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Industry Classification:
Company Type: Foreign Stock

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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED
PHILIPPINE BRANCH

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

14th Floor, Solaris One
Building, 130 Dela Rosa St.
Legaspi Village
Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	GSED

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
N/A	8841-7777	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
N/A	N/A	September 30

CONTACT PERSON INFORMATION

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Jesus Plaridel Santiago, Jr.	N/A	8841-7777	N/A

CONTACT PERSON's ADDRESS

14F Solaris One Bldg. 130 Dela Rosa St. Legaspi Village, Makati City

***Note 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

***2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

R.G. Manabat & Co.
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REPORT OF INDEPENDENT AUDITORS

The Chief Executive Officer
Australia and New Zealand Banking Group Limited - Philippine Branch
14th Floor, Solaris One Building
130 Dela Rosa St., Legaspi Village
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Australia and New Zealand Banking Group Limited - Philippine Branch (the Philippine Branch), which comprise the statements of financial position as at September 30, 2025 and 2024, and the statements of income and expenses, statements of comprehensive income, statements of changes in assigned capital funds and statements of cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Philippine Branch as at September 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

Emphasis of Matter - Comparative Information

We draw your attention to Note 33 to the financial statements which discusses that the comparative information presented as at and for the year ended September 30, 2024 has been restated. Our opinion is not modified in respect of this matter.

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

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

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

Those charged with governance are responsible for overseeing the Philippine Branch’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

R.G. Manabat & Co.

KPMG

Report on the Supplementary Information Required under Section 174 of the Manual of Regulations for Banks and Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Section 174 and Appendix 55 of the Manual of Regulations for Banks in Note 34 and Revenue Regulations 15-2010 in Note 36 to the financial statements is presented for purposes of filing with the Bangko Sentral ng Pilipinas and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Philippine Branch. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

Vanessa P. Macamos

VANESSA P. MACAMOS
Partner
CPA License No. 0102309
BSP Selected EAs of BSFIs-Group A, valid for five (5) years
covering the audit of 2025 to 2029 financial statements
under BSP Letter No. FSD VI-2025-02-0054g-FSD6-L-External
SEC Accreditation No. 102309-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements
Tax Identification No. 920-961-311
BIR Accreditation No. 08-001987-038-2025
Issued June 10, 2025; valid until June 9, 2028
PTR No. MKT 10764399
Issued January 5, 2026 at Makati City

January 28, 2026
Makati City, Metro Manila

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
PHILIPPINE BRANCH
STATEMENTS OF FINANCIAL POSITION

		September 30	
	Note	**2025**	2024
ASSETS			
Cash and Other Cash Items	*5*	**P23,461,162**	P24,211,082
Loans and Advances to Banks	*5, 8*	**3,106,168,939**	10,910,939,443
Financial Assets at Fair Value through Profit or Loss (FVPL)	*5, 9*	**7,897,050,195**	8,153,569,906
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	*6, 10*	**15,518,312,974**	14,911,766,550
Loans and Receivables	*11*	**11,876,105,511**	5,311,366,745
Property and Equipment	*13*	**15,241,210**	21,225,397
Deferred Tax Assets - net	*25*	**109,459,932**	97,397,148
Other Assets	*14*	**239,405,692**	140,353,260
		P38,785,205,615	P39,570,829,531
LIABILITIES AND ASSIGNED CAPITAL FUNDS			
Deposits from Customers	*5, 15, 31*	**P17,025,373,378**	P21,606,320,797
Deposits and Borrowings from Banks	*5, 15, 31*	**145,531,930**	328,418,393
Financial Liabilities at FVPL	*5, 6, 9, 31*	**479,098,290**	912,297,467
Net Due to Head Office and Other Branches	*5, 18, 31*	**12,311,874,625**	7,802,710,999
Accrued Interest Payable	*5, 15*	**25,246,495**	20,053,146
Liabilities for Acceptances		**55,236,553**	-
Other Liabilities	*16*	**343,867,536**	354,563,514
Total Liabilities		**30,386,228,807**	31,024,364,316
ASSIGNED CAPITAL FUNDS			
Assigned Capital Funds	*17*	**4,225,189,506**	4,225,189,506
Unremitted Profits		**4,017,338,304**	4,115,103,660
Reserves	*19*	**66,890,999**	153,883,211
Appropriation for General Loan Loss Provision	*7*	**89,557,999**	52,288,838
Total Assigned Capital Funds		**8,398,976,808**	8,546,465,215
		P38,785,205,615	P39,570,829,531

See Notes to the Financial Statements.

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
PHILIPPINE BRANCH

STATEMENTS OF INCOME AND EXPENSES

		Years Ended September 30	
	Note	**2025**	2024 (As restated - Note 33)
INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD	*20*	**P1,620,792,611**	P1,626,909,672
INTEREST INCOME ON FINANCIAL ASSETS AT FVPL	*9, 20*	**320,458,040**	316,444,513
		1,941,250,651	1,943,354,185
INTEREST EXPENSE	*21*	**578,176,176**	567,734,756
NET INTEREST INCOME		**1,363,074,475**	1,375,619,429
OTHER INCOME - Net			
Fees and commission income	*22, 33*	**146,380,463**	84,511,686
Trading and securities gain - net	*23, 33*	**145,274,442**	250,484,110
Gain (loss) on sale of debt financial assets at FVOCI	*10*	**63,338,657**	15,371,221
Miscellaneous income		**186,289**	90,676
		355,179,851	350,457,693
PROVISION FOR (REVERSAL OF) CREDIT AND IMPAIRMENT LOSSES AND RECOVERIES	*12*	**149,641,238**	(125,366,160)
OTHER EXPENSES			
Salaries, bonuses and allowances	*26*	**310,433,676**	300,794,349
Taxes and licenses	*25*	**186,372,005**	172,428,444
General office expenses	*27*	**151,609,049**	106,134,891
Allocated Head Office expenses	*18*	**81,003,382**	61,843,564
Deposit insurance and supervisory fees	*28*	**47,336,418**	50,327,211
Occupancy costs		**34,817,781**	32,486,873
Brokerage expenses		**30,138,032**	19,642,163
Professional fees		**13,288,625**	9,672,445
Depreciation and amortization	*13*	**8,232,539**	6,530,580
Foreign exchange losses - net	*24, 33*	**6,385,341**	74,284,705
Miscellaneous		**1,287,347**	3,419,549
		870,904,195	837,564,774
INCOME BEFORE INCOME TAX EXPENSE		**697,708,893**	1,013,878,508
INCOME TAX EXPENSE	*25*	**224,533,958**	272,080,028
NET INCOME		**P473,174,935**	P741,798,480

See Notes to the Financial Statements.

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
PHILIPPINE BRANCH

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended September 30	
	Note	**2025**	2024
NET INCOME		**P473,174,935**	P741,798,480
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may not be reclassified to statements of income and expenses			
Net remeasurement gain (loss) on retirement plan - net of tax	*26*	**6,568,110**	(2,432,918)
		6,568,110	(2,432,918)
Items that may be reclassified to statements of income and expenses			
Net change in unrealized gain (loss) on debt financial assets at FVOCI - net of tax and allowance for credit loss	*19, 10*	**(86,884,128)**	296,010,076
Translation adjustment for the year	*19*	**(108,084)**	(1,558,239)
		(86,992,212)	294,451,837
		(80,424,102)	292,018,919
TOTAL COMPREHENSIVE INCOME		**P392,750,833**	P1,033,817,399

See Notes to the Financial Statements.

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
PHILIPPINE BRANCH
STATEMENTS OF CHANGES IN ASSIGNED CAPITAL FUNDS

Years Ended September 30

		Reserves						
	Assigned Capital Funds (Note 17)	Cumulative Translation Adjustment (Note 19)	Net Unrealized Gain (Loss) on Financial Assets at FVOCI (Notes 10,19)	Total Reserves	Remeasurement Gain (Loss) on Retirement Plan (Note 26)	Appropriation for General Loan Loss Provision (Note 7)	Unremitted Profits	Total
Balance as at October 1, 2024	**P4,225,189,506**	**P33,546,419**	**P120,336,792**	**P153,883,211**	**P -**	**P52,288,838**	**P4,115,103,660**	**P8,546,465,215**
Net income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**473,174,935**	**473,174,935**
Other Comprehensive Income (Loss) for the Year								
Items that may not be reclassified to statements of income and expenses								
Net remeasurement gain (loss) on retirement plan, net of tax	**-**	**-**	**-**	**-**	**6,568,110**	**-**	**-**	**6,568,110**
Items that may be reclassified to statements of income and expenses								
Net change in unrealized gain (loss) on debt financial assets at FVOCI - net of tax	**-**	**-**	**(86,884,128)**	**(86,884,128)**	**-**	**-**	**-**	**(86,884,128)**
Translation adjustment for the year	**-**	**(108,084)**	**-**	**(108,084)**	**-**	**-**	**-**	**(108,084)**
Total other comprehensive income (loss) for the year	**-**	**(108,084)**	**(86,884,128)**	**(86,992,212)**	**6,568,110**	**-**	**-**	**(80,424,102)**
Total comprehensive income (loss) for the year	**-**	**(108,084)**	**(86,884,128)**	**(86,992,212)**	**6,568,110**	**-**	**473,174,935**	**392,750,833**
Appropriation for general loan loss provision	**-**	**-**	**-**	**-**	**-**	**37,269,161**	**(37,269,161)**	**-**
Remittance of profit	**-**	**-**	**-**	**-**	**-**	**-**	**(540,239,240)**	**(540,239,240)**
Remeasurement loss on retirement plan transferred to unremitted profits (Notes 26)	**-**	**-**	**-**	**-**	**(6,568,110)**	**-**	**6,568,110**	**-**
Balance as at September 30, 2025	**P4,225,189,506**	**P33,438,335**	**P33,452,664**	**P66,890,999**	**P -**	**P89,557,999**	**P4,017,338,304**	**P8,398,976,808**

Forward

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
PHILIPPINE BRANCH
STATEMENTS OF CHANGES IN ASSIGNED CAPITAL FUNDS

Years Ended September 30

		Reserves						
	Assigned Capital Funds (Note 17)	Cumulative Translation Adjustment (Note 19)	Net Unrealized Gain (Loss) on Financial Assets at FVOCI (Notes 10,19)	Total Reserves	Remeasurement Gain (Loss) on Retirement Plan (Note 26)	Appropriation for General Loan Loss Provision (Note 7)	Unremitted Profits	Total
Balance as at October 1, 2023	P4,225,189,506	P35,104,658	(P175,673,284)	(P140,568,626)	P -	P70,717,594	P3,357,309,342	P7,512,647,816
Net income for the year	-	-	-	-	-	-	741,798,480	741,798,480
Other Comprehensive Income (Loss) for the Year								
Items that may not be reclassified to statements of income and expenses								
Net remeasurement gain (loss) on retirement plan, net of tax	-	-	-	-	(2,432,918)	-	-	(2,432,918)
Items that may be reclassified to statements of income and expenses								
Net change in unrealized gain on debt financial assets at FVOCI - net of tax	-	-	296,010,076	296,010,076	-	-	-	296,010,076
Translation adjustment for the year	-	(1,558,239)	-	(1,558,239)	-	-	-	(1,558,239)
Total other comprehensive income (loss) for the year	-	(1,558,239)	296,010,076	294,451,837	(2,432,918)	-	-	292,018,919
Total comprehensive income (loss) for the year	-	(1,558,239)	296,010,076	294,451,837	(2,432,918)	-	741,798,480	1,033,817,399
Appropriation for general loan loss provision	-	-	-	-	-	(18,428,756)	18,428,756	-
Remeasurement loss on retirement plan transferred to unremitted profits (Notes 26)	-	-	-	-	2,432,918	-	(2,432,918)	-
Balance as at September 30, 2024	P4,225,189,506	P33,546,419	P120,336,792	P153,883,211	P -	P52,288,838	P4,115,103,660	P8,546,465,215

See Notes to the Financial Statements.

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
PHILIPPINE BRANCH

STATEMENTS OF CASH FLOWS

		Years Ended September 30	
	Note	**2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		**P697,708,893**	P1,013,878,508
Adjustments for:			
Interest income	*20*	**(1,941,250,651)**	(1,943,354,185)
Interest expense	*21*	**578,176,176**	567,734,756
Unrealized trading and securities gain - net	*23*	**397,925,425**	175,614,554
Provision for credit and impairment losses and recoveries	*12*	**149,641,238**	16,662,540
Gain on sale of financial assets at FVOCI	*10*	**(63,338,657)**	(15,371,221)
Depreciation and amortization expense	*13*	**8,232,539**	6,530,580
Unrealized foreign exchange loss (gain)	*12*	**2,084,304**	(35,871)
Retirement expense	*26*	**1,675,882**	819,458
Gain on asset disposal		**(186,289)**	-
Other provision for liability	*26*	**-**	6,379,000
Operating loss before changes in operating assets and liabilities		**(169,331,140)**	(171,141,881)
Decrease (increase) in:			
Financial assets at FVPL		**(141,405,714)**	(6,865,003,238)
Loans and receivables		**(6,643,350,354)**	3,390,688,125
Other assets		**(103,921,613)**	(23,893,716)
Increase (decrease) in:			
Financial liabilities at FVPL	*9*	**(433,199,177)**	(175,186,043)
Deposits and borrowings from banks	*15*	**(182,886,463)**	(21,733,110)
Deposits from customers	*15*	**(4,580,947,419)**	425,958,605
Liabilities for acceptances		**55,236,553**	-
Other liabilities		**8,098,974**	76,958,982
Cash absorbed by operations		**(12,191,706,353)**	(3,363,352,276)
Interest received		**1,858,701,988**	1,862,935,050
Interest paid		**(572,982,827)**	(561,358,421)
Income taxes paid		**(226,835,333)**	(380,718,544)
Contributions paid	*26*	**(18,000,959)**	(16,831,950)
Net cash used in operating activities		**(11,150,823,484)**	(2,459,326,141)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net acquisition from debt financial assets at FVOCI		**(621,441,064)**	(5,056,512,844)
Additions to property and equipment	*13*	**(2,248,352)**	(3,820,087)
Proceeds from sale of property and equipment and software		**186,289**	-
Net cash used in investing activities		**(623,503,127)**	(5,060,332,931)

Forward

	Note	2025	2024
		Years Ended September 30	
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from Head Office and other branches	*18*	**P4,509,153,511**	P7,435,126,923
Profit remittance	*7*	**(540,239,240)**	-
Net cash provided by financing activities		**3,968,914,271**	7,435,126,923
EFFECT OF EXCHANGE RATE DIFFERENCES ON CASH AND CASH EQUIVALENTS	*19*	**(108,084)**	(1,558,239)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(7,805,520,424)**	(86,090,388)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Cash and other cash items	*5*	**24,211,082**	20,660,061
Loans and advances to banks	*8*	**10,910,939,443**	11,000,580,852
		10,935,150,525	11,021,240,913
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash and other cash items	*5*	**23,461,162**	24,211,082
Loans and advances to banks	*8*	**3,106,168,939**	10,910,939,443
		P3,129,630,101	P10,935,150,525

See Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Australia and New Zealand Banking Group Limited - Philippine Branch (referred to herein as the "Philippine Branch") is the local branch of Australia and New Zealand Banking Group Limited (referred to herein as the "Head Office"), a foreign corporation existing under the laws of the Commonwealth of Australia. The Philippine Branch was authorized by the Bangko Sentral ng Pilipinas (BSP) to operate as a full commercial bank on September 25, 1995. The Philippine Branch started commercial banking operations on October 2, 1995. The Monetary Board of the BSP, in its Resolution No. 111 dated January 29, 2010, approved the upgrade of the Philippine Branch's license to a universal bank and the Philippine Branch subsequently started its operations as a universal bank on March 19, 2010.

The Philippine Branch was also granted an Expanded Foreign Currency Deposit Unit Authority and an Expanded Financial Derivative License by the Monetary Board on October 18, 1995 and August 23, 2001, respectively. The Philippine Branch was granted a Type I Limited Expanded Dealer Authority by the BSP on November 13, 2008.

The Philippine Branch was registered with the Philippine Securities and Exchange Commission on September 28, 1995.

The Head Office guarantees the payment of all liabilities of the Philippine Branch, as embodied in its Deed of Guarantee executed on August 17, 1995.

The Philippine Branch's principal place of business is at 14th Floor, Solaris One Building, 130 Dela Rosa St., Legaspi Village, Makati City.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations.

The Philippine Branch's financial statements as at and for the year ended September 30, 2025 were authorized for issue by the Chief Executive Officer on January 28, 2026.

Basis of Measurement

These financial statements include the accounts maintained in the Regular Banking Unit (RBU) and the Foreign Currency Deposit Unit (FCDU) of the Philippine Branch. The financial statements of these units are combined after eliminating inter-unit accounts.

These financial statements have been prepared using the historical cost basis, except for the following items:

Items	Measurement Bases
Financial instruments at FVPL	Fair value
Financial assets at FVOCI	Fair value
Defined benefit liability	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency
The functional currencies of the RBU and the FCDU are the Philippine Peso (PHP) and the United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency denominated accounts in the RBU are translated into their equivalents in PHP (see Note 3 for accounting policy on Foreign Currency Transactions and Translation).

The financial statements of the Philippine Branch are presented in PHP. All financial information presented in PHP has been rounded off to the nearest peso, except as otherwise indicated.

Presentation of Financial Statements
The Philippine Branch presents its statements of financial position broadly in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 31.

3. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements and have been applied consistently by the Philippine Branch.

There are no new standard, amendment or interpretation mandatorily effective starting October 1, 2024 that has a material impact to the Philippine Branch's financial statements. The Philippine Branch has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Foreign Currency Transactions and Translation
Transactions in foreign currencies are initially recorded at the functional rate of exchange at the date of transaction.

