 3	Total
<b>September 30, 2025 (Unaudited)</b>				
Resources				
Cash and other cash items	73,313	-	-	73,313
Due from BSP	206,793	-	-	206,793
Due from other banks	98,073	-	-	98,073
Investment securities at amortized cost	332,982	256,135	272	589,389
Loans and other receivables	-	-	3,578,389	3,578,389
Other resources	5,801	-	1,475	7,276
	<u>716,962</u>	<u>256,135</u>	<u>3,580,136</u>	<u>4,553,233</u>
Liabilities				
Deposit liabilities	-	-	4,114,125	4,114,125
Bills payable	-	212,713	86,867	299,580
Insurance contract liabilities	-	-	91,827	91,827
Other liabilities	-	-	114,649	114,649
	<u>-</u>	<u>212,713</u>	<u>4,407,468</u>	<u>4,620,181</u>
<b>December 31, 2024 (Audited)</b>				
Resources				
Cash and other cash items	109,744	-	-	109,744
Due from BSP	249,593	-	-	249,593
Due from other banks	90,485	-	-	90,485
Investment securities at amortized cost	288,390	268,350	279	557,019
Loans and other receivables	-	-	3,271,396	3,271,396
Other resources	10,304	-	1,499	11,803
	<u>748,516</u>	<u>268,350</u>	<u>3,273,174</u>	<u>4,290,040</u>
Liabilities				
Deposit liabilities	-	-	3,801,843	3,801,843
Bills payable	-	168,710	92,204	260,914
Insurance contract liabilities	-	-	86,170	86,170
Other liabilities	-	-	138,273	138,273
	<u>-</u>	<u>168,710</u>	<u>4,118,490</u>	<u>4,287,200</u>

For financial assets and financial liabilities, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

Presented below and on the succeeding page are the methods used to determine the fair value of financial assets and financial liabilities reported at amortized cost in the condensed consolidated interim statement of financial position.

##### (a) Cash and Other Cash Items

Cash consists primarily of funds in the form of Philippine currency notes and coins in the BDO Unibank Group's vault and those in the possession of tellers, including ATMs (see Note 7).

Other cash items include cash items other than currency and coins on hand (see Note 16) such as checks drawn on the other banks or other branches that were received after the BDO Unibank Group's clearing cut-off time until the close of the regular banking hours. Carrying amounts approximate fair values in view of the relatively short-term maturities of these instruments.

(b) *Due from BSP and Other Banks*

Due from BSP pertains to deposits made by BDO Unibank Group to the BSP for clearing and reserve requirements. Due from other banks, on the other hand, consists of demand and time deposits maintained in other depository banks to facilitate the transfer of funds. The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

(c) *Investment Securities at Amortized Cost*

The fair value of investment securities at amortized cost is determined based on the reference price per Bloomberg which used BVAL. These BVAL reference rates are computed based on the weighted price derived using an approach based on a combined sequence of proprietary BVAL algorithms of direct observations or observed comparables. For corporate and other quoted debt securities, fair value is determined to be the current mid-price, which is computed as the average of ask and bid prices as appearing on Bloomberg; hence categorized as Level 1 or Level 2.

(d) *Loans and Other Receivables*

Loans and other receivables are net of provisions for impairment. The estimated fair value of loans and receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(e) *Deposits and Borrowings*

The estimated fair value of demand deposits with no stated maturity, including noninterest-bearing deposits, is the amount repayable on demand. For long-term fixed interest-bearing deposits, fair value is based on discounted cash flows using interest rates for new debts with similar remaining maturities. The fair value of Bills Payable under Level 2 is computed using the average of ask and bid prices as appearing on Bloomberg. For Bills Payable categorized within Level 3, the BDO Unibank Group classifies financial instruments that have no quoted prices or observable market data where reference of fair value can be derived. Accordingly, fair value is estimated either through discounted future cash flows expected to be received or paid, or based on cost, which management considers to approximate their fair values.

(f) *Insurance Contract Liabilities*

The estimated fair value of insurance contract liabilities is determined using the Gross Premium Valuation (GPV) method, which is calculated as the sum of the present value of future benefits and expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate risk-free discount rate provided by the Insurance Commission. For this purpose, the expected future cash flows shall be determined using the best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation (MfAD) from the expected experience.

(g) *Other Resources and Liabilities*

Due to their short duration, the carrying amounts of other resources and liabilities in the condensed consolidated interim statement of financial position are considered to be reasonable approximation of their fair values.

## 7. CASH AND BALANCES WITH THE BSP

These accounts are composed of the following:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Cash and other cash items	<b>73,313</b>	109,744
Due from BSP:		
Mandatory reserves	<b>167,912</b>	217,803
Other than mandatory reserves	<b>38,881</b>	31,790
	<b>206,793</b>	249,593
	<b>280,106</b>	359,337

Mandatory reserves represent the balance of the deposit accounts maintained with the BSP to meet reserve requirements and to serve as clearing accounts for interbank claims.

The Parent Bank opened a Special Savings Account (SSA) with BSP to comply with Instapay facility requirement. As of September 30, 2025 and December 31, 2024, the balance of this account amounts to P1,362 and P2,393, respectively, and is presented as part of Due from BSP.

Due from BSP, excluding mandatory reserves which has no interest, bears annual interest rate ranging from 4.50% to 6.25% for nine months ended September 30, 2025 and from 5.75% to 6.65% for nine months ended September 30, 2024.

The total interest income earned amounted to P1,312 and P2,562 for the nine months ended September 30, 2025 and 2024, respectively, in the condensed consolidated interim statements of income.

Cash and other cash items and balances with the BSP are included in cash and cash equivalents for purposes of condensed consolidated interim statements of cash flows.

## 8. DUE FROM OTHER BANKS

The balance of this account represents regular deposits with the following:

<i>(Amounts in PHP)</i>	<u>Note</u>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Foreign banks		<b>89,264</b>	80,495
Local banks		<b>8,809</b>	9,990
		<b>98,073</b>	90,485
Allowance for impairment	17	<b>(45)</b>	(37)
		<b>98,028</b>	90,448

The breakdown of this account as to currency follows:

<i>(Amounts in PHP)</i>		<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
U.S. dollar		<b>79,225</b>	51,427
Other foreign currencies		<b>11,175</b>	32,432
Philippine pesos		<b>7,628</b>	6,589
		<b>98,028</b>	90,448

Annual interest rates on these deposits range from 0.00% to 6.25% and 0.00% to 6.40% for the nine months ended September 30, 2025 and 2024, respectively. There are deposits, such as current accounts, which do not earn interest. Interest income from due from other banks amounted to P2,605 and P2,489 for the nine months ended September 30, 2025 and 2024, respectively.

## 9. TRADING AND INVESTMENT SECURITIES

The components of this account are presented below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Financial assets at FVTPL	9.1	<b>33,001</b>	27,929
Financial assets at FVOCI - net	9.2	<b>380,829</b>	272,225
Investment securities at amortized cost - net	9.3	<b>596,426</b>	575,954
		<b>1,010,256</b>	876,108

Interest income from trading and investments securities amounted to P33,380 and P31,429 for the nine months ended September 30, 2025 and 2024, respectively.



### 9.1 Financial Assets at FVTPL

This account is composed of the following:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Government debt securities	22,611	18,114
Derivative financial assets	8,105	8,291
Corporate debt securities	873	386
Equity securities - quoted	1,412	1,138
	<b>33,001</b>	<b>27,929</b>

Annual coupon interest rates on government and other debt securities range from 0.00% to 9.50% for the nine months ended September 30, 2025 and 2024.

### 9.2 Financial Assets at FVOCI

This account is composed of the following:

<i>(Amounts in PHP)</i>	<i>Note</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Government debt securities		307,288	214,905
Corporate debt securities		71,375	55,243
Equity securities:			
Quoted		1,736	1,817
Not quoted		434	264
		<b>380,833</b>	<b>272,229</b>
Allowance for impairment	17	<b>(4)</b>	<b>(4)</b>
		<b>380,829</b>	<b>272,225</b>

Effective interest rates of debt securities at FVOCI for both nine months ended September 30, 2025 and 2024 range from:

	<b>September 30, 2025 (Unaudited)</b>	<b>September 30, 2024 (Unaudited)</b>
Government debt securities	2.23% – 6.81%	1.84% – 6.81%
Corporate debt securities	2.13% – 9.27%	2.14% – 8.76%

As of September 30, 2025 and December 31, 2024, the aggregate amount of investment securities at FVOCI pledged as security amounted to nil and P2,933, respectively, while secured liabilities pertaining to bills payable (see Note 19) totalled to nil and P2,658, respectively.

The reconciliation of the carrying amounts of financial assets at FVOCI is reported under Trading and Investments Securities - Net is shown below:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Balance at beginning of the period	272,225	236,578
Additions	873,757	1,332,272
Disposals	(770,916)	(1,301,208)
Unrealized fair value gains (losses)	4,260	(177)
Foreign currency revaluation	1,381	4,592
Realized fair value losses on FVOCI	122	172
Impairment loss - net	-	(4)
Balance at end of period	<b>380,829</b>	<b>272,225</b>

The reconciliation of unrealized fair value gains (losses) on financial assets at FVOCI reported under Trading and Investment Securities - Net, and Investment Securities and Other Assets for Life Insurance Contracts - Net reported under equity is shown below.

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Balance at beginning of the period	<b>(12,980)</b>	<b>(12,210)</b>
Changes on unrealized fair value gains (losses) during the period		
Fair value gains (losses) during the period - net	4,475	(722)
Expected credit losses on FVOCI securities	18	(25)
Deferred tax liabilities	(27)	(3)
	<b>(8,514)</b>	<b>(12,960)</b>
Realized fair value gains on securities disposed during the period - net	<b>(5)</b>	<b>(20)</b>
Balance at end of the period	<b>(8,519)</b>	<b>(12,980)</b>
Net unrealized fair value gains (losses), net of tax		
Attributable to:		
Shareholders of the Parent Bank	4,475	(722)
Non-controlling interest	15	5
	<b>4,490</b>	<b>(717)</b>

### 9.3 Investment Securities at Amortized Cost

This account is composed of the following:

<i>(Amounts in PHP)</i>	<u>Note</u>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Government debt securities		495,472	492,529
Corporate debt securities:			
Quoted		99,878	83,874
Not quoted		3,210	1,663
		<u>598,560</u>	<u>578,066</u>
Allowance for impairment	17	<u>(2,134)</u>	<u>(2,112)</u>
		<b><u>596,426</u></b>	<b><u>575,954</u></b>

Effective interest rates of investment securities at amortized cost for both nine months ended September 30, 2025 and 2024 range from:

	<b>September 30, 2025 (Unaudited)</b>	<b>September 30, 2024 (Unaudited)</b>
Government debt securities	1.23% – 7.47%	0.06% – 7.47%
Corporate debt securities	1.41% – 7.59%	1.82% – 7.60%

As of September 30, 2025 and December 31, 2024, the aggregate amount of investment securities at amortized cost pledged as security amounted to nil and P14,565, respectively, while secured liabilities pertaining to bills payable (see Note 19) totalled to nil and P11,078 respectively.