RBU
The books of accounts of the RBU of the Philippine Branch are maintained in PHP with various foreign currency transactions. The foreign currency income and expenses in the books of accounts are translated into its equivalent in PHP based on the functional rate exchange at the date of transaction. The foreign currency monetary assets and monetary liabilities at the reporting date are translated into PHP using the Bankers Association of the Philippines (BAP) closing rate as at the reporting date. Foreign exchange differences arising from remeasurement of foreign currency-denominated monetary assets and liabilities in the RBU are credited or charged to "Foreign exchange losses - net" account in the statements of income and expenses in the year in which the rates change.

Non-monetary assets and liabilities that are measured at historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU
The books of accounts of the FCDU with various foreign currency transactions are maintained in USD. The foreign currency income and expenses in the books of accounts are translated into their USD equivalents based on the functional rate of exchange at the date of transaction. The foreign currency-denominated monetary assets and liabilities at the reporting date are translated into USD using the BAP closing rate as at the reporting date.

Foreign exchange differences arising from remeasurement of foreign currency-denominated monetary assets and liabilities in the FCDU are credited or charged to “Foreign exchange losses - net” account in the statements of income and expenses in the year in which the rates change.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

As at the reporting date, the assets and liabilities of the FCDU are translated from their functional currency (in USD) into their equivalent presentation currency (in PHP) using the BAP closing rate prevailing at the financial reporting date, and the income and expenses are translated using the BAP weighted average rate for the year. Foreign exchange differences arising from translation of the FCDU accounts to PHP as presentation currency are recognized directly as a separate component of equity as “Cumulative translation adjustment” under “Reserves” in the statements of financial position.

Financial Instruments
Financial assets and financial liabilities are accounted for as follows:

Initial Recognition
The Philippine Branch recognizes a financial asset or a financial liability on the trade date when it becomes a party to the contractual provisions of the financial instrument. Purchases or sales of financial assets that require delivery of the asset within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Derivatives are recognized on trade date basis (i.e., the date that the Philippine Branch commits to purchase or sell the asset).

Loans and advances to banks, loans and receivables, deposits from customers, deposits and borrowings from banks, net due to/from Head Office and other branches and liabilities for acceptances are recognized on the date of origination, when cash is received by the Philippine Branch or when it is advanced to the borrower. Purchases and sales of financial assets and financial liabilities held at FVPL and FVOCI financial assets are initially recognized on trade date.

All financial instruments, whether financial assets or financial liabilities are initially measured at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial assets or financial liabilities includes transaction costs, except for those financial assets and liabilities at FVPL where the transaction costs are charged to expense in the period incurred.

Classification and Subsequent Measurement
Business Model Assessment
The Philippine Branch's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Philippine Branch's business model does not depend on management's intentions for an individual instrument (i.e., it is not an instrument-by-instrument assessment). This assessment is performed at a higher level of aggregation. The level of aggregation is at a level which is reviewed by key management personnel, enabling them to make strategic decisions for the business. The Philippine Branch has more than one business model for managing its financial instruments.

The assessment of the business model requires judgment based on facts and circumstances, considering quantitative and qualitative factors. The Philippine Branch considers all relevant evidence that is available at the date of the assessment.

Assessment of whether the Contractual Cash Flows represents Solely Payments of Principal and Interest (SPPI)
If an instrument is held in either a hold to collect or hold to collect and sell business model, then an assessment to determine whether contractual cash flows are SPPI on the principal outstanding is required to determine classification. For SPPI, interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding during a period of time. It can also include consideration for other basic lending risks (for example, liquidity risk) and costs (e.g., administrative costs) associated with holding the financial asset for a particular period of time and a profit margin that is consistent with a basic lending arrangement. Other contractual features that result in cash flows that are not payments of principal and interest result in the instrument being measured at FVPL. Other features considered in the assessment include effect of subordination, non-recourse terms, leverage and existence of embedded derivatives.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that meet the SPPI criteria.

The contractual cash flows test must be performed at initial recognition of the financial asset and, if applicable, as at the date of any subsequent changes to the contractual provisions of the instrument.

Financial Assets
The Philippine Branch classifies its financial assets in the following categories: financial assets at amortized cost, financial assets at FVOCI or financial assets at FVPL.

Where assets are measured at fair value, gains and losses are either recognized entirely in statements of income and expenses for financial assets at FVPL, or recognized in other comprehensive income for financial assets at FVOCI.

For debt instruments, the FVOCI classification is mandatory for certain assets unless the fair value option is elected. Whilst for equity investments, the FVOCI classification is an election. Furthermore, the requirements for reclassifying gains or losses recognized in other comprehensive income are different for debt instruments and equity investments.

The classification of a financial asset is made at the time it is initially recognized, namely when the Philippine Branch becomes a party to the contractual provisions of the instrument, if certain conditions are met, the classification of an asset may subsequently need to be reclassified.

In March 2023, within the trading book of the Philippine Branch's Markets business, a component of the Institutional division, the Philippine Branch commenced the management of repurchase agreements and associated reverse repurchase agreements on a fair value basis. This resulted in repurchase and associated reverse repurchase agreements being recognized and measured at fair value through profit and loss.

Debt Instruments

Financial Assets at Amortized Cost

A debt instrument that meets the following two conditions must be measured at amortized cost (net of any write down for impairment) unless the asset is designated at FVPL under the fair value option.

Business model: hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

Cash flow characteristics: give rise on specified dates to cash flows that are solely payments of principal and interest.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. These financial assets are subsequently measured at amortized cost using the effective interest method less any loss allowance. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is recognized under "Interest income calculated using the effective interest method" in the statements of income and expenses. The losses arising from impairment of financial assets at amortized cost are recognized in "Provision for (reversal of) credit and impairment losses and recoveries" in the statements of income and expenses.

The Philippine Branch's financial assets at amortized cost include loans and advances to banks, loans and receivables, due from head office and other branches presented under "Net due to Head Office and other branches" account, accounts receivable, and unsettled trade assets presented under "Other assets" account in the statements of financial position as at September 30, 2025 and 2024 (see Notes 8, 11, 14 and 18).

Financial Assets at FVOCI

A debt instrument that meets the following two conditions must be measured at FVOCI unless the asset is designated at FVPL under the fair value option:

Business model: hold the financial asset within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Cash flow characteristics: give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. These instruments are subsequently measured at fair value with gains and losses due to changes in fair value recognized under “Net change in unrealized gain (loss) on debt financial assets at FVOCI” in the statements of comprehensive income. Interest earned on these instruments is recognized under “Interest income calculated using the effective interest method” in the statements of income and expenses.

Financial Assets at FVPL
All other debt instruments not measured at amortized cost or at FVOCI are classified as financial assets at FVPL. The Philippine Branch’s financial assets at FVPL consist of Held-for-trading (HFT) securities and derivative assets.

a. HFT Securities
   HFT investments are recorded in the statements of financial position at fair value. Changes in fair value relating to the held-for-trading positions are recognized in “Trading and securities gain - net” in the statements of income and expenses. Interest earned is recorded under “Interest income on financial assets at FVPL” in the statements of income and expenses.

b. Derivative Assets
   The Philippine Branch enters into contracts with off-books risks. These contracts are entered into as a service to customers and as a means of reducing and managing the Philippine Branch’s risk exposures, as well as for trading purposes. These derivative financial instruments are initially recognized at fair value on the date when the derivative contract is entered into and are subsequently remeasured at their fair value. All derivatives are reported as assets when fair value is positive and as liabilities when fair value is negative.

The method recognizing fair value gains and losses depends on whether derivatives are held-for-trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged.

The Philippine Branch’s derivative transactions include forward exchange contracts, options, interest rate, currency and cross-currency swaps.

Even if an instrument meets the two requirements to be measured at amortized cost or FVOCI, the Philippine Branch has an option to designate, at initial recognition, a financial asset at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases or the liability is part or a group of financial liabilities or financial assets and financial liabilities that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Philippine Branch's key management personnel.

Equity Instruments
Financial assets that are equity instruments shall be classified under any of the following categories:

a. Financial assets measured at FVPL which shall include financial assets HFT; or

b. Financial assets at FVOCI which shall consist of:

   - Equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, *Business Combinations* applies; or

   - Financial assets mandatorily measured at fair value. This includes investment in equity instruments which do not have quoted price in an active market for an identical instrument. There is no 'cost exception' for unquoted equities.

Dividends earned from equity instruments are recognized in "Miscellaneous income" in the statements of income and expenses when the Philippine Branch's right to receive payment has been established.

All equity investments in scope of PFRS 9 are measured at fair value in the statements of financial position, with value changes recognized in statements of income and expenses, except for those equity investments for which the Philippine Branch has elected to present value changes in OCI.

If an equity investment is not held for trading, the Philippine Branch can make an irrevocable election at initial recognition to measure it at FVOCI with only dividend income recognized in statements of income and expenses.

Financial Liabilities
The Philippine Branch classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or at FVPL.

Financial liabilities are classified and subsequently measured at amortized cost using the effective interest method, except for financial liabilities measured at FVPL. Financial liabilities measured at FVPL consists of: (a) financial liabilities HFT, including derivative liabilities that are not accounted for as hedging instruments; and (b) financial liabilities designated at FVPL.

The Philippine Branch may, at Initial recognition, irrevocably designate financial liabilities at FVPL.

The Philippine Branch's financial liabilities at amortized cost include deposits from customers, deposits and borrowings from banks, accrued interest payable, due to Head Office and other branches presented under "Net due to Head Office and other branches" account, liabilities for acceptances and certain financial liabilities presented under "Other liabilities" account, except for provisions, statutory liabilities, unclaimed monies, defined benefit liability and miscellaneous liabilities (see Notes 15, 16 and 18).

Financial liabilities at FVPL include derivative liabilities held-for-trading arising from interest rate swaps, cross-currency swaps and forward contracts. Similar to derivative assets, any gains or losses arising from changes in fair values of derivative liabilities are taken directly to “Foreign exchange losses - net” and “Trading and securities gain - net” in the statements of income and expenses. Derivatives are carried as liabilities when the fair value is negative.

Impairment
The Philippine Branch recognizes allowance for expected credit losses (ECL) using the ECL method which incorporates forward-looking information and does not require an actual loss event to have occurred for an impairment provision to be recognized. The ECL model was applied to all financial assets measured at amortized cost, debt instruments measured at FVOCI, certain loan commitments and financial guarantees not measured at FVPL. Under the ECL model, the following three-stage approach is applied to measuring ECL based on credit migration between the stages since origination:

Stage 1: At the origination of a financial asset, and where there has not been a significant increase in credit risk since origination, a provision equivalent to 12-month ECL is recognized.

Stage 2: Where there has been a significant increase in credit risk was origination, a provision equivalent to lifetime ECL is recognized. If credit risk was to improve in a subsequent period such that the increase in credit risk since origination is no longer considered significant, the exposure returns to a Stage 1 classification and a 12- month ECL.

Stage 3: Lifetime ECL is recognized for financial assets at amortized cost and debt instruments at FVOCI where there is objective evidence of impairment.

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible defaults events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial statements allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Expected credit losses are estimated at the facility level by using a PD reflecting a probability weighted range of possible future economic scenarios, and applying this to the estimated exposure of the Philippine Branch at the point of default (exposure at default) after taking into account the value of any collateral held or other mitigants of loss (loss given default), while allowing for the impact of discounting for the time value of money.

Significant Increase in Credit Risk
The Philippine Branch considers both qualitative and quantitative information. For the majority of portfolios, the primary indicator of a SICR is a significant deterioration in the internal credit rating grade of a facility since origination. The Philippine Branch will also use secondary indicators, such as 30 days past due arrears, as backstops to these primary indicators.

Credit-impaired Financial Assets (Stage 3)
Financial assets are considered credit impaired when they default. The definition of default used in measuring ECL is aligned to the definition used for internal credit risk management purposes across all portfolios. Evidence of credit-impairment includes arrears of over 90 days on any material credit obligation, indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

When there is no realistic probability of recovery, loans are written off against the related impairment allowance on completion of the Philippine Branch's internal process and when all reasonably expected recoveries have been collected. In subsequent periods, any recoveries of amounts previously written-off are credited to the "Provision for (reversal of) credit and impairment losses and recoveries" account in the statements of income and expenses.

An asset that is in Stage 3 will move back to Stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired. The asset will migrate back to Stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly since initial recognition.

Definition of Default
The definition of default used in measuring ECL is aligned to the definition used for internal credit risk management purposes across all portfolios. This definition is also in line with the regulatory definition of default.

Default occurs when there are indicators that a debtor is unlikely to meet contractual credit obligations to the Philippine Branch in full, or the exposure is 90 days past due (DPD). When there is no realistic probability of recovery, loans are written off against the related impairment allowance on completion of the Philippine Branch's internal process and when all reasonably expected recoveries have been collected. In subsequent periods, any recoveries of amounts previously written-off are credited to the "Provision for (reversal of) credit and impairment losses and recoveries" account in the statements of income and expenses.

Presentation of Allowance for ECL in the Statements of Financial Position
Loss allowances for ECL are presented in the statements of financial position as follows:

- Financial assets measured at amortized cost: as a deduction form the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision recorded as "Provision for liability" under "Other liabilities" account in the statements of financial position;
- Where a financial instrument includes both a drawn and an undrawn component, and the Philippine Branch cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Philippine Branch presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognized in the statements of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in "Reserves" account presented under "Assigned capital funds" in the statements of financial position.

Components of ECL Measurement
The measurement of ECL involves degrees of complexity and judgment, including estimation of probabilities of default (PD), loss given default (LGD), exposures at default (EAD), a range of future economic scenarios, application of probability weightings, estimation of expected lives and assessing significant increases in credit risk. Impairment charges will tend to be more volatile and will be recognised earlier.

Unsecured products with longer expected lives, such as revolving credit cards, are the most impacted. Management exercises credit judgment in assessing probability weights to attach to scenarios and in determining the amount of impairment provisions at each reporting date.

Write-off
Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Philippine Branch determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in "Provision for (reversal of) credit and impairment losses and recoveries" account in the statements of income and expenses.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Philippine Branch's procedures for recovery of amounts due.

Determination of Fair Value
'Fair value' is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Philippine Branch has access at that date. The fair value of a financial liability reflects its non-performance risk.

When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price).

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Philippine Branch on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure.

The Philippine Branch recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Fair Value Adjustments
When establishing the exit price of a financial instrument using a valuation technique, the Australia and New Zealand Banking Group (the "Group") considers adjustments to the modeled price which market participants would make when pricing that instrument. The Philippine Branch has made valuation adjustments in determining the fair value of financial assets and financial liabilities classified as Level 2 financial instruments.

Bid-offer Valuation Adjustment
The existing financial reporting framework makes use of mid-market prices as basis for establishing the fair value of financial instruments. The adjustment to fair value is made to incorporate the bid-offer spread and where there are offsetting market risks, this adjustment is made to the net open risk position. Bid-offer calculation methodology uses official market risk data from Market Risk Reporting System (MaRRS).

The bid-offer spread is independently sourced from third party rate providers and vetted by market risk and valuation control. Netting between maturity buckets is limited to the extent that risk sensitivities sourced from MaRRS would have the same pillars as the daily market risk report. This is to ensure that the risks used for bid-offer calculation are aligned to how the risks are viewed and managed by market risk.

Credit Valuation Adjustment (CVA)
The Group makes CVA against fair value of derivative instruments. The recognition and measurement require a derivative to be accounted for at full fair value where the credit quality of the counterparty must be reflected in the calculation of its fair value. In determining the fair value of a derivative, the Group recognizes CVA to reflect the probability that the counterparty may default at some point over the life of the transaction.

It is calculated by applying a probability of default (PD) on the potential estimated future positive exposure of the counterparty after taking into account the impact of collateral arrangements. As the Group's source derivative valuation systems value off a mid-swap curve being an interbank pricing (effectively disregarding credit quality), the CVA adjustment is required to reflect the difference in fair value attributable to the creditworthiness of the counterparty. The combination of the Group source system valuation and the CVA adjustment together meet the definition of fair value required under the standard. The Group makes greater use of market information for determining the PD and enhanced exposure modelling for estimating CVA.

Funding Valuation Adjustment (FVA)
The Group makes an FVA against derivative instruments. FVA reflects an estimate of the adjustment to its fair value that a market participant would make to incorporate funding costs that could arise in relation to the exposure. FVA is calculated by determining the net expected exposure at a counterparty level and then applying a funding rate to those exposures that reflect the market cost of funding. The FVA for collateralized derivatives are based on discounting the expected future cash flows at the relevant overnight indexed swap (OIS) rate after taking into consideration the terms of the underlying collateral agreement with the counterparty.

The FVA for uncollateralized (including partially collateralized) derivatives incorporates the estimated present value of the market funding cost or benefit associated with funding these transactions.

"Day 1" Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same financial instrument or based on a valuation technique whose variables include only data from observable markets, the Philippine Branch recognizes the difference between the transaction price and fair value (a "Day 1" Difference) as part of current operations in the period when the financial asset is acquired or the financial liability is incurred.

In cases where the transaction price used is based on inputs which are not observable, the difference between the transaction price and model value is only recognized in the statement of income and expenses or when the financial instrument is derecognized. For each transaction, the Philippine Branch determines the appropriate method of recognizing the "Day 1" difference.

Financial Liabilities
The Philippine Branch derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting of Financial Instruments
Financial assets and financial liabilities are generally not offset. Offsetting in the statements of financial position is allowed when, and only when, the Philippine Branch has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. This is generally not the case with master netting agreements, as related financial assets and financial liabilities are presented gross in the statements of financial position.

As at September 30, 2025 and 2024, the Philippine Branch has identified due from and due to Head Office and other branches accounts as financial instruments qualified for offsetting and accordingly presented the net amount as part of "Net Due to Head Office and Other Branches" account in the statements of financial position.

<u>Cash and Other Cash Items</u>
For purposes of reporting cash flows, cash and other cash items include cash and other cash equivalents, due from BSP, due from other banks and interbank loans receivable that are convertible to known amounts of cash with original maturities of three months or less from dates of placements and that are subject to insignificant risk of changes in value.

Cash and cash equivalents are carried at amortized cost in the statements of financial position.

<u>Repurchase and Reverse Repurchase Agreements</u>
Securities purchased under resale agreement (SPURA) to resell at a specified future date ("reverse repos") are not recognized in the statements of financial position. The corresponding cash paid, including accrued interest, is recognized in the statements of financial position as securities purchased under resale agreement, and is considered as a loan to the counterparty. The Philippine Branch is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. The difference between the purchase price and resale price is treated as interest income in the statements of income and expenses and is amortized over the life of the agreement using the effective interest method. Reverse repos classified as amortized cost are held for basic lending, with the intention to collect principal and interest upon maturity only, as opposed to those classified at fair value through profit or loss which are acquired for short-term profit taking. This includes reverse repurchase agreements with BSP under 'Loans and advances to banks' account in the statements of financial position.

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

Initially, an item of property and equipment, is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Philippine Branch. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which these are incurred.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful life of the improvements or the term of the lease, whichever is shorter.

The estimated useful lives of the Philippine Branch's property and equipment and right-of-use assets are as follows:

	Number of Years
Computer equipment	3 - 5
Leasehold improvements	3 or lease term, whichever is shorter
Motor vehicles	5
Furniture, fixtures and equipment	10

The useful lives and depreciation and amortization method are reviewed at each reporting date to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is reflected in the statements of income and expenses of the current period.

Impairment of Non-financial Assets
The carrying amounts of the Philippine Branch's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss equal to the excess of the asset's carrying amount over its recoverable amount is recognized in the statements of income and expenses in the period in which it arises.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal can be made only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized. Such reversal is recognized in statements of income and expenses. After such a reversal, the depreciation is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

<u>Equity</u>

Assigned Capital Funds

Assigned capital funds represent the capital permanently assigned by the Head Office to the Philippine Branch. Assigned capital is measured at the fair value of the cash or other resources received for the initial investment transferred to the Philippine Branch from the Head Office. Assigned capital funds include the initial remittance of the Head Office to the Philippine Branch in accordance with the registration requirements of the SEC including any additional contributions to finance the Philippine Branch's working capital requirements.

Unremitted Profits

Unremitted profits represent the accumulated earnings and losses of the Philippine Branch less remittances to Head Office.

Appropriation for General Loan Loss Provision

Appropriation for general loan loss provision pertains to the accumulated amount of appropriation from Unremitted Profits made by the Philippine Branch arising from the excess of the one-percent general loan loss provisions for all outstanding Stage 1 on-balance sheet loans, except for accounts considered as credit risk-free under existing regulations, as required by the Manual of Regulations for Banks (MORB) Section 172, *Financial Records, Adoption of PFRS; Appendix 27 - Guidelines on the adoption of PFRS 9 - Classification and Measurement; Appendix 100 - Guidelines on the adoption of PFRS 9 - Impairment* over the computed allowance for ECL.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Philippine Branch expects to be entitled in exchange for those services.

The Philippine Branch assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Philippine Branch concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before income and expenses are recognized:

Within the Scope of PFRS 15

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of Income	**Nature and Timing of Satisfaction of Performance Obligations**	**Revenue Recognition under PFRS15**
Lending fees and commission	Fee for every trade-related transaction. This also includes fees charged for providing customers a distinct good or service that are recognized separately from the underlying lending product.	*Guarantee Fees* Revenue is recognized upon execution of the trade finance products (e.g., loan commitments, LCs, import/export bills, etc.). *Arrangement Fees* Revenue is recognized when service (i.e. arrangement) is provided. If there are contract milestones, these arrangement fees are recognized upon completion of such milestones. *Structuring Fees* Revenue is recognized upon rendering of advice or during provision of service. Revenue is recognized over the term of loan syndication.
Non-lending fees and commission	Non-lending fees and commission pertain to service transfer pricing income allocated by Head Office, outward telegraphic transfer fees, import and export fees and guarantee fees and other non-lending services costs. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.	*Account, Transactions and Service Fees* Revenue is recognized at point in time that the associated service is provided as non-interest income (fees and commission) *Service Transfer Fees* Revenue is recognized monthly based on an accrual computation made by the Head Office.

A contract with customer that results in a recognized financial instrument in the Philippine Branch's financial statements may be partially in the scope of PFRS 9 and partially in the scope of PFRS 15. If this is the case, then the Philippine Branch first applies PFRS 9 to separate and measure the part of the contract that is in the scope of PFRS 9 and then applies PFRS 15 to the residual.

Lending and non-lending fees are recorded as part of "Fees and commission income" account in the statements of income and expenses.

Outside the Scope of PFRS 15
Interest income and expense are recognized in statements of income and expenses using the effective interest rate method. The "effective interest rate'' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Philippine Branch estimates future cash flows considering all the contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted EIR is calculated using estimated future cash flows including ECL. The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the EIR, transactions costs and all other premiums or discounts. Transaction costs include incremental costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability.

Amortized Cost and Gross Carrying Account
The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of Interest Income
The effective interest rate of a financial asset is calculated on initial recognition. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation
Interest income presented under "Interest income calculated using the effective interest method" in the statements of income and expenses includes interest earned on financial assets at amortized cost and at FVOCI - debt. Interest income on financial assets at FVPL is presented under "Interest income on financial assets at FVPL" in the statements of income and expenses.

Trading and Securities Gain - net
This consists of income from trading activities, including all gains and losses from changes in fair value of financial assets and financial liabilities at FVPL and gains and losses from disposal of financial assets at FVPL, except for gains and losses arising from foreign exchange differences.

Foreign Exchange Losses - net
Trading gains and losses on spot foreign exchange contracts, forward foreign exchange contracts, over-the-counter foreign exchange options and exchange differences from translating transaction currency to functional currency are presented in "Foreign exchange losses - net" account in the statements of income and expenses.

<u>Expense Recognition</u>
Expense is recognized when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen to the Philippine Branch that can be measured reliably.

These financial statements are prepared on the accrual basis of accounting. Under this basis, costs and expenses are recognized when they occur and are reported in the financial statements in the periods to which they relate.

Offsetting of Income and Expenses
Income and expenses are generally not offset unless required or permitted by an accounting standard. This generally arises in the following circumstances:

- where transaction costs form an integral part of the effective interest rate (EIR) of a financial instrument which is measured at amortized cost, these are offset against the interest income generated by the financial instrument; and
- where gains and losses arise from a group of similar transactions such as gains/losses from financial assets and financial liabilities at FVPL and foreign exchange gains and losses.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as the Philippine Branch's trading activities.

<u>Interest Expense</u>
Interest expense is recognized in the statements of income and expenses using the effective interest method. The effective interest is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial instruments or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

<u>Operating Lease - The Company as Lessee</u>
The Philippine Branch assesses whether a contract is or contains a lease, at inception of the contract. The Philippine Branch recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Philippine Branch recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Philippine Branch has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment Benefits

Under the defined contribution plan, the Philippine Branch pays fixed contributions based on the employees' monthly salaries. The Philippine Branch, however, is covered under Republic Act (RA) No. 7641, *The Philippine Retirement Law*, which provides for its qualified employees a defined benefits (DB) minimum guarantee. The DB minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of R.A. No. 7641.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation relating to the minimum guarantee at the end of the reporting period, or if higher, the sum of the defined contribution (DC) liability and the present value of the excess of the projected DB obligation over projected DC obligation, reduced by the fair value of the plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The DC liability is measured at the fair value of the DC assets upon which the DC benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the DC benefits.

The calculation of defined benefit obligation is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Philippine Branch, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined liability or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized as "Remeasurement gain (loss) on retirement plan" which is transferred to "Unremitted profits" in the statements of financial position. This is in accordance with PAS 19-R, *Employee Benefits* which states that remeasurements of the net defined benefit liability or asset recognized in other comprehensive income shall not be reclassified to statements of income and expenses in a subsequent period. However, the Philippine Branch may transfer those amounts recognized in other comprehensive income within equity.

The Philippine Branch determines the net interest expense (income) on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in the statements of income and expenses.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statements of income and expenses.

The Philippine Branch recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Obligations for contributions to defined contribution plan are expensed as the related service is provided and recognized as part of “Salaries, bonuses and allowances” account in the statements of income and expenses. Prepaid contributions, if any, are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The net defined benefit is presented as liability under “Other liabilities” or asset under “Other assets” account in the statements of financial position.

Share-based Compensation
The Philippine Branch has share-based compensation plans. The shares are not issued by the Philippine Branch but by the Head Office, the cost of which is being charged back to the Philippine Branch via the Service Transfer Pricing mechanism that is included in the allocated head office expenses (see Note 18).

Expenses related to equity-settled share-based compensation are included in long-term benefits under “Salaries, bonuses and allowances” account (see Note 26).

At a date approved by the Board of Directors (BOD), the shares are issued to all eligible employees using the ANZ share price calculated by applying the one week weighted average price of ANZ shares sold on the Australian Stock Exchange, up to and including the date of issue of the shares.

If an employee is not required to complete a specified period of service before becoming unconditionally entitled to ANZ’s equity instruments, then ANZ is required to recognize the services received in full, with a corresponding increase in ANZ’s equity. ANZ accrues the expense for the shares that may be issued (note that the accrual does not necessarily mean that the shares will in fact be granted) in relation to a financial year. The accrual is recognized on a monthly basis as employees render the service in a particular financial year that may give rise to the granting of the shares to eligible staff. In the event that the shares are not granted, the accrual is reversed.

The fair value of equity instruments granted to employees is determined at grant date by the Head Office’s share plan administrator based on the latest weighted average and closing price of ANZ shares as shown in Australian Dollars (AUD).

In 2025 and 2024, the Philippine Branch recognized equity-settled share-based compensation, as part of “Salaries, bonuses and allowances” account in the statements of income and expenses, with a corresponding increase in “Net Due to Head Office and Other Branches” account in the statements of financial position.

Income Taxes
Income tax comprises current and deferred tax. Income tax is determined in accordance with Philippine tax law. Income tax is recognized in the statements of income and expenses, except to the extent that it relates to items recognized directly in equity. Taxes on these items are recognized in other comprehensive income (OCI).

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

Final Tax
Final tax is a kind of withholding tax which is prescribed on certain income payments and is not creditable against the income tax due of the payee on other income subject to regular rates of tax for the taxable year. Tax withheld constitutes the full and final payment of the tax due from the payee on the particular income subjected to final withholding tax.

Deferred Tax
Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date. Unrecognized deferred tax assets, if any, are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

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

Current tax and deferred tax relating to items recognized directly in equity are also recognized in equity and not in the statements of income and expenses.

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

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

As at September 30, 2025 and 2024, the Philippine Branch has provision for liabilities amounting to P13.42 million and P17.79 million, respectively.

Events After the Reporting Date

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

Amendments to Standards Issued but Not Yet Adopted

Amendments to standards are effective for annual periods beginning after October 1, 2025. However, the Philippine Branch has not applied the following amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

Effective January 1, 2025

- *Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates*). The amendments clarify that a currency is exchangeable into another currency when a company is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

  When a currency is not exchangeable, a company needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

  The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the company because the currency is not exchangeable.

  The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the company uses a presentation currency other than its functional currency.

  The Philippine Branch is still in the process of assessing the impact of the new standard, particularly with respect to the estimation of spot rates for currencies that are not exchangeable, and the required disclosures to assess the impact of using the estimated exchange rates.

Effective January 1, 2026

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures)*. The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

Date of recognition and derecognition. The amendments clarified that:

- a financial asset or financial liability is recognized on the date on which the entity becomes party to the contractual provisions of the instrument unless the regular way exemption applies;
- a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and
- a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.

Classification of financial assets. The amendments related to classification of financial assets introduces an additional test to assess whether the SPPI criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

Contractually linked instruments and non-recourse features. The amendments clarify the key characteristics of contractually linked instruments (CLIs) and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the ‘look through’ test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of IFRS 9.

Disclosures on investments in equity instruments. The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income. The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

The amendments apply for reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments.

The Philippine Branch is still in the process of assessing the impact of the new standard, particularly with respect to the clarification on date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

Effective January 1, 2027

- PFRS 18*, Presentation and Disclosure in Financial Statements* will replace PAS 1 *Presentation of Financial Statements* and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.

  - *A more structured income statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories – operating, investing, and financing – based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement – either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
  - *Management-defined performance measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.
  - *Greater disaggregation of information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

PFRS 18 also now require goodwill to be presented as a line item in the statement of financial position.

Consequential amendments to PAS 7 *Statement of Cash Flows* requires the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33 *Earnings per Share* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

The Philippine Branch is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Philippine Branch's statement of comprehensive income, the statement of cash flows and the additional disclosures required for MPMs. The Philippine Branch is also assessing the impact on how information is grouped in the financial statements, including for items currently labeled as "other".

4. Material Accounting Judgments and Estimates

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

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

The following are the critical judgments, key estimates and assumptions that may have a risk of material adjustment to the carrying amounts of assets, liabilities, income, expenses, and disclosures of contingent assets and contingent liabilities in the next financial year.

Judgments

In the process of applying the Philippine Branch's accounting policies, management has made the following judgments, apart from those involving estimations, which may have the most significant effect on amounts recognized in the financial statements.

Functional Currency

PAS 21, *The Effect of Changes in Foreign Exchange Rates*, requires management to use its judgment to determine the Philippine Branch functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the Philippine Branch.

In making this judgment, the Philippine Branch considers the following:

(a) the currency that mainly influences sales prices for financial instruments and services (this will often be the currency in which sales prices for its financial instruments and services are denominated and settled);
(b) the currency in which funds from financing activities are generated; and
(c) the currency in which receipts from operating activities are usually retained.

Based on the economic substance of the underlying circumstance relevant to the Philippine Branch, the functional currency of the Philippine Branch's RBU book of accounts and FCDU book of accounts have been determined to be PHP and USD, respectively.

PHP and USD are the currencies of the primary economic environment on which the Philippine Branch operates. These are the currencies that mainly influence the income and costs arising from the Philippine Branch operations.

Classification of Financial Assets

The Philippine Branch exercises judgment in classifying a financial asset on initial recognition in accordance with the substance of the contractual arrangement and the definition of the types of financial assets. The substance of a financial asset, rather than its legal form, governs its classification in the statements of financial position.

Business Model Assessment

The Philippine Branch determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- how managers of the business are compensated.

The expected frequency, value and timing of sales are also important aspects of the Philippine Branch's assessment. The business model assessment is based on reasonably expected scenarios without taking ''worst case'' or ''stress case" scenarios into account.

If cash flows after initial recognition are realized in a way that is different from the Philippine Branch's original expectations, the Philippine Branch does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Considering the realization of cash flows for repurchase agreements and reverse repurchase agreements are different from expectations, the Philippine Branch accounted for new repurchase agreements and reverse repurchase agreements as FVPL starting March 29, 2023. These products were classified as Level 2 within the fair value hierarchy. Interest income and expenses arising from these instruments are classified under interest income (expense) on financial assets (liabilities) at FVPL in the statement of income and expenses.

The SPPI Test
As a second step of its classification process, the Philippine Branch assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

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

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

Significant Increase in Credit Risk (SICR)
Stage 2 assets are those that have experienced a SICR since initial recognition. In determining what constitutes a SICR, the Philippine Branch considers both qualitative and quantitative information. For the majority of portfolios, the primary indicator of a SICR is a significant deterioration in the internal credit rating grade of a facility since origination. The Philippine Branch will also use secondary indicators, such as 30 days past due arrears, as backstops to these primary indicators.

The determination of trigger points in relation to the deterioration of rating grades, combined with secondary risk indicators where used, requires judgment. In determining the Philippine Branch’s policy, alternative indicators have been considered and assessed, and these will be subject to regular review to ensure they remain appropriate. Analysis of the sensitivity associated with the assessment of significant increase in credit risk is presented in Note 5.

Forward Looking Information
The measurement of ECLs reflects an unbiased probability-weighted range of possible future outcomes.

In applying forward looking information in the Philippine Branch’s PFRS 9 credit models, the Philippine Branch uses four alternative economic scenarios in estimating ECL. A base case scenario reflects management’s base case assumptions used for medium term planning purposes. Additional upside and downside scenarios are determined together with a severe downside scenario.

The Philippine Branch’s Credit and Market Risk Committee (CMRC) is responsible for reviewing and approving forecast economic scenarios and the associated probability weights applied to each scenario.

Where applicable, adjustments may be made to account for situations where known or expected risks have not been adequately addressed in the modelling process. CMRC will be responsible for recommending such adjustments.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Fair Value of Financial Instruments

The Philippine Branch evaluates the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgment and estimation in determining the carrying values of financial assets and financial liabilities at the reporting date.

Credit and Impairment Loses

The measurement of impairment losses under PFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Philippine Branch's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- the Philippine Branch's internal credit grading model, which assigns the probability of defaults to individual grades;
- the Philippine Branch's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- the segmentation of financial assets when their ECL is assessed on a collective basis;
- development of ECL models, including the various formulas and the choice of inputs;
- determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on probability of defaults, exposure at defaults and loss given defaults; and
- selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Financial Assets at Amortized Cost

As at September 30, 2025 and 2024, allowance for credit and impairment losses on financial assets at amortized cost amounted to P174.93 million and P13.77 million, respectively (see Note 12).

Financial Assets at FVOCI

As at September 30, 2025 and 2024, the allowance for credit and impairment losses of financial assets at FVOCI, amounted to P28.78 million and P37.43 million, respectively (see Note 12).

Off-balance Sheet Items
As at September 30, 2025 and 2024, the allowance for credit and impairment losses of commitments and other financial guarantees amounting to P1.91 million and P2.70 million, respectively, is presented under "Other liabilities" as provision for liability (see Notes 12 and 16).