The reconciliation of the carrying amounts of investment securities at amortized cost is as follows:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Balance at beginning of the period	575,954	573,480
Additions	142,545	128,567
Maturities and disposals	(126,400)	(134,598)
Foreign currency gains - net	4,337	8,407
Impairment recovery (loss)	(10)	98
	<u>596,426</u>	<u>575,954</u>
Balance at end of period	<b><u>596,426</u></b>	<b><u>575,954</u></b>

As mentioned in Note 25, certain government debt securities are deposited with the BSP.

## 10. LOANS AND OTHER RECEIVABLES

This account consists of the following:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Receivables from customers:			
Loans and discounts	24.1	<b>3,155,424</b>	2,894,293
Credit card receivables		<b>256,929</b>	215,382
Customers' liabilities under letters of credit and trust receipts		<b>62,618</b>	103,272
Bills purchased		<b>12,473</b>	13,700
		<b>3,487,444</b>	3,226,647
Unearned interests or discounts		<b>(1,382)</b>	(1,417)
Allowance for impairment	17	<b>(86,682)</b>	(89,097)
		<b>3,399,380</b>	3,136,133
Other receivables:			
Interbank loans receivables		<b>78,594</b>	81,988
Reverse repurchase agreements		<b>87,383</b>	25,463
Accounts receivable		<b>16,983</b>	29,137
Sales contract receivables		<b>1,546</b>	1,864
Others		<b>1,239</b>	927
		<b>185,745</b>	139,379
Allowance for impairment	17	<b>(3,159)</b>	(2,994)
		<b>182,586</b>	136,385
		<b>3,581,966</b>	3,272,518

The maturity profile of receivable from customers (net of unearned interest or discounts) based on the remaining term is presented below.

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Less than one year	<b>1,152,678</b>	1,054,600
One to five years	<b>1,187,189</b>	1,139,230
Beyond five years	<b>1,146,195</b>	1,031,400
	<b>3,486,062</b>	3,225,230

BDO Unibank Group's credit concentration of receivables from customers (net of unearned interests or discounts) as to industry follows:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Activities of private household as employers and undifferentiated goods and services and producing activities of households for own use	<b>630,360</b>	567,360
Electricity, gas, steam and air-conditioning supply	<b>491,398</b>	405,938
Wholesale and retail trade	<b>430,814</b>	397,620
Real estate activities	<b>412,169</b>	410,256
Financial and insurance activities	<b>310,260</b>	256,720
Manufacturing	<b>277,227</b>	306,987
Information and communication	<b>177,032</b>	163,332
Transportation and storage	<b>165,531</b>	158,473
Education	<b>102,065</b>	82,186
Construction	<b>86,309</b>	103,261
Arts, entertainment and recreation	<b>85,091</b>	82,198
Water supply, sewerage, waste management and remediation activities	<b>52,662</b>	52,768
Accommodation and food service activities	<b>46,549</b>	45,403
Human health and social service activities	<b>46,381</b>	39,406
Agriculture, forestry and fishing	<b>28,161</b>	35,865
Mining and quarrying	<b>19,151</b>	16,146
Administrative and support services	<b>10,973</b>	10,226
Professional, scientific and technical activities	<b>7,679</b>	9,210
Public administrative and defense; compulsory social security	<b>963</b>	1,069
Other service activities	<b>105,287</b>	80,806
	<b><u>3,486,062</u></b>	<b><u>3,225,230</u></b>

The breakdown of total loans (receivable from customers, net of unearned interests or discounts), as to secured and unsecured follows:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Secured:		
Real estate mortgage	<b>485,737</b>	423,293
Chattel mortgage	<b>100,331</b>	97,485
Other securities	<b>45,503</b>	51,404
	<b><u>631,571</u></b>	<b><u>572,182</u></b>
Unsecured	<b>2,854,491</b>	2,653,048
	<b><u>3,486,062</u></b>	<b><u>3,225,230</u></b>

Loans and other receivables bear interest rates range from 0.00% [e.g., non-performing loans (NPL) and zero percent credit card installment program] to 3.50% per month for both nine months ended September 2025 and 2024. Interest income amounted to P180,555 and P165,297 for the nine months ended September 30, 2025 and 2024, respectively.

As of September 30, 2025 and December 31, 2024, there were no receivables from customers of BDO Unibank Group pledged as collateral to secure borrowings.

Certain receivables from customers of the BDO Unibank Group amounting to P9,960 as of September 30, 2025 and P10,092 as of December 31, 2024, are subject to offsetting against corresponding collaterals received as a means of security amounting to P6,139 and P8,682, respectively. These arrangements indicate a legally enforceable right to offset the recognized amounts with an intention to settle on a net basis.

## 11. PREMISES, FURNITURE, FIXTURES AND EQUIPMENT

A reconciliation of the carrying amounts at the beginning and end of the nine months ended September 30, 2025 and of the year ended December 31, 2024 of premises, furniture, fixtures and equipment for BDO Unibank Group is shown below.

<i>(Amounts in PHP)</i>	Land	Furniture, Fixtures and Equipment	Buildings	Leasehold Rights and Improvement	Construction in Progress	Right-of- Use Assets	Total
<b><u>September 30, 2025 (Unaudited)</u></b>							
Balance at January 1, 2025, net of accumulated depreciation amortization and impairment	8,482	12,063	15,991	1,545	4,245	11,878	54,204
Additions	1,764	2,381	144	648	3,464	3,354	11,755
Disposals	(12)	(41)	-	-	-	(57)	(110)
Reclassifications	(46)	500	(992)	78	(65)	-	(525)
Foreign exchange revaluation	-	3	83	1	-	2	89
Impairment	-	-	(2)	-	-	-	(2)
Adjustments	-	-	-	-	-	(2)	(2)
Depreciation and amortization charges for the period	-	(2,420)	(624)	(457)	-	(2,768)	(6,269)
Balance at September 30, 2025 net of accumulated depreciation amortization and impairment	<b>10,188</b>	<b>12,486</b>	<b>14,600</b>	<b>1,815</b>	<b>7,644</b>	<b>12,407</b>	<b>59,140</b>
<b><u>December 31, 2024 (Audited)</u></b>							
Balance at January 1, 2024, net of accumulated depreciation, amortization and impairment	8,480	9,016	16,245	1,412	1,930	11,002	48,085
Additions	2	6,017	502	750	2,363	4,403	14,037
Disposals	-	(53)	-	(84)	-	(41)	(178)
Reclassifications	-	39	44	39	(46)	-	76
Impairment	-	-	(2)	-	-	-	(2)
Adjustments	-	-	-	(1)	-	(28)	(29)
Reversal	-	-	-	(1)	(3)	-	(4)
Foreign exchange revaluation	-	-	22	-	-	30	52
Effect of merger	-	-	-	-	1	-	1
Depreciation and amortization charges for the year	-	(2,956)	(820)	(570)	-	(3,488)	(7,834)
Balance at December 31, 2024, net of accumulated depreciation, amortization and impairment	<b>8,482</b>	<b>12,063</b>	<b>15,991</b>	<b>1,545</b>	<b>4,245</b>	<b>11,878</b>	<b>54,204</b>

## 12. LEASES

The BDO Unibank Group has leases for certain land and buildings. With the exception of short-term leases and leases of low-value underlying assets, each lease is recognized as a Right-of-use asset under Premises, Furniture, Fixtures and Equipment (see Note 11) and a Lease liabilities under Other Liabilities (see Note 20) in the condensed consolidated interim statement of financial position.

Each lease generally imposes a restriction that, unless there is a contractual right for the BDO Unibank Group to sublet the asset to another party, the right-of-use asset can only be used by the BDO Unibank Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The BDO Unibank Group is prohibited from selling or pledging the underlying leased assets as security. For leases over land and office spaces, the BDO Unibank Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the BDO Unibank Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The tables below describe the nature of BDO Unibank Group leasing activities by type of right-of-use asset recognized as part of Premises, Furniture, Fixtures and Equipment in the condensed consolidated interim statement of financial position.

<i>(Amounts in PHP)</i>	<u>Number of Right-of-use Asset Leased</u>	<u>Range of Remaining Term</u>	<u>Average Remaining Lease Term</u>
<b><u>September 30, 2025</u></b>			
Land	54	0 month – 60.0 years	11.8 years
Buildings	1,978	0 month – 20.0 years	6.0 years
<b><u>December 31, 2024</u></b>			
Land	53	0 month – 60.0 years	12.6 years
Buildings	1,850	0 month – 20.0 years	7.8 years

### 12.1 Right-of-Use Assets

The carrying amounts of BDO Unibank Group's right-of-use assets as of September 30, 2025 and December 31, 2024 and the movements during the period are shown below.

<i>(Amounts in PHP)</i>	<b>September 30, 2025</b>			<b>December 31, 2024</b>		
	<u>Land</u>	<u>Building</u>	<u>Total</u>	<u>Land</u>	<u>Building</u>	<u>Total</u>
Balance at the beginning of the period, net of accumulated depreciation	665	11,213	11,878	484	10,518	11,002
Additions	17	3,337	3,354	227	4,176	4,403
Disposals	(1)	(56)	(57)	(3)	(38)	(41)
Reclassification	-	-	-	8	(8)	-
Adjustment	(1)	(1)	(2)	-	(28)	(28)
Foreign exchange revaluation	-	2	2	-	30	30
Depreciation and amortization	(38)	(2,730)	(2,768)	(51)	(3,437)	(3,488)
Balance at the end of the period, net of accumulated depreciation	<u>642</u>	<u>11,765</u>	<u>12,407</u>	<u>665</u>	<u>11,213</u>	<u>11,878</u>

## 12.2 Lease Liabilities

Lease liabilities are presented in the condensed consolidated interim statement of financial position as part of Other Liabilities amounting to P14,576 and P14,001 as of September 30, 2025 and December 31, 2024, respectively (see Note 20).