Impairment of Non-financial Assets
The Philippine Branch assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, except for goodwill acquired in a business combination which is tested for impairment annually. The factors that the Philippine Branch considers important, which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Philippine Branch recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair values less costs to sell and value in use.

Management performs business strategic review and assesses if there are impairment indicators affecting the carrying amount of property and equipment and intangible assets to warrant an impairment analysis. There were no impaired property and equipment as at September 30, 2025 and 2024.

Estimated Useful Lives of Property and Equipment
The useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from property and equipment.

The estimated useful lives of property and equipment are disclosed in Note 3.

Recognition and Realizability of Deferred Tax Assets
Deferred tax assets are recognized for all temporary differences and unused tax losses to the extent that it is probable that taxable income will be available against which the temporary differences and unused tax losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income.

Management assessed that there are deferred tax assets that can be realized by applying against future taxable income. The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The Philippine Branch recognized deferred tax assets amounting to P137.94 million and P103.72 million as at September 30, 2025 and 2024, respectively (see Note 25).

Present Value of Retirement Obligation
The present value of retirement obligation depends on number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining retirement cost include future salary increases, mortality rates, future pension increases and the discount rate. Any change in these assumptions will impact the carrying amount of the retirement obligation.

The assumed discount rates were determined using the prevailing market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at reporting date. Retirement benefit asset (liability) amounting to P8.18 million and P1.10 million as at September 30, 2025 and 2024, respectively (see Notes 14 and 26).

Provisions and Contingencies
The Philippine Branch, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations in accordance with its policies on provisions and contingences. Judgment is exercised by management to distinguish between provisions and contingencies.

5. Financial Risk Management Objectives and Policies

Introduction and Overview

Strategy in Using Financial Instruments
Financial instruments are fundamental to the Philippine Branch’s business, constituting the core element of its operations. Accordingly, the risks associated with financial instruments are a significant component of the risks faced by the Philippine Branch. Financial instruments create, modify or reduce the credit, market (including traded or fair value risks and non-traded or interest and foreign currency related risks) and liquidity risks of the Philippine Branch. These risks and the Philippine Branch’s policies and objectives for managing such risks are outlined below.

The Philippine Branch’s overall risk management program based on the policy of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The Philippine Branch has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

Credit Risk

Credit risk is the risk of financial loss from counterparties being unable to fulfill their contractual loan or other credit obligations. The Philippine Branch has an overall lending objective of sound growth for appropriate returns. The credit risk management framework exists to provide a structured and disciplined process to support this objective.

The Philippine Branch assumes credit risk in a wide range of lending and other activities in diverse markets and many jurisdictions. Credit risks arise not only from traditional lending to customers, but also from inter-bank, treasury, international trade and capital market activities around the world.

Credit Risk Management
A credit risk management framework is in place across the Philippine Branch with the aim of ensuring that a structured and disciplined approach is maintained in achieving the objectives set at the Group level. The framework focuses on policies, people, skills, vision, values, controls, risk concentrations and portfolio quality. It is supported by portfolio analysis and asset-writing strategies which guide lending decisions and identify segments of the portfolio requiring attention. The effectiveness of the framework is monitored through a series of compliance and reporting processes.

The Philippine Branch sets limits at an acceptable level of credit risk. Acceptance of credit risk is initially based on the counterparty's assessed capacity to meet contractual obligations (i.e., interest and capital repayments). Obtaining collateral supports this. An independent Risk Management function, at Group, Divisional and Business Unit levels, are staffed by risk specialists. Risk Management objectives on credit risk management include developing robust credit policies, making independent credit decisions and providing strong support to front line staff in the application of sound credit practices.

In addition to providing independent credit assessment and lending decisions, Risk Management also perform key roles in portfolio management, credit risk measurement system development and validation, loan asset quality reporting, and development of credit standards and policies. All credit decisions greater than predetermined thresholds require the approval from both business writers and independent risk personnel. These credit approval discretions (CADs) are delegated to individuals, at progressively diminishing levels, thus forming a credit approval hierarchy ensuring that larger and more complex credits are given greater analysis. The approval limits of each CADs-holder are contained in a CADs schedule.

Credit Risk Governance
CAD applicable to the Philippine Branch is exercised or delegated by the Group's CMRC to senior executives who further delegate to senior officers of the head office, regional office or in-country office. CMRC is an executive management committee comprising senior risk, business and group executives, chaired by the Chief Risk Officer of each of the countries. CMRC receives a delegated discretion from the Board Risk Committee to set credit policies, review divisional credit risk appetite and make credit decisions within set limits.

CMRC further delegates credit responsibilities to the broader organization, based on a combination of factors, including size of risk, level of risk, nature of counterparty, collateral support, risk concentration limits, location of risk and expertise of special credit points.

Each country's CMRC also oversees credit portfolio composition including large exposures, risk grade migration and risk concentration, changes to credit policy, Value-at-Risk (VaR) limits setting, new products and regulatory compliance, as well as recommendations for approval by the Board Risk Committee at a group level.

Country Risk Measurement
Some customer credit risks involve country risk whereby actions or events at a national or international level could disrupt servicing of commitments. Country risk arises when payment or discharge of an obligation will, or could, involve the flow of funds from one country to another or involve transactions in a currency other than the domestic currency of the relevant country. Country ratings are assigned to each country where the Philippine Branch incurs country risk and have a direct bearing on the Philippine Branch's risk appetite for each country.

The country rating is determined through a defined methodology based on external rating agencies' ratings and internal specialist opinion. It is also a key risk consideration in the Philippine Branch's capital pricing model for cross border flows. The recording of country limits provides the Group with a means to identify and control country risk. Country limits ensure that there is a country-by-country ceiling on exposures that involve country risk. They are recorded by time to maturity and purpose of exposure (e.g., trade, markets and project finance). Country limits are managed centrally for the Group, through a global country risk exposure management system managed by a specialist unit.

Concentration of Credit Risk
Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities within the same geographical region, or when they have similar risk characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Philippine Branch monitors its portfolios, to identify and assess risk concentrations. The Philippine Branch's strategy is to maintain well-diversified credit portfolios focused on achieving an acceptable risk-return balance. Credit risk portfolios are actively monitored and frequently reviewed to identify, assess and guard against unacceptable risk concentrations. Concentration analysis will typically include geography, industry, credit product and risk grade. The Philippine Branch also applies single customer counterparty limits to protect against unacceptably large exposures to single name risk. These limits are established based on a combination of factors including the nature of the counterparty, probability of default and collateral provided.

Portfolio Stress Testing
Stress testing is integral to strengthening the predictive approach to risk management and is a key component to managing risk appetite, asset writing strategies and business strategies. It creates greater understanding of impacts on financial performance through modeling relationships and sensitivities between geographic, industry and business unit exposures under a range of macro-economic scenarios. The Group has a dedicated stress testing team within Risk Management that models and reports periodically to the management and the Board Risk Committee on a range of scenarios and stress tests. The Philippine Branch's Market Risk Team and CMRC also use the reports to monitor risk levels.

Portfolio Analysis and Reporting
Global credit portfolios are analyzed by the Risk Committees, Senior Business and Board Risk Management. While these include Philippine-related exposures already, Philippine Branch credit portfolios are additionally analyzed by the Philippine Branch CRO and discussed in CMRC. A central risk reporting area produces credit portfolio analysis at both Group and Country (i.e., Philippine) levels which is distributed to senior Risk and Business executives through monthly, half yearly and ad hoc reporting, or as set agenda reports to the various Risk Committees.

This area provides an independent mechanism to ensure that significant and emerging credit risks are proactively identified and communicated to Group Risk and Business Units executives, including the Executive Management and Board Risk Committee.

Credit Risk Assurance
The credit risk objectives of the Group are set by the CMRC and are implemented and monitored within a tiered structure of delegated authority, designed to oversee multiple facets of credit risk, including asset writing strategies, credit policies/controls, single exposures, portfolio monitoring and risk concentrations. The integrity of the credit risk function is maintained by the independence of the credit chain and is supported by comprehensive risk analysis, risk tools, monitoring processes and policies.

The Group manages its credit risk within its credit risk management framework by dealing with creditworthy counterparties, setting credit limits on exposures to counterparties, and obtaining collateral where appropriate. To provide specialist management of impaired loans, Portfolio Management Department performs a role as workout specialist for identified sub-standard assets.

The credit risk review function within Group Audit provides further independent checks and balances on the quality of credit decisions.

This includes providing an independent periodic check on asset quality and compliance with agreed standards and policies across the Group.

Collateral Management
The Philippine Branch credit principles specify to only lend when the counterparty has the capacity and ability to repay, and the Group sets limits on the acceptable level of credit risk. Obtaining collateral is only used to mitigate credit risk. Procedures are designed to ensure collateral is managed, legally enforceable, conservatively valued and adequately insured. The Group's policy as implemented by the Philippine Branch sets out the types of acceptable collateral, including: cash; mortgages over property; charges over business assets (e.g., premises, stock and debtors); charges over financial instruments (e.g., debt securities and equities in support of trading facilities); and financial guarantees. In the event of customer default, any loan security is usually held as mortgagee in possession and therefore the Group usually holds any real estate or other assets acquired through the enforcement of security.

The Philippine Branch uses International Swaps and Derivatives Association (ISDA) Master Agreements to document derivatives activities to limit exposure to credit losses. The credit risk is reduced by a master agreement to the extent that if an event of default occurs, all contracts with the counterparty are terminated and settled on a net basis.

Further, it is the Group's preferred practice to include all products covered by the ISDA in the Credit Support Annex (CSA) in order to achieve the objective of further credit exposure reduction. Under a CSA, collateral is passed between the parties, depending on the aggregate fair value (positive or negative) of derivatives trades between the two entities to mitigate the market contingent counterparty risk inherent in the outstanding positions.

Credit Quality
For financial assets recognized in the statements of financial position, the maximum exposure to credit risk is the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Philippine Branch would have to pay if the instrument is called upon. For undrawn facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

A core component of the Group's credit risk management capability is the risk grading framework used across all major Business Units and geographic areas. A set of risk grading principles and policies are supported by a complementary risk grading methodology. Pronouncements by the Basel Committee on Banking Supervision have been encapsulated in these principles and policies including governance, validation and modeling requirements.

The Group's risk grade profile changes dynamically through new counterparty lending acquisitions and/or existing counterparty movements in either risk or volume. All counterparty risk grades are subject to regular reviews.

The Group uses a two-dimensional risk grading system, which measures both the customer's ability to repay - PD, and the loss given default (LGD), a factor of the security taken to support the lending. The Group also uses financial and statistical tools to assist in the risk grading of customers. Customer risk grades are actively reviewed and monitored to ensure the risk grade accurately reflects the credit risk of the customer and the prevailing economic conditions. Similarly, the performance of risk grading tools used in the risk grading process is reviewed regularly to ensure the tools remain statistically valid.

The Group applies a master scale to the key outputs of the risk grading process, the PD and LGD, to consistently report on the Group's lending portfolios. The credit quality of financial assets is managed by the Group using internal ratings which aim to reflect the relative ability of counterparties to fulfill, on time, their credit-related obligations, and is based on their current probability of default.

Internal Credit Risk Rating

CCR Grade		Description
Strong credit profile	0+ 1+ 1= 1- 2+ 2= 2-	Customers that have demonstrated superior stability in their operating and financial performance over the long-term, and whose debt servicing capacity is not significantly vulnerable to foreseeable events.
Satisfactory risk	3+ 3= 3- 4+ 4= 4- 5+ 5= 5-	Customers that have consistently demonstrated sound operational and financial stability over the medium to long term, even though some may be susceptible to cyclical trends or variability in earnings.
Sub-standard but not past due or impaired	6+ 6= 6- 7+ 7=	Customers that have demonstrated some operational and financial instability, with variability and uncertainty in profitability and liquidity projected to continue over the short and possibly medium term.

CCR Grade		Description
Past due but not impaired	7- 8+ 8=	Customers where contractual interest or principal payments are past due but impairment is not appropriate base on the level of security/collateral available and/or the stage of collections of amounts owed.
Specifically impaired	8- 9 10	Customers where there is the expectation of partial or total loss of principal, total loss of interest and fees and a time value loss measured through the estimation of discounted expected future cash flows.

Definitions of stages for financial assets are as follows:

	Impairment Stage	Staging Criteria	Loss Period
Stage 1	No significant increase in credit risk	▪ Low credit risk ▪ On origination all facilities attract a collectively assessed provision equivalent to 12 months ECL ▪ Facilities remain Stage 1 unless they are determined to have experienced a significant increase in credit risk (SICR) ▪ Previously under-performing facilities that are determined to be performing are able to migrate back to Stage 1	12- month ECL
Stage 2	Significant increase in credit risk	▪ Stage 2 facilities attract a collectively assessed provision equivalent to lifetime ECL Facilities that are Stage 2 include: ▪ Previously performing facilities that have experienced SICR Previously non-performing facilities that are determined to no longer be credit impaired and hence have migrated back to Stage 2 ▪ **Origination CCR** — **Significant Increase** 0+ to 3- — To CCR 4- and beyond 4+ to 5- — 3 notches (1 full grade) 6+ to 6- — 2 notches 7+ to 8= — 1 notch (any downgrade)	Lifetime ECL

	Impairment Stage	Staging Criteria	Loss Period
Stage 3	Credit impaired	▪ NPL definition during model development based on Section 306 *Past Due Accounts and Non-Performing Loans* of the MORB ▪ 91+ days past due ▪ items in litigation ▪ matured with balance ▪ Restructured ▪ Rescheduled	Lifetime ECL

The table below shows the internal risk rating of the Philippine Branch's financial assets as at September 30, 2025 and 2024 (amounts in thousands):

c	September 30, 2025					
	Neither Past Due nor Impaired					
	Strong Credit Profile	Satisfactory Risk	Sub-standard but not Past Due or Impaired	Past Due but not Impaired	Specifically Impaired	Total
Loans and Advances to Banks (Gross)						
Due from BSP	P -	P1,507,420	P -	P -	P -	P1,507,420
Reverse repurchase agreement	-	-	-	-	-	-
Due from other banks	1,241,049	357,700	-	-	-	1,598,749
Interbank loans receivable	-	-	-	-	-	-
Total	P1,241,049	P1,865,120	P -	P -	P -	P3,106,169
Financial Assets at FVPL						
Reverse repurchase agreement	P -	P2,900,918	P -	P -	P -	P2,900,918
Debt securities held-for-trading	-	4,437,172	-	-	-	4,437,172
Derivative financial assets	489,407	69,553	-	-	-	558,960
Total	P489,407	P7,407,643	P -	P -	P -	P7,897,050
Financial Assets at FVOCI (Gross)						
US Treasury bills	P3,177,650	P -	P -	P -	P -	P3,177,650
Republic of the Philippines (ROP) PHP bonds	-	12,365,861	-	-	-	12,365,861
Equity securities	-	3,580	-	-	-	3,580
Total	P3,177,650	P12,369,441	P -	P -	P -	P15,547,091
Loans and Receivables (Gross)						
Term loans	P4,879,076	P6,691,121	P -	P -	P139,639	P11,709,836
Customers' liabilities on acceptances	55,237	-	-	-	-	55,237
Accrued interest receivable	-	285,958	-	-	-	285,958
Total	P4,934,313	P6,977,079	P -	P -	P139,639	P12,051,031
Due from Head Office and Other Branches (Gross)	P2,670,089	P -	P -	P -	P -	P2,670,089
Other Assets*	P -	P115,634	P -	P -	P -	P115,634

**This account includes accounts receivable and unsettled trade assets.*

	September 30, 2024					
	Neither Past Due nor Impaired					
	Strong Credit Profile	Satisfactory Risk	Sub-standard but not Past Due or Impaired	Past Due but not Impaired	Specifically Impaired	Total
Loans and Advances to Banks (Gross)						
Due from BSP	P -	P7,482,738	P -	P -	P -	P7,482,738
Reverse repurchase agreement	-	1,000,000	-	-	-	1,000,000
Due from other banks	1,594,412	333,789	-	-	-	1,928,201
Interbank loans receivable	-	500,000	-	-	-	500,000
Total	P1,594,412	P9,316,527	P -	P -	P -	P10,910,939
Financial Assets at FVPL						
Reverse repurchase agreement	P -	P5,416,390	P -	P -	P -	P5,416,390
Debt securities held-for-trading	-	2,100,627	-	-	-	2,100,627
Derivative financial assets	142,007	494,546	-	-	-	636,553
Total	P142,007	P8,011,563	P -	P -	P -	P8,153,570
Financial Assets at FVOCI (Gross)						
US Treasury bills	P1,958,477	P -	P -	P -	P -	P1,958,477
Republic of the Philippines (ROP) PHP bonds	-	12,949,710	-	-	-	12,949,710
Equity securities	-	3,580	-	-	-	3,580
Total	P1,958,477	P12,953,290	P -	P -	P -	P14,911,767
Loans and Receivables (Gross)						
Term loans	P1,700,000	P3,421,721	P -	P -	P -	P5,121,721
Customers' liabilities on acceptances	-	-	-	-	-	-
Accrued interest receivable	-	203,410	-	-	-	203,410
Total	P1,700,000	P3,625,131	P -	P -	P -	P5,325,131
Due from Head Office and Other Branches (Gross)	P271,668	P -	P -	P -	P -	P271,668
Other Assets*	P -	P3,354	P -	P -	P -	P3,354

**This account includes accounts receivable and unsettled trade assets.*

The following table shows the credit quality by class of the Philippine Branch's financial assets including loans and receivables (gross of allowance for credit and impairment losses) as at September 30, 2025 and 2024 (amounts in thousands).