The use of extension and termination options gives the BDO Unibank Group's flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the BDO Unibank Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost. As at September 30, 2025, the terms of the lease contracts of the BDO Unibank Group are renewable upon mutual agreement of the parties.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as of September 30, 2025 and December 31, 2024 of BDO Unibank Group are as follows:

<i>(Amounts in PHP)</i>	<b>Within 1 Year</b>	<b>1 to 2 Years</b>	<b>2 to 3 Years</b>	<b>3 to 4 Years</b>	<b>4 to 5 Years</b>	<b>5 to 10 Years</b>	<b>10 or More Years</b>	<b>Total</b>
<u>September 30, 2025 (Unaudited)</u>								
Lease payments	4,521	3,615	2,729	1,924	1,215	3,393	1,982	19,379
Finance charges	(977)	(743)	(548)	(407)	(317)	(855)	(956)	(4,803)
Net present value	<u>3,544</u>	<u>2,872</u>	<u>2,181</u>	<u>1,517</u>	<u>898</u>	<u>2,538</u>	<u>1,026</u>	<u>14,576</u>
<u>December 31, 2024 (Audited)</u>								
Lease payments	4,387	3,566	2,858	1,981	1,156	2,527	1,755	18,230
Finance charges	(915)	(687)	(490)	(338)	(242)	(638)	(919)	(4,229)
Net present value	<u>3,472</u>	<u>2,879</u>	<u>2,368</u>	<u>1,643</u>	<u>914</u>	<u>1,889</u>	<u>836</u>	<u>14,001</u>

The total cash outflow in respect of leases amounted to P3,537 and P3,347 for the nine months ended September 30, 2025 and 2024, respectively. Interest expense in relation to lease liabilities amounted to P796 and P762 for the nine months ended September 30, 2025 and 2024, respectively, which is presented as Interest Expense on Lease Liabilities under Interest Expense account in the condensed consolidated interim statements of income.

## 12.3 Lease Payments Not Recognized as Liabilities

The BDO Unibank Group has elected not to recognize a lease liability for short-term leases and for leases of low value assets. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities. Payments made under such leases are expensed as incurred.

The expenses relating to short-term leases and low-value assets amounted to P8 and P312, respectively, for the nine months ended September 30, 2025 and P18 and P303, respectively, for the nine months ended September 30, 2024. Moreover, expenses recognized relating to variable lease payments amounted to P416 and P250 for the nine months ended September 30, 2025 and 2024, respectively. These are presented as part of Occupancy under Other Operating Expenses account in the condensed consolidated interim statements of income (see Note 22).



### 13. INVESTMENT PROPERTIES

Investment properties include land and buildings held for capital appreciation and for rental. A reconciliation of the carrying amounts at the beginning and end of the nine months ended September 30, 2025 and of the year ended December 31, 2024 of investment properties is shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Balance at the beginning of period, net of accumulated depreciation and allowance for impairment		<b>33,825</b>	42,429
Additions		<b>5,714</b>	3,826
Depreciation charges	22	<b>(1,501)</b>	(1,999)
Disposals		<b>(1,061)</b>	(1,387)
Impairment recovery (loss)		<b>(211)</b>	231
Foreign exchange revaluation		<b>158</b>	41
Reclassifications	16.3	<b>1,108</b>	(9,316)
Balance at the end of period, net of accumulated depreciation and allowance for impairment		<b>38,032</b>	33,825

### 14. EQUITY INVESTMENTS

Equity investments consist of the following:

<i>(Amounts in PHP)</i>	<u>% Interest Held</u>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Acquisition costs:			
NLEX Corporation	12.12%	<b>1,805</b>	1,765
NorthPine Land, Inc.	20.00%	<b>232</b>	232
Taal Land, Inc.	33.33%	<b>170</b>	170
		<b>2,207</b>	2,167
Accumulated equity in total comprehensive income:			
Balance at beginning of period		<b>2,697</b>	2,225
Equity in net profit (see Note 22)		<b>1,304</b>	1,397
Dividends		<b>(1,155)</b>	(924)
Equity on other comprehensive loss		<b>(7)</b>	(1)
Balance at end of period		<b>2,839</b>	2,697
Net investments in associates		<b>5,046</b>	4,864
Allowance for impairment (see Note 17)		<b>(153)</b>	(153)
		<b>4,893</b>	4,711

## 15. ASSETS AND LIABILITIES FOR LIFE INSURANCE CONTRACTS

The details of the investment securities and other assets for life insurance contract and other liabilities for life insurance contracts of the BDO Unibank Group are as follows:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Investment securities and other assets for life insurance contracts:			
Financial assets as FVTPL	15.1	<b>35,904</b>	36,072
Financial assets at FVOCI	15.1	<b>87,089</b>	77,303
Investment securities at amortized cost - net		<b>634</b>	637
Loans and other receivables - net		<b>3,260</b>	3,630
Investment properties - net		<b>4,076</b>	4,208
Other resources		<b>75</b>	61
		<b>131,038</b>	121,911
Insurance contract and other liabilities for life insurance contracts:			
Insurance contract liabilities	15.2	<b>91,827</b>	86,170
Premium deposit fund		<b>4,008</b>	3,944
Insurance payables		<b>83</b>	89
Other liabilities		<b>1,656</b>	1,268
		<b>97,574</b>	91,471

The details of the income attributable to insurance operations before income tax and minority interest of the BDO Unibank Group are as follows:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>September, 2024 (Unaudited)</b>
Insurance premium - net	<b>17,232</b>	14,780
Insurance benefits and claim - net	<b>(13,098)</b>	(11,421)
Interest income	<b>3,584</b>	3,371
Impairment recovery	<b>4</b>	10
Operating expenses	<b>(2,467)</b>	(2,323)
Other income	<b>422</b>	1,172
	<b>5,677</b>	5,589

### 15.1 Financial Assets at FVTPL and FVOCI

The details of the carrying amount of financial assets at FVTPL and FVOCI of the BDO Unibank Group for life insurance contracts are as follows:

<i>(Amounts in PHP)</i>	<b>FVTPL</b>		<b>FVOCI</b>	
	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Government debt securities	<b>4,892</b>	4,538	<b>75,317</b>	64,741
Corporate debt securities	<b>5,004</b>	4,103	<b>5,442</b>	6,033
Equity securities	<b>26,008</b>	27,431	<b>6,330</b>	6,529
	<b>35,904</b>	36,072	<b>87,089</b>	77,303

As to currency, the financial assets are composed of the following:

<i>(Amounts in PHP)</i>	<b>FVTPL</b>		<b>FVOCI</b>	
	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Foreign currencies	<b>4,766</b>	3,630	<b>5,574</b>	6,106
Philippine peso	<b>31,138</b>	32,442	<b>81,515</b>	71,197
	<b>35,904</b>	36,072	<b>87,089</b>	77,303

Effective interest rates of debt securities at FVTPL and FVOCI for the nine months ended September 30, 2025 and 2024 range from:

	<b>September 30,</b>	<b>September 30,</b>
	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>FVTPL</b>		
Government debt securities	<b>3.38% – 9.50%</b>	3.56% – 10.63%
<b>FVOCI</b>		
Government debt securities	<b>2.02% – 8.13%</b>	2.02% – 8.13%
Corporate debt securities	<b>3.45% – 8.49%</b>	3.45% – 8.49%

The reconciliation of the carrying amounts of financial assets at FVOCI is as follows:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Balance at beginning of period	<b>77,303</b>	72,102
Additions	<b>17,970</b>	19,527
Maturities and disposals	<b>(8,183)</b>	(13,718)
Unrealized fair value gains (losses)	<b>230</b>	(541)
Foreign currency revaluation	<b>(104)</b>	125
Realized fair value gains	<b>(127)</b>	(192)
Balance at end of period	<b>87,089</b>	77,303

The reconciliation of unrealized fair value losses on financial assets at FVOCI reported under equity is shown below.

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Balance at beginning of period	<b>(2,141)</b>	(1,403)
Changes on unrealized fair value losses during the period:		
Fair value gains (losses)	<b>230</b>	(541)
Expected credit losses on FVOCI securities	<b>(3)</b>	(5)
	<b>(1,914)</b>	(1,949)
Realized fair value gains on securities disposed during the period - net	<b>(127)</b>	(192)
Balance at end of period	<b>(2,041)</b>	(2,141)

The fair values of government debt, quoted equity securities and corporate debt securities have been determined directly by reference to published prices generated in an active market (see Note 6.3).

## **15.2 Insurance Contract Liabilities**

This account consists of:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Legal policy reserves	<b>86,785</b>	80,747
Policy and contract claims payable	<b>1,958</b>	2,851
Policyholders' dividends	<b>3,084</b>	2,572
Balance at end of period	<b>91,827</b>	86,170

Legal policy reserves represent estimates of present value of benefits in excess of present value of premium and also include the policyholders' share in net assets for variable-unit linked life insurance contracts (see Note 26). These estimates are based on interest rates, mortality/morbidity tables, lapsed rate, and valuation method as prescribed by the Insurance Commission (IC). Movements in legal policy reserves for the periods ended September 30, 2025 and 2024, except those brought about by changes in discount rate, are recognized as part of Policy reserves, insurance benefits and claims under Income Attributable to Insurance Operations - Net in the condensed consolidated interim statements of income.

In accordance with the IC circular on valuation standard for the life insurance reserves, movements attributable to changes in discount rate are presented under Remeasurement on life insurance reserves in the condensed consolidated interim statements of comprehensive income.

## 16. OTHER RESOURCES

Other resources consist of the following:

<i>(Amounts in PHP)</i>	Notes	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Non-current assets held for sale	16.3	10,680	10,672
Deferred charges	16.1	10,147	8,399
Retirement assets		9,933	6,676
Prepaid expenses		6,930	4,154
Foreign currency notes and coins on hand		5,798	10,301
Computer software - net	16.4	4,616	4,393
Goodwill	16.2	4,535	4,535
Branch licenses	16.2	3,020	3,020
Prepaid documentary stamps		1,358	938
Customer lists - net	16.4	487	487
Real properties for development and sale		89	89
Returned checks and other cash items		5	854
Deferred tax assets - net	28	-	45
Others	16.4, 24.4	9,057	10,547
		66,655	65,110
Allowance for impairment	17	(2,117)	(2,122)
		64,538	62,988

### 16.1 Deferred Charges

Deferred charges represent the unamortized portion of loan origination fees, which consist of commission and other fees related to auto loans and origination costs related to Long-term Negotiable Certificate of Deposits (LTNCD). These also include originating costs related to Fixed Rate Bonds, Bills Payable and Senior Notes.

## **16.2 Goodwill and Branch Licenses**

Goodwill represents the excess of the cost of acquisition of the BDO Unibank Group over the fair value of the net assets acquired at the date of acquisition and relates mainly to business synergy for economics of scale and scope. This is from the acquisition of BDO Card Corporation, United Overseas Bank Philippines, American Express Bank, Ltd., GE Money Bank, Rural Bank of San Juan, Inc., BDO RIH, BDO Network and Rural Bank of Pandi, Inc., which were acquired in 2005, 2006, 2007, 2009, 2012, 2013, 2015 and 2019, respectively.

There was no additional impairment loss on goodwill recognized for the nine months ended September 30, 2025 and 2024.

Branch licenses represent the rights granted by the BSP to the Parent Bank to establish certain number of branches as an incentive in acquiring The Real Bank (A Thrift Bank), Inc. and Banco De Oro Savings Bank, Inc. in addition to the current branches of the acquired banks. There was no allowance on impairment loss on branch license recognized in the BDO Unibank Group's condensed consolidated interim financial statements, since all branch licenses were already utilized.

## **16.3 Non-current Assets Held for Sale**

Non-current assets held for sale include real and other properties acquired through repossession or foreclosure that BDO Unibank Group intends to sell within one year from the date of classification as held for sale. Impairment loss recognized amounted to P14 and nil for the nine months ended September 30, 2025 and 2024, respectively.

In 2024, the Parent Bank obtained full ownership of the Podium Mall, located at 12 ADB Avenue, Ortigas Center, Mandaluyong City, with a carrying amount of P9,461 and P9,437, as of September 30, 2025 and at the date of transfer, respectively, following the merger with TPCI (see Note 27.6). The mall was classified as a non-current asset held for sale, as the BSP required it to be disposed of within six months from the date of effectivity of the merger. On June 26, 2025, the BSP approved the request of the Parent Bank for an extension of time to fully dispose of its ownership of the mall within three years from June 1, 2025 until May 30, 2028.

## **16.4 Others**

Others mainly comprise security deposits, trading rights, supplies and deferred input value-added tax (VAT).

Amortization expense on computer software licenses amounted to P1,575 and P1,467 for the nine months ended September 30, 2025 and 2024, respectively, and is presented as Amortization of computer software under Other Operating Expenses account in the condensed consolidated interim statements of income (see Note 22).

Depreciation expense and amortization on certain assets amounted to P44 and P138 for the nine months ended September 30, 2025 and 2024, respectively, and is presented as part of Occupancy under Other Operating Expenses account in the condensed consolidated interim statements of income (see Note 22).

There was no additional impairment loss on customer lists recognized for the nine months ended September 30, 2025 and 2024.

## 17. ALLOWANCE FOR IMPAIRMENT

Changes in the allowance for impairment are summarized below.

<i>(Amounts in PHP)</i>	Notes	September 30, 2025 <b>(Unaudited)</b>	December 31, 2024 <b>(Audited)</b>
Balance at beginning of period:			
Due from other banks	8	37	58
FVOCI	9.2	4	-
Investment securities at amortized cost	9.3	2,112	2,126
Loans and other receivables	10	92,091	85,811
Bank premises	11	622	619
Investment properties	13	1,498	1,800
Equity investments	14	153	153
Investment securities and other assets for life insurance contracts	15	46	47
Other resources	16	2,122	2,181
		<b>98,685</b>	<b>92,795</b>
Impairment losses - net		11,286	14,064
Write-offs		(11,995)	(8,245)
Foreign currency revaluation		40	220
Adjustments		(2)	(105)
Reclassifications		(1)	101
Reversals		(1,372)	(145)
Balance at the end of period		<b>96,641</b>	<b>98,685</b>

The composition of allowance for impairment is summarized below.

<i>(Amounts in PHP)</i>	Notes	September 30, 2025 <b>(Unaudited)</b>	December 31, 2024 <b>(Audited)</b>
Balance at end of period:			
Due from other banks	8	45	37
FVOCI	9.2	4	4
Investment securities at amortized cost	9.3	2,134	2,112
Loans and other receivables	10	89,841	92,091
Bank premises	11	624	622
Investment properties	13	1,678	1,498
Equity investments	14	153	153
Investment securities and other assets for life insurance contracts	15	45	46
Other resources	16	2,117	2,122
		<b>96,641</b>	<b>98,685</b>

For the nine months ended September 30, 2025 and 2024, the BDO Unibank Group recognized impairment loss (recovery) on debt securities measured at FVOCI amounting to P18 and (P28), respectively. The impairment loss (recovery) on debt securities classified as FVOCI are recognized as part of items that are or will be reclassified subsequently to profit or loss in the condensed consolidated interim statements of comprehensive income. Moreover, for the nine months ended September 30, 2025 and 2024, the BDO Unibank Group recognized impairment loss (recovery) on loan commitments and other contingent accounts amounting to (P29) and P8, respectively, which is presented as part of Others under Other Liabilities in the condensed consolidated interim statement of financial position (see Note 20).

## 18. DEPOSIT LIABILITIES

The breakdown of this account is presented below.

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Demand	603,110	567,904
Savings	2,130,359	2,143,915
Time	1,373,039	1,082,208
	<b>4,106,508</b>	<b>3,794,027</b>

The breakdown of this account as to currency follows:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Philippine pesos	3,589,893	3,319,599
Foreign currencies	516,615	474,428
	<b>4,106,508</b>	<b>3,794,027</b>

The maturity profile of deposit liabilities is presented below.

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Less than one year	4,065,039	3,743,846
One to five years	32,437	38,431
Beyond five years	9,032	11,750
	<b>4,106,508</b>	<b>3,794,027</b>



BDO Unibank Group's deposit liabilities bear annual interest rates ranging from 0.00% to 6.25% and 0.00% to 6.38% for the nine months ended September 30, 2025 and 2024, respectively. Demand and savings deposits usually have both fixed and variable interest rates while time deposits have fixed interest. For the nine months ended September 30, 2025 and 2024, interest on deposit liabilities amounted to P56,234 and P53,819, respectively.

BDO Unibank Group's time deposit liabilities include the Parent Bank's LTNCDs as of September 30, 2025 and December 31, 2024 as presented as follows:

BSP Approval	Effective Rate	Outstanding Balance		Issue Date	Maturity Date
		September 30, 2025 (Unaudited)	December 31, 2024 (Audited)		
August 15, 2019	4.000%	-	6,500	September 27, 2019	March 27, 2025

The net proceeds from the issuance of LTNCDs are intended to diversify the Parent Bank's maturity profile of funding source and to support its business expansion plans.

## 19. BILLS PAYABLE

This account is composed of the following borrowings from:

<i>(Amounts in PHP)</i>	Notes	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Fixed rate bonds	19.2	171,295	119,568
Foreign banks		67,095	58,324
Senior notes	19.1	40,926	49,555
Local banks		25,137	20,743
Deposit substitutes		-	13,280
		<u>304,453</u>	<u>261,470</u>

The breakdown of this account as to currency follows:

<i>(Amounts in PHP)</i>	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Philippine pesos	196,432	121,451
Foreign currencies	<u>108,021</u>	<u>140,019</u>
	<u>304,453</u>	<u>261,470</u>

The maturity profile of bills payable is presented below.

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
One to three months	27,162	28,193
More than three months to one year	95,830	113,600
More than one to three years	175,672	113,925
More than three years	5,789	5,752
	<b>304,453</b>	<b>261,470</b>

As of September 30, 2025 and December 31, 2024, certain bills payable amounting to nil and P13,736, respectively, are collateralized by trading and investment securities. No receivables from customers were used as collateral for either period (see Notes 9.2, 9.3 and 10).

For the nine months ended September 30, 2025 and 2024, interest on bills payable amounted to P10,884 and P8,971, respectively, and is included as part of Interest Expense on Bills Payable and Other Borrowings in the condensed consolidated interim statements of income.

### 19.1 Senior Notes

The Parent Bank issued senior notes as follows:

<b>Issue Date</b>	<b>Maturity Date</b>	<b>Coupon Interest</b>	<b>Principal Amount in million USD</b>	<b>Outstanding Balance in PHP</b>	
				<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
May 16, 2022	May 16, 2029	3.71%	100	5,873	5,780
July 13, 2020	January 13, 2026	2.13%	600	35,053	34,960
February 20, 2018	February 20, 2025	4.16%	150	-	8,815
				<b>40,926</b>	<b>49,555</b>

On May 16, 2022, the Parent Bank issued its maiden blue bond amounting to US\$100 million through an investment from the International Finance Corporation (IFC). The bond, with an interest rate of 3.71% and a tenor of seven years, expanded financing for projects that help prevent marine pollution and preserve clean water resources. The issuance marked a milestone for BDO Unibank Group for being the first private sector issuance for a blue bond in Southeast Asia.

The issuance of the senior notes in 2020 is part of the Parent Bank's liability management initiatives to tap longer-term funding sources to support its dollar-denominated projects and effectively refinance outstanding bonds.

On February 20, 2025, the Parent Bank redeemed its US\$150 million Green Bond, upon maturity.

## 19.2 Fixed Rate Bonds

On August 31, 2018, the Board of Directors (BOD) approved the establishment of a P100 billion Peso Bond Program. On February 1, 2020, the BOD approved an increase of P300 billion to the Parent Bank's Peso Bond Program.

On January 29, 2024, the Parent Bank issued a P63.3 billion of Peso-denominated fixed rate ASEAN Sustainability Bonds under its P365 billion bond program. The bonds carried an interest rate of 6.03% per annum and matured on July 29, 2025.

On July 24, 2024, the Parent Bank issued P55.7 billion of Peso-denominated fixed rate ASEAN Sustainability Bonds. The bonds carry an interest rate of 6.3% per annum and will mature on January 24, 2026.

During its April 25, 2025 meeting, the BOD approved the increase in the Parent Bank's Peso Bond Program to P500 billion, effectively adding P382.8 billion to the existing program, which currently has an unissued portion of P117.2 billion. On July 29, 2025, the Parent Bank issued P115 billion of ASEAN Sustainability Bonds. The bonds have a tenor of 1.5 years with coupon rate of 5.875% per annum and will mature on January 11, 2027.