		September 30, 2025			
	Note	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and Advances to Banks	*8*				
Neither past due nor impaired:					
Strong credit profile		**P1,241,049**	**P -**	**P -**	**P1,241,049**
Satisfactory risk		**1,865,120**	**-**	**-**	**1,865,120**
Sub-standard but not past due or impaired		**-**	**-**	**-**	**-**
Past due but not impaired		**-**	**-**	**-**	**-**
Impaired		**-**	**-**	**-**	**-**
		3,106,169	**-**	**-**	**3,106,169**
Financial Assets at FVPL	*9*				
Neither past due nor impaired:					
Strong credit profile		**489,407**	**-**	**-**	**489,407**
Satisfactory risk		**7,407,643**	**-**	**-**	**7,407,643**
Sub-standard but not past due or impaired		**-**	**-**	**-**	**-**
Past due but not impaired		**-**	**-**	**-**	**-**
Impaired		**-**	**-**	**-**	**-**
		7,897,050	**-**	**-**	**7,897,050**
Financial Assets at FVOCI (Gross)	*10*				
Neither past due nor impaired:					
Strong credit profile		**3,177,650**	**-**	**-**	**3,177,650**
Satisfactory risk		**12,369,441**	**-**	**-**	**12,369,441**
Sub-standard but not past due or impaired		**-**	**-**	**-**	**-**
Past due but not impaired		**-**	**-**	**-**	**-**
Impaired		**-**	**-**	**-**	**-**
		15,547,091	**-**	**-**	**15,547,091**

Forward

	Note	September 30, 2025			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and Receivables (Gross)	*11*				
Neither past due nor impaired:					
Strong credit profile		**P4,934,313**	**P -**	**P -**	**P4,934,313**
Satisfactory risk		**6,977,079**	**-**	**-**	**6,977,079**
Sub-standard but not past due or impaired		**-**	**-**	**-**	**-**
Past due but not impaired		**-**	**-**	**-**	**-**
Impaired		**-**	**-**	**139,639**	**139,639**
		11,911,392	**-**	**139,639**	**12,051,031**
Due from Head Office and Other Branches	*18*				
Neither past due nor impaired:					
Strong credit profile		**2,670,089**	**-**	**-**	**2,670,089**
Satisfactory risk		**-**	**-**	**-**	**-**
Sub-standard but not past due or impaired		**-**	**-**	**-**	**-**
Past due but not impaired		**-**	**-**	**-**	**-**
Impaired		**-**	**-**	**-**	**-**
		2,670,089	**-**	**-**	**2,670,089**
Total		**P41,131,791**	**P -**	**P139,639**	**P41,271,430**

	Note	September 30, 2024			
		Stage 1	Stage 2	Stage 3	Total
Loans and Advances to Banks	*8*				
Neither past due nor impaired:					
Strong credit profile		P1,594,412	P -	P -	P1,594,412
Satisfactory risk		9,316,527	-	-	9,316,527
Sub-standard but not past due or impaired		-	-	-	-
Past due but not impaired		-	-	-	-
Impaired		-	-	-	-
		10,910,939	-	-	10,910,939
Financial Assets at FVPL	*9*				
Neither past due nor impaired:					
Strong credit profile		142,007	-	-	142,007
Satisfactory risk		8,011,563	-	-	8,011,563
Sub-standard but not past due or impaired		-	-	-	-
Past due but not impaired		-	-	-	-
Impaired		-	-	-	-
		8,153,570	-	-	8,153,570
Financial Assets at FVOCI (Gross)	*10*				
Neither past due nor impaired:					
Strong credit profile		1,958,477	-	-	1,958,477
Satisfactory risk		12,953,290	-	-	12,953,290
Sub-standard but not past due or impaired		-	-	-	-
Past due but not impaired		-	-	-	-
Impaired		-	-	-	-
		14,911,767	-	-	14,911,767
Loans and Receivables (Gross)	*11*				
Neither past due nor impaired:					
Strong credit profile		1,700,000	-	-	1,700,000
Satisfactory risk		3,604,431	20,700	-	3,625,131
Sub-standard but not past due or impaired		-	-	-	-
Past due but not impaired		-	-	-	-
Impaired		-	-	-	-
		5,304,431	20,700	-	5,325,131
Due from Head Office and Other Branches	*18*				
Neither past due nor impaired:					
Strong credit profile		271,668	-	-	271,668
Satisfactory risk		-	-	-	-
Sub-standard but not past due or impaired		-	-	-	-
Past due but not impaired		-	-	-	-
Impaired		-	-	-	-
		271,668	-	-	271,668
Total		P39,552,375	P20,700	P -	P39,573,075

Concentration of Credit Risk Analysis

Composition of financial assets that give rise to credit risk by industry (excluding accrued interest receivable but gross of allowance for impairment and credit losses) (in thousands):

	September 30, 2025						
Industry	**Loans and Advances to Banks**	**Financial Assets at FVPL**	**Financial Assets at FVOCI**	**Loans and Receivables**	**Due from Head Office and Other Branches**	**Other Assets***	**Total**
Government and official institutions	**P1,507,420**	**P4,437,171**	**P15,547,091**	**P148,757**	**P -**	**P -**	**P21,640,439**
Financial institutions	**1,598,749**	**3,458,492**	**-**	**2,998,685**	**2,670,088**	**-**	**10,726,014**
Manufacturing	**-**	**656**	**-**	**4,318,376**	**-**	**-**	**4,319,032**
Real estate, renting and business activities	**-**	**-**	**-**	**47,070**	**-**	**-**	**47,070**
Wholesale and retail trade	**-**	**-**	**-**	**410,779**	**-**	**-**	**410,779**
Electricity, gas and water supply	**-**	**633**	**-**	**2,209,296**	**-**	**-**	**2,209,929**
Agriculture and forestry	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transportation and storage	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Telecommunication	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Professional, scientific and technical services	**-**	**-**	**-**	**1,354,604**	**-**	**-**	**1,354,604**
Mining and Quarrying	**-**	**-**	**-**	**551,392**	**-**	**-**	**551,392**
Others	**-**	**98**	**-**	**12,072**	**-**	**115,634**	**127,804**
	P3,106,169	**P7,897,050**	**P15,547,091**	**P12,051,031**	**P2,670,088**	**P115,634**	**P41,387,063**

**This account includes accounts receivable, deposits from lease contracts and unsettled trade assets.*

	September 30, 2024						
Industry	Loans and Advances to Banks	Financial Assets at FVPL	Financial Assets at FVOCI	Loans and Receivables	Due from Head Office and Other Branches	Other Assets*	Total
Government and official institutions	P7,482,738	P2,100,627	P14,911,767	P133,770	P -	P -	P24,628,902
Financial institutions	3,428,201	6,046,592	-	1,785,751	271,668	-	11,532,212
Manufacturing	-	-	-	1,925,412	-	-	1,925,412
Real estate, renting and business activities	-	-	-	27,877	-	-	27,877
Wholesale and retail trade	-	974	-	-	-	-	974
Electricity, gas and water supply	-	-	-	-	-	-	-
Agriculture and forestry	-	-	-	-	-	-	-
Transportation and storage	-	-	-	-	-	-	-
Telecommunication	-	-	-	-	-	-	-
Professional, scientific and technical services	-	14	-	1,185,076	-	-	1,185,090
Mining and Quarrying	-	-	-	250,278	-	-	250,278
Others	-	5,363	-	16,968	-	3,354	25,685
	P10,910,939	P8,153,570	P14,911,767	P5,325,132	P271,668	P3,354	P39,576,430

Past Due but not Impaired Loans

Loans and securities where contractual interest or principal payments are past due but the Philippine Branch believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Philippine Branch is considered past due but not impaired loans. All loans regardless of delinquency are provisioned for losses based on ANZ Group Portfolio Impairment Provision policies.

Loan Loss Provisioning

The Philippine Branch uses the PFRS 9 loan loss provisioning. Loan loss provisions are booked given expected losses and incorporate forward-looking information based on the macroeconomic outlook, amongst other factors. Furthermore, loan loss provisioning is calculated on the lifetime expected losses for assets that have experienced a significant deterioration in credit quality. As a result of these elements, loan loss provisioning in statements of income and expenses could become more volatile.

More information on the impairment methodology for financial assets under PFRS 9 can be found in Note 3 under “Impairment” policy.

Of the total Philippine Branch portfolio, 99.66% of total outstanding is classified as Stage 1, while Stage 3 make up 0.34% or equivalent to P139.64 million of total outstanding balance as at year end. The outstanding loans under Stage 3 pertain to loans receivable that has been fully provided and has increased its CCR to 13. The Stage 3 loan receivable does not have any collateral or other credit enhancements for its credit-impaired loans and receivables.

Sensitivity Analysis of Key Sources of Estimation Uncertainty
The inherent complexities and potential impact on the carrying amounts of assets and liabilities under PFRS 9 represents a key source of estimation uncertainty. In particular, the Group's reportable ECL numbers are most sensitive to the forward-looking macroeconomic forecasts used as model inputs, the probability-weights applied to each of the four scenarios, and the criteria for identifying a significant increase in credit risk. As such, these crucial components require consultation and management judgment, and are subject to extensive governance.

- *Forward-looking Macroeconomics Used as Model Inputs*

  As a baseline for PFRS 9, ANZ Group uses the consensus outlook for economic variables. For Australia and New Zealand, the ANZ Group uses the individual countries macroeconomic forecasts respectively whereas the Rest of the World, which includes the Philippine Branch, utilizes US as a proxy. The Philippine Branch uses the US model plus any local management adjustment, as applicable, to align with the current Philippine economic status. The Philippine Branch uses the gross domestic product (GDP) as the base economic forecast being the only applicable measure for the Philippines.

  Base Case Economic Forecast Assumptions
  Continuing uncertainties described above increase the risk of the economic forecast resulting in an understatement or overstatement of the ECL balance. The economic drivers of the base case economic forecasts, reflective of ANZ Economics view of future macroeconomics condition used at September 30, 2025 are set out below. For the years following the near-term forecasts below, the ECL models project future year economic conditions which include an assumption of eventual reversion to mid-cycle economic conditions.

  Rest of the world (excluding Australia and New Zealand) Forecast

	2025	**2026**	**2027**
GDP	**1.5%**	**1.9%**	**2.0%**
CPI	**3.0%**	**2.4%**	**2.0%**

  The base case economic forecasts as at September 30, 2025 are for continuing slowdowns in economic activity. Continued high inflation globally is expected to keep interest rates high and dampen growth over the forecast period.

- *Probability Weights Applied to Each of the Four Economic Scenarios*

  Probability weighting of each scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario.

  The base case scenario represents an overall deterioration in the forecasts since September 2025, given uncertainties associated with how the economy may respond to rapidly moving factors including inflation and lower economic growth globally, the base case weighting has been remained at 45% (2024:45%), the downside case weighting remained at 40% (2024:40%), and the severe downside scenario remained at 15% (2024:15%).

The assigned probability weightings have a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these weightings to provide the best estimate of the possible loss outcomes and has analyzed inter-relationships and correlations (over both the short and long term) within the Group's credit portfolios in determining them. The average weightings applied are set out below:

Rest of the world (excluding Australia and New Zealand) Forecast.

	2025	2024
Base	**45.00%**	45.00%
Upside	**0.00%**	0.00%
Downside	**40.00%**	40.00%
Stress	**15.00%**	15.00%

Sensitivity Analysis of Expected Credit Loss
The table below illustrates the sensitivity of collectively assessed ECL to key factors used in determining it as at September 30, 2025 and 2024:

	September 30, 2025	
	ECL (PHP)	**Impact (PHP)**
If 1% of Stage 1 facilities were included in Stage 2	**P346,298,407**	**(P2,233,018)**
100% Upside scenario	**72,784,682**	**(132,843,784)**
100% Base scenario	**93,774,845**	**(111,853,621)**
100% Downside scenario	**209,338,136**	**3,709,671**
100% Stress scenario	**465,493,258**	**259,864,793**

	September 30, 2024	
	ECL (PHP)	Impact (PHP)
If 1% of Stage 1 facilities were included in Stage 2	P57,141,945	P531,733
100% Upside scenario	19,063,383	(34,839,538)
100% Base scenario	24,762,091	(29,140,831)
100% Downside scenario	45,437,358	(9,140,831)
100% Stress scenario	128,722,258	74,819,336

- *Criteria for Identifying a Significant Increase in Credit Risk*

  All assets in scope of PFRS 9 impairment and which are subject to collective ECL assessment are allocated a 12-month ECL if deemed to belong in Stage 1, or a lifetime ECL if deemed to belong in Stages 2 and 3. An asset belongs in Stage 2 if it is considered to have experienced a significant increase in credit risk since initial origination or purchase. The stage allocation process involves an asset's derived PD being assessed against a set of PD threshold bandings, which determines the appropriate staging and ECL. The Philippine Branch recorded total collective ECL amounting to P205.63 million and P53.90 million as at September 30, 2025 and 2024, respectively (see Note 12).

  For the wholesale portfolio, SICR is assessed by comparing the current CCR (i.e., CCR at reporting date) to the origination CCR (i.e., CCR when the facility was first written) where any facility that has had a significant increase in credit risk will be allocated to Stage 2 with everything else allocated to Stage 1.

The Philippine Branch holds collateral against loans and receivables in the form of parent guarantees and real estate mortgage. There are no collaterals held for past due loans in 2025 and 2024. The fair value of real estate mortgage held by the Philippine Branch as at September 30, 2025 and 2024 amounted to P45.66 million and P25.72 million, respectively.

In 2025 and 2024, the Philippine Branch has one restructured loan and nil, respectively.

<u>Liquidity Risk</u>
Liquidity risk is the risk that the Philippine Branch has insufficient capacity to fund increases in assets and is unable to meet its payment obligations as they fall due, including repaying depositors or maturing debt. The timing mismatch of cash flows and the related liquidity risk is inherent in all banking operations and is closely monitored by the Philippine Branch.

To effectively manage liquidity risk, the Philippine Branch has arranged diversified funding sources. The objective of the Philippine Branch's liquidity and funding risk management framework is to ensure that it has sufficient liquidity to meet obligations as they fall due without incurring unacceptable losses.

Key principles of the Philippine Branch's approach to liquidity risk management include:

- Maintaining the ability to meet all the payment obligations in the immediate term.
- Maintaining strength in the balance sheet structure to ensure long-term resilience in the liquidity and funding risk profile.
- Limiting the potential earnings at risk implications associated with unexpected increases in funding costs or the liquidation of assets under stress.
- Ensuring the liquidity management framework is compatible with local regulatory requirements.
- Preparation and review of daily liquidity reports quantifying the Philippine Branch's position.
- Targeting a diversified funding base, avoiding undue concentrations by investor type, maturity, market source and currency.
- Holding a portfolio of high-quality liquid assets to protect against adverse funding conditions and to support day-to-day operations.
- Management of liquidity and funding risks are overseen by the Asset and Liability Committee (ALCO).

A key component of the Philippine Branch's liquidity management framework is scenario modeling to assess liquidity under different scenarios, including 'going-concern' and 'name-crisis'.

"Going-concern": reflects the normal behavior of cash flows in the ordinary course of business. The Philippine Branch must be able to meet all commitments and obligations under a going concern scenario, within the normal funding capacity over at least the following 30 calendar days. In estimating the funding requirement, the ANZ Group models expected cash flows by reference to historical behavior and contractual maturity data.

"Name-crisis": refers to a potential name-specific liquidity crisis which models the behavior of cash flows where there is a problem (real or perceived) which may include, but is not limited to, operational issues, doubts about the solvency of the ANZ Group or adverse rating changes. Under this scenario the Philippine Branch may have significant difficulty rolling over or replacing funding. Under a name crisis, cash flow must be positive over a five business day period.

The Philippine Branch must be able to meet all commitments and obligations under a going concern scenario over at least the following 30 calendar days and required to be cash flow positive over a five business day period.