## 19.3 Reconciliation of Liabilities Arising from Financing Activities

Presented below is the reconciliation of liabilities arising from financing activities both for the nine months ended September 30, 2025 and 2024, which includes both cash and non-cash changes:

<i>(Amounts in PHP)</i>	<b>Senior Notes</b>	<b>Fixed Rate Peso Bonds</b>	<b>Others</b>	<b>Total</b>
Balance as of January 1, 2025	49,555	119,568	92,347	261,470
Cash flows from financing activities				
Repayment of borrowings	-	(63,642)	(148,080)	(211,722)
Additional borrowings	(8,755)	114,122	147,307	252,674
Non-cash financing activities				
Interest amortization	(194)	1,247	(228)	825
Revaluation	320	-	886	1,206
Balance as of September 30, 2025	<b>40,926</b>	<b>171,295</b>	<b>92,232</b>	<b>304,453</b>
Balance as of January 1, 2024	47,333	52,899	89,350	189,582
Cash flows from financing activities				
Repayment of borrowings	-	(52,899)	(120,554)	(173,453)
Additional borrowings	-	118,086	125,461	243,547
Non-cash financing activities				
Interest amortization	(142)	1,328	1,527	2,713
Revaluation	569	-	(969)	(400)
Balance as of September 30, 2024	<b>47,760</b>	<b>119,414</b>	<b>94,815</b>	<b>261,989</b>

## 20. OTHER LIABILITIES

Other liabilities consist of the following:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Accrued expenses		27,448	19,418
Manager's checks		18,043	18,729
Accounts payable		17,822	35,015
Lease liabilities	12.2, 24.4(a)	14,576	14,001
Bills purchased - contra		12,159	13,362
Outstanding acceptances payable		8,212	22,732
Derivatives with negative fair values		7,377	6,361
Withholding taxes payable		2,966	4,031
Lease deposits		2,403	2,269
Due to BSP and Treasurer of the Philippines		1,663	1,175
Due to principal		453	314
Capitalized interest and other charges		337	314
Others	17, 28, 31.1.1	15,999	13,966
		<b>129,458</b>	<b>151,687</b>

Others include margin deposits, life insurance deposits, cash letters of credit, deferred tax liability and miscellaneous liabilities.

Interest expense on certain liabilities amounting to P35 and P56 for the nine months ended September 30, 2025 and 2024, respectively, are presented as part of Interest Expense on Bills Payable and Other Borrowings in the condensed consolidated interim statements of income.

For the nine months ended September 30, 2025 and 2024, the BDO Unibank Group recognized impairment losses (recoveries) for off-books account amounting to (P29) and P9, respectively. The accumulated impairment losses as of September 30, 2025 and December 31, 2024 for off-books account amounting to P80 and P118 and for miscellaneous liabilities - damage suit amounting to P70 and P60, respectively, are recognized as part of Others under Other Liabilities account in the condensed consolidated interim statement of financial position.

## 21. EQUITY

### *21.1 Capital Management and Regulatory Capital*

The Internal Capital Adequacy Assessment Process (ICAAP) document, as required by the BSP, articulates BDO Unibank Group's capital planning strategy and discusses governance, risk assessment, capital assessment and planning, capital adequacy monitoring and reporting, as well as internal control reviews. The Bank likewise incorporates sensitivity analysis and contingency planning, and has set benchmarks that will trigger management action when necessary. Annually as required, BDO Unibank Group submits its updated ICAAP to the BSP.

In implementing current capital requirements, the BSP requires BDO Unibank Group to maintain a prescribed ratio of qualifying capital to risk-weighted assets.

The BSP has adopted the Basel 3 risk-based capital adequacy framework effective January 1, 2014, as amended on January 1, 2019, which requires BDO Unibank Group to maintain:

- (a) Common Equity Tier 1 (CET 1) of at least 6.0% of risk-weighted assets;
- (b) Tier 1 Capital of at least 7.5% of risk-weighted assets;
- (c) Qualifying Capital (Tier 1 plus Tier 2 Capital) of at least 10.0% of risk-weighted assets;
- (d) Capital Conservation Buffer of 2.5% of risk-weighted assets, comprised of CET1 Capital; and,
- (e) Countercyclical Capital Buffer (CCyB) of 0% subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant but not to exceed 2.5%.

The regulatory capital is analyzed as CET 1 Capital, Additional Tier 1 Capital and Tier 2 Capital, each adjusted for prescribed regulatory deductions.

Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the Monetary Board of the BSP.

BDO Unibank Group's policy is to maintain a strong capital base to promote investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder's return is also recognized and BDO Unibank Group recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Under BSP Circular 854, universal banks with more than 100 branches are required to comply with the minimum capital requirement of P20 billion. As of September 30, 2025 and December 31, 2024, the Parent Bank has complied and is well above the minimum capitalization requirement.

The BSP issued Circular 856 on the guidelines on the framework for dealing with domestic systemically important banks (DSIB) that is consistent with the Basel principles, as amended by BSP Circular No. 1051 dated September 27, 2019. Banks, which are identified as DSIB, shall be required to have a higher loss absorbency (HLA) depending on their computed systemic importance. The HLA requirement is aimed at ensuring that DSIBs have a higher share of their statements of financial position funded by instruments, which increase their resilience as a going concern. The HLA requirement is to be met with CET 1 capital.

Under BSP Circular No. 1051, banks identified by the BSP as DSIB are required to put up lower HLA ranging from 1.50% to 2.50%, effective October 17, 2019.

BSP Circular 1024 requires banks to put up a CCyB, which is set initially at 0%, composed of CET 1. CCyB may be subject to upward adjustment to a rate determined by the Monetary Board when systemic conditions warrant but not to exceed 2.5%. This took effect last January 4, 2019.

BDO Unibank Group's regulatory capital position (computed using balances prepared under PFRS Accounting Standards) based on the Basel 3 risk-based capital adequacy framework as of September 30, 2025 and December 31, 2024 follows:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Tier 1 Capital		
CET 1	<b>598,329</b>	557,373
Additional Tier 1	<b>6,180</b>	6,180
	<b>604,509</b>	563,553
Tier 2 Capital	<b>35,617</b>	33,540
Total Regulatory Capital	<b>640,126</b>	597,093
Deductions	<b>(59,737)</b>	(60,926)
Total Qualifying Capital	<b>580,389</b>	536,167
Total Risk Weighted Assets	<b>3,733,367</b>	3,520,956
Capital ratios:		
Total qualifying capital expressed as a percentage of total risk weighted assets	<b>15.5%</b>	15.2%
Tier 1 Capital Ratio	<b>14.6%</b>	14.3%
Total CET 1 Ratio	<b>14.4%</b>	14.1%

As of September 30, 2025 and December 31, 2024, the BDO Unibank Group has complied and is well above the prescribed ratio of qualifying capital to risk-weighted assets.

## 21.2 Capital Stock

Capital stock consists of the following:

	Number of Shares		Amount	
	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
<i>(Amounts in PHP)</i>				
<b>Preferred shares – P10 par value</b>				
Authorized – 1,000,000,000 shares				
Issued, fully paid and outstanding:				
Balance at end of period	<u>618,000,000</u>	<u>618,000,000</u>	<u>6,180</u>	<u>6,180</u>
<b>Common shares – P10 par value</b>				
Authorized – 8,500,000,000 shares				
Issued, fully paid and outstanding:				
Balance at beginning of period	5,326,492,045	5,268,362,374	53,265	52,684
Issued during the period	<u>6,860,782</u>	<u>58,129,671</u>	<u>69</u>	<u>581</u>
Balance at end of period	<u>5,333,352,827</u>	<u>5,326,492,045</u>	<u>53,334</u>	<u>53,265</u>
Treasury shares – at cost	<u>-</u>	<u>(54,234,084)</u>	<u>-</u>	<u>(7,077)</u>
Total outstanding	<u>5,333,352,827</u>	<u>5,272,257,961</u>	<u>53,334</u>	<u>46,188</u>

### 21.2.1 Preferred Shares

The following are the features of the BDO Unibank Group's preferred shares:

- (a) Perpetual, voting, non-cumulative, convertible, non-participating, peso-denominated Series A shares;
- (b) Convertible to common shares at the option of the holder after five years from the issue date or at the option of BDO Unibank Group at any time after issue date; and,
- (c) Dividend rate is 6.50% per annum of the par value.

### 21.2.2 Common Shares

As of September 30, 2025 and December 31, 2024, there are 12,319 and 12,267 holders of the listed shares, respectively, equivalent to 100% of the Parent Bank's total outstanding shares. Such listed shares closed at P132.90 per share as of September 30, 2025 and at P144.00 per share as of December 27, 2024 (the last trading day in 2024).

## 21.3 BDO American Depositary Receipt Program

On April 18, 2013, the Parent Bank launched its Sponsored Level 1 American Depositary Receipt (ADR) Program by which negotiable securities representing underlying BDO common shares can be traded in the U.S. over-the-counter (OTC) market. This provides flexibility for U.S. investors to trade BDO common shares in their time zone and settle their transactions locally. It is meant to tap the pool of U.S. ADR investors, enhance visibility and global presence and diversify and broaden the Parent Bank's shareholder base. ADRs are quoted and traded in U.S. dollars, and cash dividends received on the underlying shares are paid to investors also in U.S. dollars. The ADR ratio for BDO's sponsored Level 1 ADR Program is 1:10, with each ADR representing ten underlying BDO common shares.

The sponsored Level 1 ADR Program does not necessitate the issuance of new shares as ADRs are traded on the U.S. OTC/secondary market using existing shares, in contrast to the sponsored Level II ADR or sponsored Level III ADR where shares are fully listed on a recognized U.S. exchange (e.g., NYSE, NASDAQ). As such, a Level 1 ADR is not a capital raising transaction, to differentiate it from Level III ADR, which allows the issuer to raise capital through a public offering of ADRs in the U.S.

The sponsored Level 1 ADR is exempt, under U.S. SEC Rule 12g3-2(b), from SEC registration, disclosure requirements and reporting obligations, including Sarbanes-Oxley and U.S. generally accepted accounting principles.

The Parent Bank appointed Deutsche Bank (DB) as the exclusive depositary of ADRs for a period of five years. As depositary bank, DB is responsible for the issuance and cancellation, as well as the registration of the ADRs; custody of the underlying BDO common shares and maintenance of the register of holders; the distribution of dividends; and execution of corporate actions and services to the Issuer (i.e., BDO)/Investor/Broker. In October 2018, the Parent Bank renewed the appointment of Deutsche Bank as the exclusive depositary of ADRs for another five years. Subsequently, in April 2023, the Parent Bank renewed the appointment of DB as the exclusive depositary of ADRs for another year.

As of September 30, 2025 and December 31, 2024, 2,187,898 and 1,665,993 ADRs valued at US\$51,875,062 and US\$42,482,822 (absolute amount), respectively, remained outstanding (computed using ADR closing price of US\$23.71/share and US\$25.50/share, respectively).

## 21.4 Surplus Free

The details of the Parent Bank's cash dividend distributions are as follows:

<i>(Amounts in PHP)</i>				
<u>Date Declared and Approved</u>	<u>Common Shares Dividend</u>		<u>Record Date</u>	<u>Date Paid/Payable</u>
	<u>Per Share</u>	<u>Total Amount</u>		
February 24, 2024	0.75	3,952	March 12, 2024	March 27, 2024
May 25, 2024	1.00	5,268	June 11, 2024	June 28, 2024
August 31, 2024	1.00	5,272	September 17, 2024	September 30, 2024
November 28, 2024	1.00	5,273	December 13, 2024	December 27, 2024
February 22, 2025	1.00	5,273	March 11, 2025	March 31, 2025
May 31, 2025	1.10	5,860	June 18, 2025	June 30, 2025
August 30, 2025	1.10	5,866	September 16, 2025	September 30, 2025

  

<u>Date Declared and Approved</u>	<u>Preferred Shares Dividend</u>		<u>Date Paid/Payable</u>
	<u>Per Annum</u>	<u>Total Amount</u>	
January 27, 2024	6.50%	407	February 19, 2024
January 31, 2025	6.50%	408	February 21, 2025

On April 19, 2024, the BOD of the Parent Bank approved the declaration as property dividends the treasury shares arising from the merger of the Parent Bank and The Podium Complex (TPCI), formerly known as SM Keppel Land, Inc. (SMKL), with the Parent Bank as the surviving entity. The treasury shares equivalent to approximately 1.00% of current outstanding shares amounting to P7,076 were distributed to shareholders on May 30, 2025 at an entitlement ratio of 0.0092057685 for every 1 BDO share held on record date, May 20, 2025 after obtaining approval from the Securities and Exchange Commission (SEC) (see Note 27.6).



### ***21.5 Surplus Reserves***

In compliance with BSP regulations, 10% of BDO Unibank Group's profit from trust business is appropriated to surplus reserves (see Note 25). There was no appropriation for the nine months ended September 30, 2025 and 2024.

The BDO Unibank Group appropriated its Surplus Free for impairment of general loan loss portfolio amounting to P2,712 and P2,216 for the nine months ended September 30, 2025 and 2024, respectively. The accumulated amount of appropriation to surplus reserves for general loan loss portfolio as of September 30, 2025 and December 31, 2024 amounted to P23,397 and P20,685, respectively, for BDO Unibank Group. This appropriation was prescribed by BSP and was recognized as part of Surplus Reserves account.

On February 26, 2025, the BOD of BDO Capital authorized the appropriation of retained earnings amounting to P700. BDO Capital allotted P500 for its expansion programs to further support its underwriting activities over the next five years and the remaining P200 is intended to support BDO Securities' working capital requirements in 2025. No similar appropriations for the period ended September 30, 2024. Meanwhile, the Parent Bank appropriated its Surplus Free amounting to P52 and P566 for the nine months ended September 30, 2025 and 2024, respectively, representing insurance fund on losses due to fire, robbery and other cash losses.

### ***21.6 Employee Stock Option Plan (ESOP)***

For options that were exercised, BDO Unibank Group issued new common shares of 6,860,782 and 3,900,657 during the nine months ended September 30, 2025 and for the year ended December 31, 2024, respectively, from its authorized capital stock.

Set out below is the summary of number of options vested under the plan.

	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Balance at beginning of period	<b>15,673,299</b>	17,616,396
Exercised during the period	<b>(8,325,082)</b>	(13,143,563)
Forfeited during the period	<b>(64,333)</b>	(34,042)
Vested during the period	<b>20,444,971</b>	11,292,558
Expired during the period	<b>(66,950)</b>	(58,050)
Balance at end of period	<b>27,661,905</b>	15,673,299

## 22. OTHER OPERATING INCOME AND EXPENSES

Other operating income is composed of the following:

<i>(Amounts in PHP)</i>	<u>Notes</u>	For the Nine Months Ended	
		<b>September 30, 2025 (Unaudited)</b>	September 30, 2024 (Unaudited)
Service charges, fees and commissions		<b>40,920</b>	35,511
Trust fees	25	<b>4,205</b>	3,753
Foreign exchange gains - net		<b>3,276</b>	5,079
Rental	31.2.2	<b>1,933</b>	2,345
Trading gains - net	9.1	<b>1,783</b>	28
ROPA income		<b>1,739</b>	1,306
Share in net income of subsidiaries and associates	14	<b>1,304</b>	1,026
Dividends		<b>18</b>	75
Miscellaneous		<b>2,214</b>	1,236
		<b>57,392</b>	50,359

ROPA income primarily consists of profit from the sale of assets, recovery on charged-off assets, rental income from ROPA properties held for rent, and proceeds from sales of scrap and other materials from acquired properties.

Other operating expenses consist of the following:

<i>(Amounts in PHP)</i>	<u>Notes</u>	For the Nine Months Ended	
		<b>September 30, 2025 (Unaudited)</b>	September 30, 2024 (Unaudited)
Compensation and benefits	23	<b>46,604</b>	39,875
Fees and commissions		<b>25,347</b>	21,716
Taxes and licenses		<b>13,129</b>	11,432
Occupancy	11, 12.3, 13 16.4, 24.4(a)	<b>9,691</b>	9,057
Insurance		<b>6,288</b>	5,796
Security, clerical, messengerial and janitorial		<b>4,445</b>	3,862
Advertising		<b>4,345</b>	3,321
Information technology		<b>2,653</b>	2,193
Repairs and maintenance		<b>2,180</b>	2,083
Amortization of computer software	16.4	<b>1,575</b>	1,467
Power, light and water		<b>1,341</b>	1,420
Representation and entertainment		<b>1,256</b>	1,250
Travelling		<b>1,093</b>	976
Litigation on assets acquired		<b>1,016</b>	733
Supplies		<b>781</b>	769
Miscellaneous		<b>1,833</b>	1,732
		<b>123,577</b>	107,682

## 23. COMPENSATION AND BENEFITS

Expenses recognized for employee benefits are presented below (see Note 22).

<i>(Amounts in PHP)</i>	For the Nine Months Ended	
	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Salaries and wages	26,616	23,238
Bonuses	9,901	7,917
Retirement – defined benefit plan	3,222	2,722
Social security costs	1,858	1,514
ESOP	888	685
Other benefits	4,119	3,799
	<u>46,604</u>	<u>39,875</u>

## 24. RELATED PARTY TRANSACTIONS

The summary of BDO Unibank Group's transactions with its related parties for the periods ended September 30, 2025 and 2024 and outstanding balances as of September 30, 2025 and December 31, 2024 are as follows:

<i>(Amounts in PHP)</i>	Notes	September 30, 2025 (Unaudited)		September 30, 2024 (Unaudited)	December 31, 2024 (Audited)
		Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
<b>DOSRI Loans</b>	24.1				
Stockholders		7,140	17,734	14,280	16,216
Officers and employees		2,547	3,145	2,085	2,749
<b>Deposit Liabilities</b>	24.2				
Stockholders		436,741	1,976	551,607	1,653
Related parties under common ownership		562	21	520	52
Directors		1,083	11	242	16
<b>Retirement Plan</b>	24.3	2,786	11,280	524	13,235
<b>Related Parties Under Common Ownership</b>	24.4 (a)				
Security deposit		19	627	24	609
Right-of-use asset		461	5,369	736	5,207
Amortization expense		67	822	120	1,061
Lease liabilities		48	2,774	82	3,109
Interest expense		14	161	40	243
<b>Key Management Personnel</b>	24.4 (b)				
Compensation		1,199	-	1,099	-

In the ordinary course of business, BDO Unibank Group has loans, deposits and other transactions with its related parties and with certain directors, officers, stockholders and related interests (DOSRI) as described on the succeeding pages.

## 24.1 Loans to Related Parties

Under existing policies of BDO Unibank Group, these loans are made on substantially the same terms as loans granted to other individuals and businesses of comparable risks. The General Banking Act and BSP regulations limit the amount of the loans granted by a bank to a single borrower to 25% of unimpaired capital. The amount of individual loans to DOSRI, of which 70% must be secured, should not exceed the amount of the unencumbered deposit and book value of their paid-in capital contribution in BDO Unibank Group.

In the aggregate, loans to DOSRI should not exceed the unimpaired capital or 15% of the total loan portfolio of BDO Unibank Group, whichever is lower.

As of September 30, 2025 and December 31, 2024, BDO Unibank Group is in compliance with these regulatory requirements.

The following additional information relates to the DOSRI loans:

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Total DOSRI loans	<b>20,879</b>	18,965
Unsecured DOSRI loans	<b>2,749</b>	2,634
Past due DOSRI loans	<b>7</b>	7
Non-performing DOSRI loans	<b>42</b>	30
% of DOSRI loans to total loan portfolio	<b>0.60%</b>	0.59%
% of unsecured DOSRI loans to total DOSRI loans	<b>13.17%</b>	13.89%
% of past due DOSRI loans to total DOSRI loans	<b>0.03%</b>	0.03%
% of non-performing DOSRI loans to total DOSRI loans	<b>0.20%</b>	0.16%

DOSRI loans bear annual interest rates of 4.25% to 7.00% and 4.24% to 9.00% for the nine months ended September 30, 2025 and 2024, respectively (except for credit card receivables which bear a monthly interest rate of 0.00% to 3.00%).

The total DOSRI loans include loans to officers under the BDO Unibank Group's fringe benefit program. Secured DOSRI loans are collateralized by publicly-listed shares, hold-out on deposits, chattels and real estate mortgages and are payable within 9 days to 20 years.

The total DOSRI loan releases and collections for the nine months ended September 30, 2025 amounted to P9,687 and P7,773, respectively. The total loan releases and collections for the nine months ended September 30, 2024, on the other hand, amounted to P16,365 and P17,716, respectively.

## 24.2 Deposits from Related Parties

For the nine months ended September 30, 2025 and 2024, total deposits made by the related parties to the Parent Bank amounted to P438,386 and P552,369, respectively. Outstanding deposit liabilities from related parties amounted to P2,008 and P1,721 as of September 30, 2025 and December 31, 2024, respectively. Interest expense from deposits amounted to P12 and P487 for the nine months ended September 30, 2025 and 2024, respectively.

## 24.3 Transactions with Retirement Plan

BDO Unibank Group's retirement fund has transactions directly and indirectly with BDO Unibank Group for the nine months ended September 30, 2025 and 2024 and outstanding balances as of September 30, 2025 and December 31, 2024 as follows:

(Amounts in PHP)	September 30, 2025 (Unaudited)		September 30, 2024 (Unaudited)	December 31, 2024 (Audited)
	Amount of Transaction	Outstanding Balance	Amount of Transaction	Outstanding Balance
<b>Related Party Transaction</b>				
Loans to employees				
BDO Unibank, Inc.	-	3	-	3
Investment in shares of:				
BDO Unibank, Inc.	-	3,301	-	3,158
Dominion Holdings	-	1	-	1
Deposit liabilities (including LTNCDs)				
BDO Unibank, Inc.	-	7,975	-	10,073
Trading gain (loss)				
BDO Unibank, Inc.	2,780	-	520	-
Interest expense				
BDO Unibank, Inc.	5	-	3	-
Rental income				
BDO Unibank, Inc.	1	-	1	-

## 24.4 Other Transactions with Related Parties

A summary of other transactions of the BDO Unibank Group with related parties under common ownership is shown below. These transactions are generally unsecured and payable in cash, unless otherwise stated.