The table below shows the contractual financial assets and liabilities of the Philippine Branch based on contractual undiscounted cashflows (amounts in thousands):

		2025					
	Note	**Less than 1 Month**	**1 - 3 Months**	**3 - 12 Months**	**1 - 5 Years**	**More than 5 Years**	**Total**
Financial Assets							
Cash and other cash items		**P23,461**	**P -**	**P -**	**P -**	**P -**	**P23,461**
Loans and advances to banks	8	**3,106,169**	**-**	**-**	**-**	**-**	**3,106,169**
Financial assets at FVPL	9	**7,543,592**	**163,453**	**163,130**	**26,875**	**-**	**7,897,050**
Financial assets at FVOCI (gross)	10	**3,587**	**3,285,679**	**1,197,919**	**11,059,906**	**-**	**15,547,091**
Loans and receivables	11	**2,836,161**	**3,887,418**	**668,587**	**4,615,376**	**43,489**	**12,051,031**
Other assets*	14	**115,634**	**-**	**-**	**-**	**-**	**115,634**
		13,628,604	**7,336,550**	**2,029,636**	**15,702,157**	**43,489**	**38,740,436**
Financial Liabilities							
Deposits from customers	15	**14,877,808**	**2,147,565**	**-**	**-**	**-**	**17,025,373**
Deposits and borrowings from banks	15	**145,532**	**-**	**-**	**-**	**-**	**145,532**
Financial liabilities at FVPL	9	**315,757**	**58,811**	**104,530**	**-**	**-**	**479,098**
Liabilities for acceptances		**18,413**	**36,824**	**-**	**-**	**-**	**55,237**
Net due to Head Office and other branches		**-**	**-**	**12,311,875**	**-**	**-**	**12,311,875**
Accrued interest payable	15	**14,016**	**11,230**	**-**	**-**	**-**	**25,246**
Other liabilities**	16	**216,733**	**-**	**-**	**-**	**-**	**216,733**
		15,588,259	**2,254,430**	**12,416,405**	**-**	**-**	**30,259,094**
Net Liquidity (Gap) Surplus		**(P1,959,655)**	**P5,082,120**	**(P10,386,769)**	**P15,702,157**	**P43,489**	**P8,481,342**

**This account includes accounts receivable and unsettled trade assets.*
***This account includes accruals and unsettled trade payables.*

		2024					
	Note	Less than 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
Financial Assets							
Cash and other cash items		P24,211	P -	P -	P -	P -	P24,211
Loans and advances to banks	8	10,910,939	-	-	-	-	10,910,939
Financial assets at FVPL	9	5,017,645	2,879,008	211,605	45,312		8,153,570
Financial assets at FVOCI (gross)	10	1,962,057	-	3,248,696	5,406,867	4,294,147	14,911,767
Loans and receivables	11	2,834,610	1,595,760	-	872,012	22,750	5,325,132
Other assets*	14	3,354	-	-	-	-	3,354
		20,752,816	4,474,768	3,460,301	6,324,191	4,316,897	39,328,973
Financial Liabilities							
Deposits from customers	15	20,314,968	983,188	308,165	-	-	21,606,321
Deposits and borrowings from banks	15	194,214	-	134,204	-	-	328,418
Financial liabilities at FVPL	9	347,818	255,081	309,398	-	-	912,297
Liabilities for acceptances		-	-	-	-	-	-
Net due to Head Office and other branches		-	-	7,802,711	-	-	7,802,711
Accrued interest payable	15	6,915	8,788	4,350	-	-	20,053
Other liabilities**	16	196,367	-	-	-	-	196,367
		21,060,282	1,247,057	8,558,828	-	-	30,866,167
Net Liquidity (Gap) Surplus		(P307,466)	P3,227,711	(P5,098,527)	P6,324,191	P4,316,897	P8,462,806

**This account includes accounts receivable and unsettled trade assets.*
***This account includes accruals and unsettled trade payables.*

The table below shows the contractual commitments and financial guarantees of the Philippine Branch based on contractual undiscounted cashflows (amounts in thousands):

		2025					
	Note	**Less than 1 Month**	**1 - 3 Months**	**3 - 12 Months**	**1 - 5 Years**	**More than 5 Years**	**Total**
Derivatives	30	**P28,390,970**	**P8,302,444**	**P11,384,217**	**P2,583,049**	**P -**	**P50,660,680**
Revocable commitments	30	**20,143,369**	**-**	**5,367,661**	**10,096,023**	**6,073,820**	**41,680,873**
Spot FX contracts	30	**5,226,337**	**-**	**-**	**-**	**-**	**5,226,337**
Outstanding guarantees issued	30	**-**	**-**	**-**	**263,095**	**-**	**263,095**
Financial standby letters of credit	30	**-**	**-**	**3,149**	**-**	**-**	**3,149**
Commercial letters of credit	30	**-**	**4,096**	**-**	**-**	**-**	**4,096**
		P53,760,676	**P8,306,540**	**P16,755,027**	**P12,942,167**	**P6,073,820**	**P97,838,230**

		2024					
	Note	Less than 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	More than 5 Years	Total
Derivatives	30	P45,683,913	P24,805,672	P10,237,438	P1,475,475	P -	P82,202,498
Revocable commitments	30	20,441,759	1,316,030	3,815,014	10,515,201	7,709,629	43,797,633
Spot FX contracts	30	3,782,171	-	-	-	-	3,782,171
Outstanding guarantees issued	30	-	-	349,975	-	-	349,975
Financial standby letters of credit	30	5,772	-	79,557	-	-	85,329
Commercial letters of credit	30	-	4,231	-	-	-	4,231
		P69,913,615	P26,125,933	P14,481,984	P11,990,676	P7,709,629	P130,221,837

Market Risk

Market risk is the risk to the Philippine Branch's earnings arising from changes in interest rates, currency exchange rates, credit spreads, or from fluctuations in bond, commodity or equity prices. Market risk arises when changes in market rates, prices and volatilities lead to a decline in the value of assets and liabilities including financial derivatives. The Philippine Branch has a detailed risk management and control framework to support its trading and balance sheet activities. The framework incorporates a risk measurement approach to quantify the magnitude of market risk within trading and balance sheet portfolios. This approach and related analysis identify the range of possible outcomes that can be expected over a given period of time, establish the relative likelihood of those outcomes and allocate an appropriate amount of capital to support these activities.

The management of market risk is supported by a comprehensive limit and policy framework to control the amount of risk that the Philippine Branch may accept. The framework allocates individual limits to manage and control asset classes, risk factors and profit and loss limits.

Market Risk Management

To facilitate the management, control, measurement and reporting of market risk, the Philippine Branch has grouped market risk into 2 categories:

a) Traded Market Risk

This is the risk of loss from changes in the value of financial instruments due to movement in price factors for both physical and derivative trading positions. They arise in trading transactions where the Philippine Branch acts as principal with customers or interbank counterparties.

The principal risk categories monitored are:

- *Interest Rate Risk.* This is the potential loss arising from the change in the value of a financial instrument due to changes in market interest rates or their implied volatilities.

- *Foreign Currency Risk*. This is the potential loss arising from the decline in the value of a financial instrument due to changes in foreign exchange rates or their implied volatilities.

b) Non-traded Market Risk (or Balance Sheet Risk)

This comprises the management of non-traded interest rate risk, liquidity, and the risk to the foreign currency-denominated value of the Philippine Branch's earnings as a result of foreign exchange rate movements.

Value-at-Risk (VaR) Measure

A key measure of market risk is VaR. VaR is a statistical estimate of the possible one-day loss and is based on historical market movements of risk factors. The Philippine Branch measures VaR at a 99% confidence interval. This means that there is a 99% chance that the loss will not exceed the VaR estimate on any given day.

The Head Office's standard VaR approach for both traded and non-traded risk, as applied by the Philippine Branch, is historical simulation. The Head Office calculates VaR using historical changes in market rates, prices and volatilities over the previous 500 business days.

Traded and non-traded VaR is calculated using a one-day holding period. VaR is not an estimate of the maximum loss that the Head Office could experience from an extreme market event because it is driven by actual historical observations. As a result of this limitation, the Head Office utilizes a number of other risk measures (e.g., stress testing) and risk sensitivity limits to measure and manage market risk.

To supplement the VaR measure, the Head Office applies a wide range of stress tests. The Head Office's stress testing regime provides senior management with an assessment of the financial impact of identified extreme events on market risk exposures. Standard stress tests are applied on a daily basis and measure the potential loss arising from applying extreme market movements to individual and groups of individual price factors. Extraordinary stress tests are applied monthly and measure the potential loss arising as a result of scenarios generated from major financial market events.

The Philippine Branch's exposure to market risk is related to both traded and non-traded market risk (balance sheet risk). The principal objectives of balance sheet management are to manage interest income sensitivity while maintaining acceptable levels of interest rate and liquidity risk and to manage the market value of the Philippine Branch's capital.

Traded Market Risk
Below are the aggregate VaR exposures covering trading positions for the Philippine Branch (in thousands):

	September 30, 2025				September 30, 2024			
	As at	**High for Year**	**Low for Year**	**Average for Year**	As at	High for Year	Low for Year	Average for Year
Value at Risk at 99% Confidence								
Foreign exchange	**P4,849**	**P11,980**	**P484**	**P3,834**	P4,510	P14,640	P605	P4,538
Interest rates	**16,033**	**23,349**	**6,380**	**10,968**	10,012	30,554	2,575	12,466
Consolidated VaR	**P14,929**	**P22,796**	**P6,184**	**P11,209**	P11,192	P32,761	P3,285	P13,492

Non-Traded Interest Rate Risk - VaR
For interest rate risk modeling, assumptions are made about the interest rate sensitivity of non-bearing interest (NBI) accounts. Previously some of these accounts were profiled at zero duration but are now profiled based on independently validated statistical analysis where this was deemed appropriate. NBI without statistical evidence or justification have remained at zero duration (including PHP non-maturity deposits, which comprise the majority of the Branch total deposits).

The extent of mismatching between the repricing characteristics and timing of interest-bearing assets and liabilities at any point has implications on future net interest income. On a global basis, the ANZ Group quantifies the potential variation in future net interest income as a result of these repricing mismatches each month using a static gap model. The repricing gaps themselves are constructed based on contractual repricing information. However, for those assets and liabilities where the contractual term to repricing is not considered to be reflective of the actual interest rate sensitivity, a profile based on historically observed and/or anticipated rate sensitivity is used.

This treatment excludes the effect of basis risk between customer pricing and wholesale market pricing. The repricing assumptions used to determine the VaR and 1% rate shock have been independently validated. Below are aggregate VaR figures (in thousands) covering non-traded interest rate risk.

	September 30, 2025				September 30, 2024			
	As at	**High for Year**	**Low for Year**	**Average for Year**	As at	High for Year	Low for Year	Average for Year
Value at Risk at 99% Confidence								
Interest rates	**P17,973**	**P35,045**	**P13,847**	**P22,073**	P30,454	P40,870	P13,326	P25,463

Non-Traded Interest Rate Risk - Earnings-at-Risk (EaR)

Earnings at Risk (EaR) is an estimate of the amount of the next 12 months' income that is at risk from interest rate movements over a 1 month holding period, expressed to a 97.5% level of statistical confidence. It is calculated by applying a statistically derived interest rate shock to static repricing gaps. This calculation is performed using DV01 based approach. As of 30 September 2025, EaR of the Philippine Branch is P103.20 million.

Interest Rate Risk Sensitivity Analysis

Interest rate risk is the risk that the Philippine Branch will experience gains or losses in its financial position brought about by movements in the absolute level of interest rates. The Philippine Branch employs dollar value of a basis point (DV01) to measure the potential impact of interest rate risk in the financial positions.

The impact does not reflect any unrealized gains or losses on financial assets at FVOCI and fixed income instrument measured at financial assets at FVOCI. Changes in the market value of these assets may provide a natural economic offset to the interest rate risk arising from the Philippine Branch's liabilities.

The table below demonstrates the potential impact of the Philippine Branch's income before income tax and other comprehensive income attributed from a 100-basis point parallel move in interest rates, with all other variables held constant, as at September 30, 2025 and 2024. The impact from non-parallel movements may be materially different from the estimated impact of parallel movements.

	Effect on Income before Income Tax Increase (Decrease)	
Change in Interest Rate	**2025**	2024
+100 basis point	**(P180.14 million)**	(P100.89 million)
-100 basis point	**180.14 million**	100.89 million

	Effect on Other Comprehensive Income Increase (Decrease)	
Change in Interest Rate	**2025**	2024
+100 basis point	**(P280.58 million)**	(P292.92 million)
-100 basis point	**280.58 million**	292.92 million

Foreign Currency Risk

Foreign exchange trading exposure relates to foreign exchange dealing within Global Markets (GM) Philippines and currency exposures originating from the banking business within the Philippine Branch. The latter are transferred to GM where they are managed together with exposures which result from Treasury activities, within risk appetite agreed with the board risk committee and respective delegate as per policy. The Philippine Branch's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Philippine Branch believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for the type of business the Philippine Branch is engaged.

The Philippine Branch had the following net exposures, arising from the use of financial instruments, denominated in foreign currency as at September 30, 2025 and 2024 (equivalent amounts in PHP thousands):

	September 30, 2025			
	USD	**AUD**	**Others**	**Total**
Financial Assets				
Cash and other cash items	**P1,605**	**P18,799**	**P495**	**P20,899**
Loans and advances to banks	**847,797**	**-**	**416,576**	**1,264,373**
Financial assets at FVPL	**3,466,058**	**-**	**-**	**3,466,058**
Financial assets at FVOCI	**3,177,648**	**-**	**-**	**3,177,648**
Loans and receivables	**1,820,577**	**-**	**55,487**	**1,876,064**
	9,313,685	**18,799**	**472,558**	**9,805,042**
Financial Liabilities				
Financial assets at FVPL	**31,739**	**-**	**-**	**31,739**
Deposits from customers	**4,709,983**	**23,007**	**387,793**	**5,120,783**
Deposits and borrowings from banks	**145,532**	**-**	**-**	**145,532**
Accrued interest payable	**3,099**	**76**	**1,612**	**4,787**
Other liabilities	**4,974**	**4,512**	**398**	**9,884**
	4,895,327	**27,595**	**389,803**	**5,312,725**
Net On-balance Sheet Position	**P4,418,358**	**(P8,796)**	**P82,755**	**P4,492,317**

	September 30, 2024			
	USD	AUD	Others	Total
Financial Assets				
Cash and other cash items	P1,608	P19,016	P523	P21,147
Loans and advances to banks	1,207,002	-	409,856	1,616,858
Financial assets at FVPL	245,677	-	86,320	331,997
Financial assets at FVOCI	1,958,477	-	-	1,958,477
Loans and receivables	963,850	173	-	964,023
	4,376,614	19,189	496,699	4,892,502
Financial Liabilities				
Financial assets at FVPL	867,473	-	-	867,473
Deposits from customers	2,623,530	32,627	361,331	3,017,488
Deposits and borrowings from banks	134,204	194,214	-	328,418
Accrued interest payable	36,568	230	1,023	37,821
Other liabilities	11,782	4,564	347	16,693
	3,673,557	231,635	362,701	4,267,893
Net On-balance Sheet Position	P703,057	(P212,446)	P133,998	P624,609

Operational Risk

In addition to managing financial risk exposures, the Philippine Branch also manages the operational risk arising from the use of financial instrument.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, and the risk of reputational loss or damage arising from inadequate or failed internal processes, people and systems, but excludes strategic risk.

The authority for operational risk oversight is delegated by the BOD to the Board Risk Committee. The Operational Risk Executive Committee (OREC) supports the Board Risk Committee in respect of operational risk oversight including compliance.

Business unit staff and line management have first line accountability for the day-to-day management of operational risk. This includes implementation of the operational risk framework and involvement in decision making processes concerning all material operational risk matters. Divisional risk governance functions provide oversight of operational risk undertaken in the business units.

A Country Risk Management Sub-Committee (RMC) in the Philippine Branch is in place for monitoring, reviewing and overseeing all aspects of operational risk. The Philippine Branch has established adequate procedures for accurate, regular and timely escalation and reporting on the on-going management of operational risk to Divisional Risk Management Committees, based on the reporting thresholds specified by the Group Operational Risk Framework as adopted by the Philippine Branch. This includes reporting on key risk profile, material risk events and key risk indicators (KRIs).

The Head Office's Operational Risk Framework outlines the approach to managing operational risk and the minimum requirements in the management of operational risk, supported by specific policies, guidelines and templates. Effectiveness of the framework is assessed through a series of assurance reviews and related processes. This is supported by an independent review program by Internal Audit.

The Head Office's operational risk management process consists of a staged approach involving establishing the context, identification, analysis, treatment and monitoring of current, new and emerging operational risks based on the Risk Management Standard issued by Standards Australia/New Zealand (AS/NZS 4360).

In line with industry practice, the Philippine Branch obtains insurance coverage from third party and captive providers to cover those operational risks where cost-effective premiums can be obtained. In conducting their business, business units are advised to act as if uninsured and not to use insurance as a guaranteed mitigation for operational risk. Business disruption is a critical risk to a bank's ability to operate, so the Philippine Branch has comprehensive business continuity, recovery and crisis management plans. The intention of the business continuity and recovery plans is to ensure critical business functions can be maintained, or restored in a timely fashion, in the event of material disruptions arising from internal or external events.

6. Categories and Fair Value Measurement of Financial Instruments

The methods and assumptions used by the Philippine Branch in estimating the fair values of financial instruments are as follows:

Cash and Other Cash Items
Fair values approximate carrying amounts given that these instruments are subject to an insignificant risk of change in value due to its short-term in nature.

Loans and Advances to Banks
Fair values approximate carrying amounts given the short-term nature of these instruments.

Financial Assets at FVPL
Financial assets at FVPL, excluding derivatives, are generally based on quoted market rates or prices. For derivative instruments, fair values are determined based on published quotes or price valuations provided by counterparties or calculations using market-accepted valuation techniques.

Financial Assets at FVOCI
Fair values of financial assets at FVOCI excluding unquoted equity securities, are generally based on quoted market rates or prices. Unquoted equity securities are also measured at fair value. However, due to the lack of suitable methods of arriving at a reliable fair value, the cost is determined to be an appropriate estimate of fair value. The unquoted equity securities are instead measured at their carrying amounts. These are interests in Philippine Dealing System, Philippine Clearing House Corporation and Bankers Association of the Philippines held as per membership requirement.

If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at FVOCI with only dividend income recognized in statements of income and expenses.

Loans and Receivables and Due from Head Office and Other Branches
Loans and receivables and due from Head Office and other branches are carried net of allowance for credit and impairment losses. For loans and receivables maturing within one (1) year and instruments that are repriced, the carrying values approximate the fair values in view of the relatively insignificant impact of discounting due to short term nature of these instruments.

For loans and receivables maturing beyond one (1) year, the fair values of loans and receivables are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date commensurate to the credit risk borne by the Philippine Branch for each of the borrower.

Deposits and Borrowings from Banks and Deposits from Customers (Time, Demand and Savings), Accrued Interest Payable, Due to Head Office and Other Branches, and Liabilities for Acceptances
Fair values of time deposits are estimated using discounted cash flow methodology, using current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the maturity being valued. For demand and savings deposits, accrued interest payable, due to Head Office and other branches, and liabilities for acceptances, carrying amounts approximate fair values considering that these are due and demandable or short-term in nature.

Other Assets
Other assets, excluding documentary stamp tax, unused creditable withholding tax, prepaid expenses, goodwill, defined benefit asset and miscellaneous assets, maturing within one (1) year, the carrying value approximates the fair values in view of the relatively insignificant impact of discounting due to short term nature of these instruments.

For instruments maturing beyond one (1) year, the fair values are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date commensurate to the credit risk borne by the Philippine Branch for each of the borrower.

Other Liabilities
The carrying values of other liabilities, excluding withholding tax payable, provision for liability, provision for other liabilities, unclaimed monies, government payables, uncleared drafts, and interoffice clearing account approximate their fair values due to the relatively short-term maturities of these liabilities. For other liabilities maturing beyond one (1) year, the difference between the fair value and the carrying value is deemed insignificant.