### (a) Transaction of the Parent Bank with related parties under common ownership

Under PFRS 16, the Parent Bank, as a lessee, recognized right-of-use assets related to lease of space from related parties for its branch operations, amounting to P5,369 and P5,207 as of September 30, 2025 and December 31, 2024, respectively, which is presented as part of Premises, Furniture, Fixtures and Equipment (see Note 11). Amortization expense on right-of-use assets arising from this transaction, amounting to P67 and P120 for the nine months ended September 30, 2025 and 2024, respectively, and is presented as part of Occupancy under Other Operating Expenses account in the condensed consolidated interim statements of income (see Note 22).

The total interest expense on lease liabilities from related parties, included as part of Interest Expense on Lease Liabilities under the Interest Expense account amounted to P14 and P40 for the nine months ended September 30, 2025 and 2024, respectively, in the condensed consolidated interim statements of income. Outstanding balances arising from this transaction amounted to P2,774 and P3,109 as of September 30, 2025 and December 31, 2024, respectively, and is included as part of Lease liabilities under Other Liabilities (see Note 20). In addition, the Parent Bank recognized security deposit amounting to P627 and P609 as of September 30, 2025 and December 31, 2024, respectively, which is presented as part of Other Resources (see Note 16).

- (b) The key management of the BDO Unibank Group received salaries and other compensation amounting to P1,199 and P1,099 for the nine months ended September 30, 2025 and 2024, respectively.

## 25. TRUST OPERATIONS

The following securities and other properties held by BDO Unibank Group in fiduciary or agency capacity for a fee (see Note 22) for its customers are not included in the accompanying condensed consolidated interim statement of financial position since these are not resources of the BDO Unibank Group (see Note 31.3):

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	December 31, 2024 (Audited)
Investments	<b>2,441,160</b>	2,287,710
Others	<b>19,818</b>	17,761
	<b><u>2,460,978</u></b>	<u>2,305,471</u>

In compliance with the requirements of the General Banking Act relative to the BDO Unibank Group's trust functions:

- (a) Investment in government securities which are shown as part of Investment securities at amortized cost (see Note 9.3) with a total face value of P25,473 and P23,660 as of September 30, 2025 and December 31, 2024, respectively, are deposited with the BSP as security for BDO Unibank Group's faithful compliance with its fiduciary obligations; and,
- (b) A certain percentage of the trust income is transferred to surplus reserves. This yearly transfer is required until the surplus reserve for trust function is equivalent to 20% of BDO Unibank Group's authorized capital stock. For the periods ended September 30, 2025 and 2024, there were no additional reserve for trust functions (see Note 21.5).

## 26. UNIT-LINKED FUNDS

Variable unit-linked (VUL) life insurance contracts of BDO Life are life insurance policies wherein a portion of the premiums received are invested in VUL funds, which are composed mainly of investments in equity and debt securities. The withdrawal or surrender amount of a VUL policy can be computed by multiplying the total units held by the policyholder by the fund's Net Asset Value per unit, which changes daily depending on the fund's performance.

In 2013, BDO Life obtained the approval from IC to issue VUL products, where payments to policyholders are linked to internal investment funds set up by BDO Life. The VUL funds are managed by BDO – Trust and Investment Group (BDO – TIG).

As of September 30, 2025 and December 31, 2024, BDO Life has 13 and 11 VUL funds, respectively. The details of the investment funds, which comprise the assets backing the unit-linked liabilities are presented in the table below. The assets and liabilities of these investment funds have been consolidated to the appropriate accounts in the condensed consolidated interim financial statements.

<i>(Amounts in PHP)</i>	<b>September 30, 2025 (Unaudited)</b>	<b>December 31, 2024 (Audited)</b>
Assets:		
Cash and cash equivalents	88	76
Financial assets at FVPTL	29,095	29,442
Other receivables	64	214
	<u>29,247</u>	<u>29,732</u>
Liabilities and Equity:		
Other liabilities	193	175
Net assets attributable to unitholders	29,054	29,557
	<u>29,247</u>	<u>29,732</u>

## 27. BUSINESS COMBINATIONS, DISPOSALS AND DISSOLUTIONS

### *27.1 Subscription of Additional Shares in BDO Securities*

On September 25, 2023, the BOD of BDO Capital approved and authorized BDO Capital to subscribe up to P250 common shares of BDO Securities to be issued in one or more tranches. The first tranche of P150 was made on October 23, 2023 while the second tranche of P100 was made on March 22, 2024.

On April 16, 2024, the BOD of BDO Securities approved the increase of its authorized capital stock from P1,000 divided into 10,000,000 common shares with par value of P100 per share to P1,800 divided into 18,000,000 common share with a par value of P100 per share. On October 4, 2024, the SEC approved the increase in authorized capital stock.

On April 22, 2024, the BOD of BDO Capital approved and authorized BDO Capital to subscribe to common shares of BDO Securities amounting to P200. This was done on July 2, 2024.

Then on April 28, 2025, the BOD of BDO Capital approved and authorized BDO Capital to subscribe to common shares BDO Securities amounting to P200. This was done on July 1, 2025.

### ***27.2 Closure of BDO Remit UK***

On May 28, 2024, the BOD of BDO Capital approved the cessation of business operations of BDO Remit UK either through the sale or transfer of BDO Remit UK's business and remittance licenses to potential buyer/s or dissolution and liquidation of BDO Remit UK subject to securing and/or compliance with applicable laws and regulations.

On November 6, 2024, the BOD of BDO Remit UK approved the dissolution and appointment of the liquidators.

### ***27.3 Subscription to the Increase in Authorized Capital Stock of BDO Network***

The BOD and shareholders of BDO Network approved on June 28, 2024 and August 30, 2024, respectively, the increase in authorized capital stock of the bank from P5,800 divided into 55,000,000 common shares with par value of P100 per share and 30,000,000 various preferred shares with par value of P10 per share to P7,800 divided into 75,000,000 common shares with par value of P100 per share and 30,000,000 various preferred shares with par value of P10 per share.

On August 31, 2024, the BOD of the Parent Bank approved the capital subscription of up to 50,000,000 common shares or approximately P1,920 in BDO Network's increase in authorized capital stock. This was approved by the BSP on January 17, 2025.

On December 27, 2024, the SEC approved the amendment of the Articles of Incorporation (AOI) and By-laws (BL) of BDO Network, which includes among others the increase in par value of common shares from P10 to P100 per share.

On February 4, 2025, the Parent Bank subscribed to 4,812,500 of BDO Network's common shares at the total subscription price of P1,847, of which, 25% or P462 has been paid. The balance of P1,385 will be paid upon call by the BDO Network board. On the same day, non-controlling interests subscribed to 187,500 of BDO Network common shares amounting to P72, increasing the Parent Bank's ownership from 84.92% to 85.86%. BDO Network's application for the increase in authorized capital stock was approved by the BSP and SEC on May 30, 2025 and October 13, 2025, respectively.



#### ***27.4 BDO Network Bank License Upgrade to Thrift Bank***

On June 30, 2021 and August 13, 2021, the BOD and shareholders of BDO Network, respectively, approved the conversion of its banking license from a rural bank to a savings bank. This was approved by the BSP on January 27, 2022 with a condition prior to the commencement of its operation as a thrift bank, among others, to secure SEC approval of its amended AOI and BL. The SEC issued the Certificate of Filing of Amended Articles of Incorporation on December 27, 2024 while the BSP issued the Certificate of Authority to operate as a thrift bank on February 5, 2025. BDO Network commenced its operations as a thrift bank on May 5, 2025.

#### ***27.5 Exercise of Rights in NLEX***

On January 22, 2024, the BOD approved the exercise of its right of first refusal to acquire additional common shares in NLEX Corporation increasing its shareholdings from 11.70% to up to 12.20%. The BSP and the Privatization Council approved the transaction on February 1, 2024, and April 25, 2024, respectively. The transaction was completed on August 9, 2024 and March 18, 2025, increasing BDO's shareholdings to 12.12% (see Note 14).

#### ***27.6 Merger of The Podium Complex, Inc. (TPCI), formerly SM Keppel Land, Inc. (SMKL), with BDO***

On January 27, 2024 and January 19, 2024, the BOD of BDO and TPCI (formerly SMKL), respectively approved the merger of BDO and TPCI, a wholly owned subsidiary, with BDO as the surviving entity (the Merger). The Merger was likewise approved by the shareholders of BDO and SMKL on April 19, 2024 and January 19, 2024, respectively. The Merger and the plan and articles of merger, dated March 22, 2024, and April 25, 2024 were also approved by the BSP and the SEC on October 16, 2024, and November 18, 2024, respectively, effective December 1, 2024.

As consideration for the merger, the Parent Bank issued 54,229,014 common shares in exchange for the net assets of TPCI based on the net asset value of TPCI as of December 31, 2023, of P7,076 and BDO share price as of December 29, 2023, of P130.50 per share. At the date of merger, the Parent Bank recognized additional assets and liabilities amounting to P16,580 and P9,746, respectively, and recognized merger reserves amounting to P6,256 using the pooling of interest method as TPCI is a wholly-owned subsidiary (under common control) prior to the effectivity of the merger. Treasury shares were recognized for the newly issued BDO common shares (see Note 21.2) and shall be disposed of as property dividends to the shareholders of the Bank, as approved by the BOD on April 19, 2024, and December 7, 2024. On May 5, 2025, the SEC approved the property dividend declaration to all eligible stockholders of BDO as of the record date of May 20, 2025, at an entitlement ratio of 0.0092057685 for every 1 BDO share held on record date, with the payment date on May 30, 2025 (see Note 21.4).

## 28. TAXES

The major components of tax expense reported in the condensed consolidated interim statements of income follow:

<i>(Amounts in PHP)</i>	For the Nine Months Ended	
	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
<i>Reported in profit or loss:</i>		
Current tax expense	14,464	14,895
Deferred tax expense relating to origination and reversal of temporary differences	446	786
	<u>14,910</u>	<u>15,681</u>
<i>Reported in other comprehensive income –</i>		
Fair value change in FVOCI securities	27	3

The components of the net deferred tax assets (see Notes 16 and 20) follow:

<i>(Amounts in PHP)</i>	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Deferred tax assets:		
Unamortized past service cost	3,171	3,553
Retirement obligation (net of OCI)	(1,786)	(1,729)
Allowance for impairment	332	334
Lease income differential	19	20
Recognition of right-of-use assets and lease liabilities	(5)	(11)
Others	140	151
	<u>1,871</u>	<u>2,318</u>
Deferred tax liabilities:		
Assets held for sale	1,653	1,653
Revaluation increment	337	337
Capitalized interest	24	26
Retirement asset (net of OCI)	19	19
Changes in fair values of FVOCI securities	31	4
Lease income differential	1	1
Others	236	233
	<u>2,301</u>	<u>2,273</u>
Deferred tax assets (liabilities) - net	<u>(430)</u>	<u>45</u>

The net deferred tax liabilities are recognized as part of Others under Other Liabilities while the net deferred tax assets are recognized as part of Other Resources in the condensed consolidated interim statement of financial position (see Notes 16 and 20).