Fair Value Hierarchy
The majority of valuation models deploy only observable market data as inputs. The Philippine Branch continuously monitors the assumptions and the appropriateness of valuation inputs on the classification of exposures in the fair value hierarchy.

Fair Value Estimates
The Philippine Branch evaluates the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgment and estimation in determining the carrying values of financial assets and financial liabilities at the balance sheet date.

The majority of valuation models the ANZ Group, including the Philippine Branch, uses employ only observable market data as inputs. For certain financial instruments, we may use data that is not readily observable in current markets. If we use unobservable market data, then we need to exercise more judgment to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, we derive unobservable inputs from other relevant market data and compare them to observed transaction prices where available.

When establishing the fair value of a financial instrument using a valuation technique, the Philippine Branch considers valuation adjustments in determining the fair value. We may apply adjustments (such as bid/offer spreads, credit valuation adjustments and funding valuation adjustments) to reflect the Philippine Branch's assessment of factors that market participants would consider in setting fair value.

The following table presents an analysis of financial instruments carried at fair value, by valuation method or level. The different fair valuation levels are defined as follows:

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

	Note	September 30, 2025 Level 1	Level 2	Level 3	Total
			(In Thousands)		
Financial Assets					
Financial assets at FVPL:	*9*				
Reverse repurchase agreements		**P -**	**P2,900,918**	**P -**	**P2,900,918**
Debt securities held-for-trading		**4,437,172**	**-**	**-**	**4,437,172**
Derivative financial assets		**-**	**558,961**	**-**	**558,961**
Financial assets at FVOCI	*10*	**15,514,733**	**-**	**3,580**	**15,518,313**
Financial Liabilities					
Financial liabilities at FVPL	*9*	**-**	**479,098**	**-**	**479,098**

	Note	September 30, 2024 Level 1	Level 2	Level 3	Total
			(In Thousands)		
Financial Assets					
Financial assets at FVPL:	*9*				
Reverse repurchase agreements		P -	P5,416,390	P -	P5,416,390
Debt securities held-for-trading		2,100,627	-	-	2,100,627
Derivative financial assets		-	636,553	-	636,553
Financial assets at FVOCI	*10*	14,908,187	-	3,580	14,911,767
Financial Liabilities					
Financial liabilities at FVPL	*9*	-	912,297	-	912,297

Level 3 Fair Value Measurements
The assets which incorporate significant unobservable inputs primarily include:

- equities for which there is no active market or traded prices cannot be observed;
- structured credit products for which credit spreads and default probabilities relating to the reference assets and derivative counterparties cannot be observed;
- net loans and advances that are required to be measured at fair value for which there is no observable market data; and
- other derivatives referencing market rates that cannot be observed primarily due to lack of market activity.

Sensitivity to Level 3 Data Inputs
When the Philippine Branch makes assumptions due to significant inputs not being directly observable in the marketplace (Level 3 inputs), then changing these assumptions changes the Philippine Branch's estimate of the instrument's fair value. Favorable and unfavorable changes are determined by changing the primary unobservable parameter used to derive the valuation.

As at September 30, 2025 and 2024, there have been no transfers into and out of each of the levels of the fair value hierarchy.

7. Capital Management

The primary objective of the Philippine Branch's capital management is to ensure that it complies with externally imposed capital requirements. The Philippine Branch manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, policies and processes from the previous years.

Regulatory Capital
The BSP sets and monitors capital requirements for the Philippine Branch as a whole. The Philippine Branch's capital position presented as at September 30, 2025 and 2024 is based on the combined amounts of the RBU and the FCDU.

On October 9, 2024, the Philippine Branch has remitted its accumulated profits to the Head Office amounting to P169.34 million which has been approved by the BSP in its letter dated October 1, 2024.

On August 26, 2025, the Philippine Branch has remitted its accumulated profits to the Head Office amounting to P370.90 million which has been approved by the BSP in its letter dated August 11, 2025.

In both instances, the BSP has interposed no objection to the Philippine Branch's plan to repatriate said accumulated profits to the Head Office, subject to the condition that the Philippine Branch shall comply with the guidelines of repatriation and reporting, as well as the minimum documentary requirements provided under Appendices 1.4, and 10.A of the *Manual of Regulations on Foreign Exchange Transactions*.

<u>BASEL III</u>
Section 125 and related appendices, *Basel III Risk Based Capital* of the MORB implements the guidelines on the revised risk-based capital adequacy framework for the Philippine banking system in accordance with the Basel III standards.

This contains the following revised minimum capital requirements for universal banks (uBs) and commercial banks (KBs) and their subsidiary banks and quasi-banks (QBs):

- 6.00% Common Equity Tier 1 (CET1)/Risk-Weighted Assets (RWAs);
- 7.50% Tier 1 Capital/RWAs; and
- 10.00% Total Qualifying Capital (Tier 1 plus Tier 2)/RWAs.

The Qualifying Capital must consist of the sum of the following elements, net of required deductions: Tier 1 - 'going concern' [Common Equity Tier 1 (CET1) plus Additional Tier 1 (AT1)] and Tier 2 - 'gone concern'. A bank must ensure that any component of capital included in qualifying capital complies with all the eligibility criteria for the particular category of capital in which it is included. The Circular further describes the elements/criteria that a domestic bank should meet for each capital category.

In conformity with the Basel III standards, a Capital Conservation Buffer (CCB) of 2.50% of RWAs, comprised of CET1 capital, has been required of U/KBs and their subsidiary banks and QBs. This buffer is meant to promote the conservation of capital and build-up of adequate cushion that can be drawn down by banks to absorb losses during financial and economic stress.

The restrictions on distribution that a bank must meet at various levels of CET1 capital ratios are established, as shown in below table.

Restrictions will be imposed if a bank has no positive earnings, has CET1 of not more than 8.50% (CET Ratio of 6.00% plus conservation buffer of 2.50%) and has not complied with the minimum 10.00% capital adequacy ratio (CAR).

Level of CET 1 Capital	Restriction on Distributions
<6.00%	No distribution
6.00%-7.25%	No distribution until more than 7.25% CET1 capital is met
>7.25%-8.50%	50.00% of earnings may be distributed
>8.50%	No restriction on the distribution

The BSP issued preliminary information through Circular No. 822, *Amendment to the Capital Framework of Foreign Branches to Branches of Foreign Banks (BFB)*, last December 13, 2013 of the planned alignment of capital requirements with local banks of the same category.

On March 21, 2014, the Head Office infused additional capital in the Philippine Branch amounting to $19.14 million (equivalent to P865.11 million) to comply with minimum capital required under its universal banking authority.

On October 29, 2014, the BSP issued Circular No. 854, *Minimum Capitalization of Banks*, which implemented the minimum capitalization requirements for banks, as approved by the Monetary Board in its Resolution No. 1607 dated October 9, 2014. The revision requires a minimum capital of P6.00 billion for universal banks that have up to 10 branches, including the Head Office.

On November 12, 2014, the Head Office infused additional capital in the Philippine Branch amounting to $25.63 million (equivalent to P1.15 billion) to comply with minimum capital required under its universal banking authority which was also prompted by BASEL III requirements.

On November 21, 2014, the BSP issued Circular No. 858, *Amendments to Relevant Provisions of the MORB Implementing Republic Act No. 10641*, *"An Act Allowing the Full Entry of Foreign Banks in the Philippines amending for the purpose Republic Act No. 7721".*

Included in the amendments is the implementation of the new minimum capital requirements and definition of capital composition for Philippine branches of foreign banks, as follows:

1) Assigned capital
2) Undivided profits
3) Trust Department retained earnings
4) Any Net Due from Head Office Branches/Agencies abroad
5) Accumulated net earnings comprising of:

    i. Unremitted profits not yet approved by the BSP for outward remittance.
    ii. Unrealized losses in operations
    iii. Capital adjustments in accordance with MORB Section 121 paragraph a - b as follows:
        a. Deposit for stock subscription recognized as equity pursuant to MORB Section 123 shall be added to capital.
        b. The following shall be deducted from capital:
            1) Treasury stock;
            2) Unbooked allowance for probable losses (which includes allowance for credit losses and impairment losses) and other capital adjustments as may be required by the Bangko Sentral;
            3) Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders, and their related interests (DOSRI) granted by the bank proper: Provided, That in the case of government-owned or controlled banks, the adjustment shall not include the unsecured peso-denominated credit accommodations to the Philippine National Government;
            4) Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries;

5) Total outstanding loans, other credit accommodations and guarantees granted to related parties, as defined in Item “n”, MORB Section 131 *Definition of Terms*, that are not at arm’s length terms as determined by the appropriate supervising department of the Bangko Sentral;
6) Deferred tax assets that rely on future profitability of the bank to be realized, net of any (a) allowance for impairment and (b) associated deferred tax liability, if the conditions cited in PAS 12 on Income Taxes are met: Provided, That, if the resulting figure is a net deferred tax liability, such excess cannot be added to net worth;
7) Reciprocal investment in equity of other banks/enterprises, whether foreign or domestic, the deduction shall be the lower of the investment of the bank or the reciprocal investment of the other bank or enterprise; and
8) In the case of RBs/Coop Banks, the government counterpart equity, except those arising from conversion of arrearages under the Bangko Sentral rehabilitation program.

On June 9, 2015, BSP issued the implementing guidelines on the Basel III Leverage ratio framework under Circular No. 881. It is computed as the level of a bank’s Tier 1 capital against its total on-book and off-book exposures. The leverage ratio shall not be less than 5%. The BSP assesses the calibration as well as the treatment of the components of the leverage ratio during the 2-year monitoring period from 01 January 2015 to 31 December 2016, in view of migrating to a Pillar 1 requirement starting 2017. On January 22, 2018, BSP issued Circular No. 990 approving the extension of the monitoring period of the Basel III Leverage ratio framework under Circular No. 881. The monitoring of the leverage ratio shall be implemented as a Pillar 1 minimum requirement effective on July 1, 2018.

On March 10, 2016, the BSP adopted Basel II’’s Liquidity Coverage Ratio (LCR) under Circular No. 905. The new liquidity rule requires banks to have available High Quality Liquid Assets (HQLA) to meet anticipated net cash outflow for a 30-day period under stress conditions. The standard, which initially covers universal and commercial banks, prescribes that, under a normal situation, the value of the liquidity ratio be no lower than 100% on a daily basis because the stock of unencumbered HQLA is intended to serve as a defense against potential onset of liquidity stress. The guidelines provide for an observation period from July 1, 2016 to end-2017. During the observation period, no minimum ratio has to be complied with.

However, to encourage transitioning internally to the new standard and to monitor level of compliance, banks are required to submit quarterly reports to the BSP.

The Philippine Branch's Basel III Leverage Ratio Report as at September 30, 2025 and 2024 is as follows (amounts in millions):

	2025	2024
On balance sheet exposure	**P37,930**	P32,842
Derivative exposures:		
Replacement cost associated with all derivatives transactions	**567**	641
Add-on amounts for potential future exposure associated with all derivative transactions	**565**	789
Securities financing transaction exposures	**2,895**	6,409
Off-balance sheet exposures	**4,958**	5,155
Total exposures (a)	**46,915**	45,836
Tier 1 Capital (b)	**8,146**	8,290
Basel III: Leverage Ratio (b)/(a)	**17.36%**	18.09%

Amounts presented in the table above are in accordance with the financial reporting package submitted by Philippine Branch to BSP.

The Philippine Branch's regulatory capital position as at September 30, 2025 and 2024 based on Basel III requirements as reported to the BSP is as follows (amounts in millions):

	2025	2024
CET 1 capital	**P8,146**	P8,290
Tier 1 capital	**8,146**	8,290
Tier 2 capital	**125**	66
Gross qualifying capital	**8,271**	8,356
Less: required deductions	**-**	-
Total qualifying capital	**P8,271**	P8,356
Risk weighted assets	**P18,102**	P12,118
CET 1 ratio	**45.00%**	68.42%
Tier 1 capital ratio	**45.00%**	68.42%
Risk-based capital adequacy ratio	**45.69%**	68.96%

The capital requirements as of September 30, 2025 and 2024 for each risk type are shown below (amounts in millions):

	2025	2024
Credit risk	**P13,031**	P8,557
Market risk	**2,452**	1,469
Operational risk	**2,619**	2,092
	P18,102	P12,118

The Philippine Branch is required to maintain a prescribed risk-based capital adequacy ratio (expressed as a percentage of qualifying capital to risk weighted assets) of not less than 10% at all times, which is computed and monitored using the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios"), based on the Basel III framework. The increase in CAR ratio was mainly due to the decline in credit risk offset by the increase in market risk which resulted to an increase in qualifying capital.

The Philippine Branch has complied with all externally imposed capital requirements throughout the year.

Appropriation of General Loan Loss Provisions (GLLP)

Section 172, Financial Records, Adoption of PFRS; Appendix 27, Guidelines on the adoption of PFRS 9 - Classification and Measurement; Appendix 100 - Guidelines on the adoption of PFRS 9 - Impairment of the MORB requires banks to set up GLLP equivalent to 1.0% of all outstanding Stage 1 on-balance sheet loans, except for accounts considered as credit risk-free under existing regulations. In cases when the computed loss allowance on such Stage 1 accounts is less than the 1.0% general provision required, the deficiency shall be recognized by appropriating the retained earnings in compliance with existing BSP regulations. The Philippine Branch appropriated a portion of unremitted profits amounting to P89.56 million and P52.29 million as at September 30, 2025 and 2024, respectively, to comply with such requirement.

Liquidity Coverage Ratio (LCR)

Based on the LCR report submitted to the BSP as at September 30, 2025 and 2024, the Philippine Branch's LCR is 259.14% and 322.55%, respectively, which is above the prescribed minimum requirement initially set at 100.0% (amounts in millions):

	2025	2024
High-quality Liquid Assets (After Cap) (a)	**P24,660**	P31,691
Net Cash Outflows (b)	**9,516**	9,825
Liquidity Coverage Ratio (a/b)	**259.14%**	322.55%

Net Stable Funding Ratio (NSFR)

Based on the NSFR report submitted to the BSP as at September 30, 2025 and 2024, the Philippine Branch's NSFR is 183% and 267% which is above the prescribed minimum requirement initially set at 100.0%. As at September 30, 2025, NSFR is computed by dividing the Available Stable Funding amounting to P22.17 billion by the Required Stable Funding amounting to P12.09 billion, while as at September 30, 2024, NSFR is computed by dividing the Available Stable Funding of P22.50 billion by Required Stable Funding of P8.43 billion.

This applies to U/KBs as well as their subsidiary banks and quasi-banks with the framework anchored on the international standards issued by the Basel Committee on Banking Supervision known as the Basel III reforms.

Internal Capital Adequacy Assessment Process (ICAAP)

Section 362, Credit Exposure to Limits to a Single Borrower of the MORB provided supplemental guidelines in relation to the adoption of the ICAAP and the related Supervisory Review Process (SRP) for foreign branches under Circular No. 639 dated January 15, 2009. For branches of foreign banks, the regulation provides that BSP's evaluation of ICAAP will refer to the ICAAP developed at the level of the head office/ parent bank, and the home supervisor's assessment thereof.

However, BSP expects that there will be variation in the ICAAP prepared by the branches of foreign banks operating in the Philippines in accordance with the nature, size and complexity of its business in the Philippines, risks faced arising from the occurrence of domestically-oriented scenarios and specific circumstances.

The ICAAP document submitted by the Philippine Branch included discussions on stress scenarios and the amount of capital requirements both under base case and stress scenarios. The Philippine Branch submitted its latest ICAAP document on March 31, 2025. The provisions of Circular No. 822, Circular No. 854, Circular No. 856, and Circular No. 858 were considered by the Philippine Branch in the ICAAP documentation.

8. Loans and Advances to Banks

This account consists of the following:

	Note	2025	2024
Due from BSP	*15*	**P1,507,420,072**	P7,482,737,698
Due from other banks		**1,598,748,867**	1,928,201,745
Reverse repurchase agreement		**-**	1,000,000,000
Interbank loans receivable		**-**	500,000,000
	5	**P3,106,168,939**	P10,910,939,443

All accounts in the table above are included under the “Cash and other cash items” account for purposes of reporting cash flows since these have maturities of three (3) months or less from dates of placement.

Summary of reduction in reserve requirements which took effect during the comparative years, is as follows:

	Rate	Effectivity Date
250 basis points	9.50%	30 June 2023
250 basis points	7.00%	25 October 2024
200 basis points	5.00%	28 March 2025

The reduction applied to those reserve liabilities of universal and commercial banks (U/KBs) that are currently subject to a reserve requirement on deposits and deposit substitute of 5.00%.

For the years ended September 30, 2025 and 2024, the Philippine Branch is compliant with the reserve requirements of the BSP except on August 15 - 21, 2025 reporting. The Philippine Branch has immediately remediated the said non-compliance. As of September 30, 2025, there is no penalty billing received from BSP for the reserve non-compliance.

Due from BSP pertains to demand deposit account (DDA) and overnight deposit with the BSP. Accrued interest income on Due from BSP amounted to P0.14 million and P0.96 million for the years ended September 30, 2025 and 2024 (see Note 11).

Accrued interest income on interbank loans receivable and reverse repurchase agreements with the BSP amounted to nil and P0.26 million as at September 30, 2025 and 2024, respectively (see Note 11). Interest rates per annum of interbank loans receivable ranged from 4.50% to 6.31% in 2025 and 5.75% to 6.68% in 2024 for foreign currency-denominated transactions.

Interest income earned is as follows:

	Note	2025	2024
Due from BSP and interbank loans receivable		**P71,434,179**	P222,825,496
Due from other banks		**69,197,247**	91,483,339
	20	**P140,631,426**	P314,308,835

As at September 30, 2025 and 2024, there were no loans and advances to banks pledged as collateral for liabilities.