## 29. MATURITY PROFILE OF RESOURCES AND LIABILITIES

The table below presents the resources and liabilities analyzed according to whether these are expected to be recovered or settled within 12 months and over 12 months from condensed consolidated interim statement of financial position date:

	September 30, 2025 (Unaudited)			December 31, 2024 (Audited)		
	Within 12 Months	Beyond 12 Months	Total	Within 12 Months	Beyond 12 Months	Total
<i>(Amounts in PHP)</i>						
<b>Resources</b>						
Cash and other cash items	73,313	-	73,313	109,744	-	109,744
Due from BSP and other banks - net	304,821	-	304,821	340,041	-	340,041
Trading and investment securities	205,063	805,193	1,010,256	190,884	685,224	876,108
Loans and other receivables - net	1,270,143	2,311,823	3,581,966	1,128,526	2,143,992	3,272,518
Premises, furniture, fixtures, and equipment - net	-	59,140	59,140	-	54,204	54,204
Investment properties - net	-	38,032	38,032	-	33,825	33,825
Equity investment - net	-	4,893	4,893	-	4,711	4,711
Investment securities and other assets for life insurance contracts - net	34,679	96,359	131,038	8,181	113,730	121,911
Other resources - net	17,264	47,274	64,538	18,663	44,325	62,988
	<u>1,905,283</u>	<u>3,362,714</u>	<u>5,267,997</u>	<u>1,796,039</u>	<u>3,080,011</u>	<u>4,876,050</u>
<b>Liabilities</b>						
Deposit liabilities	4,065,039	41,469	4,106,508	3,743,846	50,181	3,794,027
Bills payable	122,992	181,461	304,453	141,793	119,677	261,470
Insurance contracts and other liabilities for life insurance contracts	8,925	88,649	97,574	8,801	82,670	91,471
Other liabilities	109,296	20,162	129,458	131,884	19,803	151,687
	<u>4,306,252</u>	<u>331,741</u>	<u>4,637,993</u>	<u>4,026,324</u>	<u>272,331</u>	<u>4,298,655</u>

## 30. EARNINGS PER SHARE

### 30.1 Basic Earnings Per Share

Basic earnings per share attributable to shareholders of BDO Unibank Group are computed as follows:

<i>(Amounts in PHP)</i>	For the Nine Months Ended	
	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Net profit attributable to shareholders of the Parent Bank	63,087	60,616
Less dividends in arrears on preferred shares	408	407
Net profit available to common shares	62,679	60,209
Divided by the weighted average number of outstanding common shares (in millions)	5,324	5,317
Basic earnings per share	11.77	11.32

### 30.2 Diluted Earnings Per Share

Diluted earnings per share attributable to the shareholders of BDO Unibank Group are computed as follows:

<i>(Amounts in PHP)</i>	For the Nine Months Ended	
	September 30, 2025 <b>(Unaudited)</b>	September 30, 2024 (Unaudited)
Net profit attributable to shareholders of the Parent Bank	<b>63,087</b>	60,209*
Divided by the weighted average number of outstanding common shares (in millions):		
Outstanding common shares	<b>5,324</b>	5,317
Potential common shares from assumed conversion of convertible preferred share	<b>47</b>	*
Potential common shares from assumed conversion of stock option plan	<b>**</b>	**
Total weighted average number of common shares after assumed conversion of convertible preferred shares and stock option plan	<b>5,371</b>	5,317
Diluted earnings per share	<b>11.75</b>	11.32

\* Net profit attributable to shareholders of the Parent Bank is reduced by dividends on preferred share as these were not assumed to be converted.

\*\* Potential common shares from assumed conversion of stock option plan made through primary issuance do not significantly affect the computation of diluted earnings per share.

## 31. COMMITMENTS AND CONTINGENCIES

### 31.1 Litigations

BDO Unibank Group has pending claims and/or is a defendant in various legal actions arising from the ordinary course of business operations. As of September 30, 2025, management believes that no such legal proceedings are expected to have material adverse effect on the BDO Unibank Group's condensed consolidated interim financial information.

#### 31.1.1 First e-Bank

In 2002, First e-Bank ("FeB") experienced liquidity problems prompting PDIC to invite several banks to propose a solution for FeB's bailout. PDIC entered into contract with BDO Unibank where in consideration of the assumption by BDO Unibank of FeB's liabilities in the maximum amount of P10,000, PDIC will provide BDO Unibank P10,000 of Financial Assistance and PDIC will receive FeB's assets to recover said financial assistance.

About P5,000 of the financial assistance was released to BDO Unibank and the remaining P5,000 was deposited in escrow with BDO – TIG in accordance with the escrow agreement dated October 23, 2002 entered into by BDO Unibank, PDIC, and BDO – TIG.

In August 2016, PDIC authorized the release of a total amount of P4,650 from escrow inclusive of proportional interest. However, as of August 26, 2016, the amount of P1,224 remains in escrow, which includes: (i) P602, which covers assets BDO Unibank still considers capable of delivery worth P214 and the remaining assets PDIC classified as undeliverable; and (ii) all interest earnings thereon. Unable to agree on the release of the remaining amount in escrow, on September 20, 2016, the PDIC filed a Complaint for Specific Performance and Damages against BDO Unibank, which case was raffled to RTC Makati City Branch 60.

On October 14, 2016, BDO Unibank filed its Answer to the Complaint affirming that it has assumed P10,000 in liabilities of FeB and is thus entitled to release of the remaining escrow of P1,224.

In a judgment dated May 31, 2018, RTC Makati dismissed the complaint, granted BDO Unibank's counterclaim and ordered BDO – TIG to immediately release the remaining escrow amount, plus interests, to BDO Unibank. On June 18, 2018, the Parent Bank received an amount of P1,243 for the full termination of escrow. PDIC filed Notice of Appeal. In the Decision dated June 15, 2020, the Court of Appeals (CA) dismissed PDIC's appeal. PDIC filed Motion for Reconsideration but the same was denied by the CA in a Resolution dated January 25, 2021. PDIC filed Petition for Review with the Supreme Court. The BDO Unibank filed a comment. In a resolution dated July 5, 2023, the Supreme Court denied PDIC's petition for Review. PDIC filed Motion for Reconsideration.

As of September 30, 2025, the difference between the amount received and the balance of the amount in escrow amounts to P572. This is presented as part of Others under Other Liabilities account and is not yet recognized as income due to the pending Petition for Review filed by PDIC (see Note 20). The case is still pending before the Supreme Court as of September 30, 2025.

### **31.1.2 Others**

BDO Unibank Group is also a defendant in various cases pending in courts for alleged claims against BDO Unibank Group, the outcomes of which are not fully determinable at present. As of September 30, 2025, management believes that, liabilities or losses, if any, arising from these claims would not have a material effect on the financial position and results of operations of BDO Unibank Group and will be recognized if and when a final resolution by the courts is made on each claim.

### 31.2 Lease Commitments - as a Lessor

The following are the significant lease commitments involving the BDO Unibank Group:

#### 31.2.1 Finance Lease

BDO Unibank Group, as a lessor, enters into finance leases covering various equipment and vehicles with lease term ranging from one to five years. To manage its risks over these finance leases, the BDO Unibank Group retains its legal title over the underlying assets, and are used as securities over the finance lease receivables. Future minimum lease payments receivable (MLPR) under this finance lease together with the present value of net minimum lease payments receivable (NMLPR) follow:

	September 30, 2025 (Unaudited)		December 31, 2024 (Audited)	
	Future MLPR	PV of NMLPR	Future MLPR	PV of NMLPR
<i>(Amounts in PHP)</i>				
Within one year	2,581	2,571	2,284	2,275
After one year but not more than two years	2,185	2,095	2,014	1,939
After two years but not more than three years	1,605	1,352	1,456	1,248
After three years but not more than five years	992	532	1,273	715
Total MLPR	7,363	6,550	7,027	6,177
Unearned lease income	(813)	-	(850)	-
Present value of MLPR	6,550	6,550	6,177	6,177

#### 31.2.2 Operating Leases

The BDO Unibank Group entered into various operating leases covering land, offices and equipment with lease term ranging from less than one to 14.0 years. Operating lease income, presented under Rental account as part of Other Operating Income and Expenses in the BDO Unibank Group's condensed consolidated interim statements of income for the nine months ended September 30, 2025 and 2024, amounted to P1,933 and P2,345, respectively (see Note 22).

Future minimum rental receivables under operating leases are as follows:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
<i>(Amounts in PHP)</i>		
Within one year	1,899	1,692
More than one year	3,126	3,151
	5,025	4,843

#### 31.3 Others

In the normal course of BDO Unibank Group's operations, there are various outstanding commitments and contingent liabilities such as guarantees, commitments to extend credit, etc., that are not reflected in the accompanying condensed consolidated interim financial statements. BDO Unibank Group recognizes any losses and liabilities incurred in the course of its operations as soon as these become determinable and quantifiable. Management believes that, as of September 30, 2025, no additional material losses or liabilities need to be recognized in the accompanying condensed consolidated interim financial statements of BDO Unibank Group arising from these commitments and contingencies.

Following is a summary of BDO Unibank Group's commitments and contingent accounts:

<i>(Amounts in PHP)</i>	Note	September 30, 2025 <b>(Unaudited)</b>	December 31, 2024 (Audited)
Trust department accounts	25	<b>2,460,978</b>	2,305,471
Committed credit lines		<b>841,903</b>	656,129
Forward exchange bought		<b>277,357</b>	278,229
Forward exchange sold		<b>272,110</b>	297,703
Unused commercial letters of credit		<b>68,638</b>	89,081
Spot exchange sold		<b>23,338</b>	45,251
Bills for collection		<b>19,717</b>	14,339
Export letters of credit confirmed		<b>14,934</b>	13,854
Spot exchange bought		<b>9,816</b>	12,971
ROP warrants		<b>8,475</b>	8,475
Interest rate swap receivable		<b>5,322</b>	1,716
Interest rate swap payable		<b>5,322</b>	1,716
Late deposits/payments received		<b>1,868</b>	3,058
Outstanding guarantees issued		<b>1,388</b>	2,779
Other contingent accounts		<b>79,087</b>	41,455