9. Financial Assets and Financial Liabilities at FVPL

Financial Assets

	Note	2025	2024
Reverse repurchase agreement		**P2,900,917,993**	P5,416,390,329
Debt securities held-for-trading		**4,437,172,147**	2,100,626,798
Fair values of derivative financial instruments:			
Forward foreign exchange contracts		**486,051,358**	408,401,399
Currency swaps		**76,741,518**	218,604,537
Interest rate swaps		**3,997,616**	13,991,022
Bid offer adjustment		**(7,564,352)**	(4,350,393)
Credit valuation adjustment		**(266,085)**	(93,786)
	5	**P7,897,050,195**	P8,153,569,906

The Philippine Branch entered into reverse repurchase agreements (RPPs) with the other banks. Interest rates per annum of RRPs with other banks ranged from 4.25% to 6.53% in 2025 and 0.15% to 5.83% in 2024.

Debt securities pertain to government securities held-for-trading.

Accrued interest income on debt securities held-for-trading, shown as part of accrued interest receivable presented under “Loans and receivables - net” account amounted to P43.59 million and P24.00 million as at September 30, 2025 and 2024, respectively (see Note 11). The interest rates on debt securities held-for-trading in 2025 and 2024 ranged from 5.38% to 6.85% and 5.00% to 8.25% respectively.

Interest income relating to debt securities held-for-trading presented as “Interest income on financial assets at FVPL” account in the statements of income and expenses amounted to P320.46 million and P316.44 million in 2025 and 2024, respectively (see Note 20).

Financial Liabilities

	Note	2025	2024
Fair values of derivative financial instruments:			
Forward foreign exchange contracts		**P470,216,741**	P506,633,382
Currency swaps		**7,420,924**	347,196,819
Interest rate swaps		**1,460,625**	58,467,266
	5	**P479,098,290**	P912,297,467

The realized and unrealized market valuation gain or loss of financial assets at FVPL and derivative financial instruments are presented as part of “Trading and securities gain - net” account (see Note 23) excluding trading gains and losses on spot foreign exchange contracts, forward foreign exchange contracts and over-the-counter foreign exchange options which are presented in “Foreign exchange losses - net” account in the statements of income and expenses (see Note 24).

The following table shows the positive and negative fair values of the Philippine Branch’s derivative transactions, together with the notional amounts analyzed by the term of maturity. The notional amount is the amount of a derivative’s underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.
The notional amounts indicate the volume of transactions outstanding as at September 30, 2025 and 2024 and are neither indicative of the market risk nor the credit risk.

	September 30, 2025 (In Thousands)						
				Notional Amounts by Term to Maturity			
	Positive Fair Value	**Negative Fair Value**	**Notional Amount Total**	**Within 3 Months**	**Over 3 Months but not More 12 Months**	**Over 1 Year but not More than 5 Years**	**Over 5 Years**
Interest rate swaps	**P3,998**	**P1,461**	**P1,512,798**	**P406,250**	**P250,000**	**P856,548**	**P -**
Forward foreign exchange contracts	**486,051**	**470,217**	**46,525,163**	**46,525,163**	**-**	**-**	**-**
Cross currency swaps	**76,742**	**7,421**	**2,622,719**	**75,655**	**820,564**	**1,726,501**	**-**
Foreign exchange options contracts	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Credit valuation adjustments	**(266)**	**-**	**-**	**-**	**-**	**-**	**-**
Bid offer adjustments	**(7,564)**	**-**	**-**	**-**	**-**	**-**	**-**
Funding valuation adjustments	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	P558,961	**P479,099**	**P50,660,680**	**P47,007,068**	**P1,070,564**	**P2,583,049**	**P -**

	September 30, 2024 (In Thousands)						
				Notional Amounts by Term to Maturity			
	Positive Fair Value	Negative Fair Value	Notional Amount Total	Within 3 Months	Over 3 Months but not More 12 Months	Over 1 Year but not More than 5 Years	Over 5 Years
Interest rate swaps	P13,991	P58,467	P6,387,390	P3,412,300	P2,181,780	P793,310	P -
Forward foreign exchange contracts	408,401	506,633	70,974,844	70,974,844	-	-	-
Cross currency swaps	218,605	347,197	4,840,264	1,400,750	2,757,349	682,165	-
Foreign exchange options contracts	-	-	-	-	-	-	-
Credit valuation adjustments	(94)	-	-	-	-	-	-
Bid offer adjustments	(4,350)	-	-	-	-	-	-
Funding valuation adjustments	-	-	-	-	-	-	-
	P636,553	P912,297	P82,202,498	P75,787,894	P4,939,129	P1,475,475	P -

As at September 30, 2025 and 2024, there were no financial assets at FVPL pledged as collateral for liabilities.

10. Financial Assets at FVOCI

Financial assets at FVOCI consist of:

	2025	2024
ROP PHP bonds	**P12,337,085,247**	P12,949,709,938
US treasury bills	**3,177,647,877**	1,958,476,762
Equity securities	**3,579,850**	3,579,850
	P15,518,312,974	P14,911,766,550

Equity securities pertains unquoted investments with the Philippine Clearing House Corporation and Philippine Dealing System Holdings Corporation as part of membership requirements amounting to P3.58 million.

Accrued interest income on financial assets at FVOCI, shown as part of accrued interest receivable presented under “Loans and receivables - net” account amounted to P105.03 million and P108.55 million as at September 30, 2025 and 2024, respectively (see Note 11). The interest rates of financial assets at FVOCI ranged from 3.38% to 18.30% in 2025 and 2.63% to 18.30% in 2024.

Interest income earned from financial assets at FVOCI amounted to P817.93 million and P744.31 million in 2025 and 2024, respectively (see Note 20).

As at September 30, 2025 and 2024, there were no financial assets at FVOCI pledged as collateral for liabilities.

The movements in net unrealized gain (loss) on financial assets at FVOCI are as follows:

	Note	**2025**	2024
Balance as at beginning of year	*19*	**P120,336,792**	(P175,673,284)
Movements in OCI:			
Net realized gain (loss) from sale of debt securities at FVOCI reclassified to statements of income and expenses		**63,338,657**	15,371,221
Reversal of (allowance for) credit and impairment losses	*12*	**8,650,831**	(24,384,306)
Net unrealized gains (losses) from changes in fair value during the year		**(158,873,616)**	305,023,161
	19	**(86,884,128)**	296,010,076
Balance at end of year		**P33,452,664**	P120,336,792

11. Loans and Receivables

	Note	2025	2024
Loans and receivables:			
Term loans		**P11,699,760,741**	P5,090,178,112
Customers' liabilities under acceptances		**55,236,553**	-
Bills purchased		**10,074,730**	31,543,558
		11,765,072,024	5,121,721,670
Allowance for credit and impairment losses	12	**(174,925,547)**	(13,765,296)
		11,590,146,477	5,107,956,374
Accrued interest receivable:			
Financial assets at FVOCI	10	**105,033,785**	108,551,259
Loans and receivables		**136,951,234**	69,466,987
Financial assets at FVPL	9	**43,586,206**	23,999,563
Due from BSP	8	**137,500**	958,333
Interbank loans receivable	8	**-**	261,007
Due from Head Office and other branches	18	**250,309**	173,222
		285,959,034	203,410,371
		P11,876,105,511	P5,311,366,745

Interest rates per annum on loans and receivables range from 5.25% to 8.25% in 2025 and 6.50% to 8.65% in 2024 for USD denominated transactions, and from 5.00% to 6.95% and 2.13% to 7.90% for PHP denominated transactions for the years ended September 30, 2025 and 2024, respectively.

Interest income earned is as follows:

	Note	2025	2024
Term loans		**P651,703,953**	P558,133,062
	20	**P651,703,953**	P558,133,062

Regulatory Reporting

Effective January 24, 2013, based on Section 362 of the MORB relating to Single Borrower's Limit (SBL) Banks, the total amount of loans, credit accommodations and guarantees may be increased by an additional twenty-five percent (25%) of the Philippine Branch's net worth provided those are granted for the purpose of undertaking infrastructure and/or development projects under the Public-Private Partnership Program of the government duly certified by the Secretary of Socio-Economic Planning; Provided, further that the total exposures of the Philippine Brach to any borrower pertaining to the above-mentioned projects shall not exceed 25% of the Philippine Branch's net worth and that it shall only be allowed for a period of six (6) years from December 28, 2010.

As at September 30, 2025 and 2024, there were no loans and receivables pledged as collateral for liabilities.

12. Allowance for Credit and Impairment Losses

	2025				
	Financial Assets at FVOCI (Note 10)	**Loans and Receivables** (Note 11)	**Due from Head Office and Other Branches** (Note 18)	**Commitments and Financial Guarantee Contracts** (Note 16)	**Total**
Balance at September 30, 2024	**P37,429,225**	**P13,765,296**	**P3,573**	**P2,704,827**	**P53,902,921**
Provision for (reversal of) credit and impairment losses and recoveries	**(8,650,896)**	**159,076,291**	**9,836**	**(793,993)**	**149,641,238**
Effect of foreign exchange rate difference	**65**	**2,083,960**	**279**	**-**	**2,084,304**
Balance at September 30, 2025	**P28,778,394**	**P174,925,547**	**P13,688**	**P1,910,834**	**P205,628,463**

	2024				
	Financial Assets at FVOCI (Note 10)	Loans and Receivables (Note 11)	Due from Head Office and Other Branches (Note 18)	Commitments and Financial Guarantee Contracts (Note 16)	Total
Balance at September 30, 2023	P13,044,919	P23,659,317	P3,878	P568,138	P37,276,252
Provision for (reversal of) credit and impairment losses and recoveries	24,385,063	(9,858,941)	(271)	2,136,689	16,662,540
Effect of foreign exchange rate difference	(757)	(35,080)	(34)	-	(35,871)
Balance at September 30, 2024	P37,429,225	P13,765,296	P3,573	P2,704,827	P53,902,921

The tables show reconciliation from the opening balance to the closing balance of the allowance for credit and impairment losses by class of financial instruments (amounts in thousands).

	2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Financial Assets at FVOCI				
Balance at October 1, 2024	**P37,429**	**P -**	**P -**	**P37,429**
Reversal of credit and impairment losses	**(8,651)**	**-**	**-**	**(8,651)**
Transfer to Stage 1	**-**	**-**	**-**	**-**
Transfer to Stage 2	**-**	**-**	**-**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
Foreign exchange differences	**-**	**-**	**-**	**-**
Balance at September 30, 2025	**P28,778**	**P -**	**P -**	**P28,778**
Loans and Receivables				
Balance at October 1, 2024	**P13,717**	**P48**	**P -**	**P13,765**
Provision (Reversal) of credit and impairment losses	**21,458**	**(48)**	**137,666**	**159,076**
Transfer to Stage 1	**-**	**-**	**-**	**-**
Transfer to Stage 2	**-**	**-**	**-**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
Foreign exchange differences	**2,084**	**-**	**-**	**2,084**
Balance at September 30, 2025	**P37,259**	**P -**	**P137,666**	**P174,925**
Due from Head Office and Other Branches				
Balance at October 1, 2024	**P4**	**P -**	**P -**	**P4**
Provision of credit and impairment losses	**10**	**-**	**-**	**10**
Transfer to Stage 1	**-**	**-**	**-**	**-**
Transfer to Stage 2	**-**	**-**	**-**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
Foreign exchange differences	**-**	**-**	**-**	**-**
Balance at September 30, 2025	**P14**	**P -**	**P -**	**P14**
Commitments and Financial Guarantee Contracts				
Balance at October 1, 2024	**P2,705**	**P -**	**P -**	**P2,705**
Reversal of credit and impairment losses	**(794)**	**-**	**-**	**(794)**
Transfer to Stage 1	**-**	**-**	**-**	**-**
Transfer to Stage 2	**-**	**-**	**-**	**-**
Transfer to Stage 3	**-**	**-**	**-**	**-**
Foreign exchange differences	**-**	**-**	**-**	**-**
Balance at September 30, 2025	**P1,911**	**P -**	**P -**	**P1,911**

	2024			
	Stage 1	Stage 2	Stage 3	Total
Financial Assets at FVOCI				
Balance at October 1, 2023	P13,045	P -	P -	P13,045
Provision of credit and impairment losses	24,385	-	-	24,385
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign exchange differences	(1)	-	-	(1)
Balance at September 30, 2024	P37,429	P -	P -	P37,429
Loans and Receivables				
Balance at October 1, 2023	P23,422	P237	P -	P23,659
Reversal of credit and impairment losses	(9,670)	(189)	-	(9,859)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign exchange differences	(35)	-	-	(35)
Balance at September 30, 2024	P13,717	P48	P -	P13,765
Due from Head Office and Other Branches				
Balance at October 1, 2023	P4	P -	P -	P4
Reversal of credit and impairment losses	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at September 30, 2024	P4	P -	P -	P4
Commitments and Financial Guarantee Contracts				
Balance at October 1, 2023	P568	P -	P -	P568
Provision of credit and impairment losses	2,137	-	-	2,137
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at September 30, 2024	P2,705	P -	P -	P2,705

The breakdown of 'Provision for (reversal of) credit and impairment losses and recoveries' account follows:

	2025	2024
Provision for credit and impairment losses and recoveries	**P149,641,238**	P16,662,540
Recovery of previously written off loan	**-**	(142,028,700)
Total	**P149,641,238**	(P125,366,160)

13. Property and Equipment

The movements in property and equipment are as follows:

	September 30, 2025					
	Computer Equipment	Leasehold Improvements	Motor Vehicles	Furniture, Fixtures and Equipment	Right-of-Use Assets	Total
Cost						
Balance at beginning of year	P111,736,215	P30,339,457	P -	P5,326,533	P -	P147,402,205
Additions	2,248,352	-	-	-	-	2,248,352
Disposals	(9,527,449)	-	-	-	-	(9,527,449)
Balance at end of year	104,457,118	30,339,457	-	5,326,533	-	140,123,108
Accumulated Depreciation and Amortization						
Balance at beginning of year	92,145,140	30,339,457	-	3,692,211	-	126,176,808
Depreciation and amortization	7,796,292	-	-	436,247	-	8,232,539
Disposals	(9,527,449)	-	-	-	-	(9,527,449)
Balance at end of year	90,413,983	30,339,457	-	4,128,458	-	124,881,898
Carrying Amount						
Balance at beginning of year	P19,591,075	P -	P -	P1,634,322	P -	P21,225,397
Balance at end of year	P14,043,135	P -	P -	P1,198,075	P -	P15,241,210

	September 30, 2024					
	Computer Equipment	Leasehold Improvements	Motor Vehicles	Furniture, Fixtures and Equipment	Right-of-Use Assets	Total
Cost						
Balance at beginning of year	P107,916,128	P30,339,457	P -	P5,326,533	P -	P143,582,118
Additions	3,820,087	-	-	-	-	3,820,087
Disposals	-	-	-	-	-	-
Balance at end of year	111,736,215	30,339,457	-	5,326,533	-	147,402,205
Accumulated Depreciation and Amortization						
Balance at beginning of year	86,053,634	30,339,457	-	3,253,137	-	119,646,228
Depreciation and amortization	6,091,506	-	-	439,074	-	6,530,580
Disposals	-	-	-	-	-	-
Balance at end of year	92,145,140	30,339,457	-	3,692,211	-	126,176,808
Carrying Amount						
Balance at beginning of year	P21,862,494	P -	P -	P2,073,396	P -	P23,935,890
Balance at end of year	P19,591,075	P -	P -	P1,634,322	P -	P21,225,397

Depreciation and amortization, which is presented under “Depreciation and amortization” and included in “Other expenses” account in the statements of income and expenses, amounted to P8.23 million and P6.53 million in 2025 and 2024, respectively.

Fully depreciated assets which are still in use amounted to P100.64 million and P107.42 million as at September 30, 2025 and 2024, respectively.

As at September 30, 2025 and 2024, there were no property and equipment pledged as collateral for liabilities.

14. Other Assets

The table below shows the composition of other assets.

	Note	**2025**	2024
Unsettled trade assets		**P105,101,536**	P1,284,978
Prepaid income tax		**72,885,084**	72,921,896
Documentary stamp tax		**22,240,511**	20,068,899
Goodwill		**13,834,833**	13,834,833
Accounts receivable		**10,532,938**	2,068,662
Defined benefit asset	*26*	**8,177,578**	1,095,980
Settlement clearing account		**5,958,875**	25,753,985
Prepaid expenses		**643,060**	3,286,376
Miscellaneous		**31,277**	37,651
		P239,405,692	P140,353,260

Unsettled trade assets pertain to trade securities sold during the year but have yet to be delivered over the next banking days of the following year amounting to P105.10 million and P1.28 million as at September 30, 2025 and 2024, respectively.

Prepaid income tax pertains to withheld taxes which will be used for the payment of income and other taxes.

Documentary stamp tax includes prepayments for stamp duties that will be utilized in levying documents, loan agreements and other instruments.

Goodwill amounting to P13.83 million was recognized as a result of the acquisition by ANZ of the Royal Bank of Scotland (RBS) Philippines business on November 20, 2009, which includes the entire balance sheet and all existing customers and accounts at completion date for the entities ABN AMRO Bank N.V. (Philippines) Offshore Branch and The Royal Bank of Scotland (Philippines), Inc. Such goodwill is assessed to have an indefinite useful life.

Accounts receivable primarily include receivables from Metrobank for advances made by the Philippine Branch for its separated employees.

Defined benefit asset is the excess of the value of assets in the Philippine Branch's defined benefit pension plan over the present value of the plan's liabilities (see Note 26).

Settlement clearing account refers collections credited to the Philippine Branch's Nostro account not yet cleared by the bank as of year-end and is cleared the following day.

Prepaid expenses include advances for software maintenance, BSP supervisory fees and advance payments of taxes.

As at September 30, 2025 and 2024, there were no other assets pledged as collateral for liabilities.

15. Deposits and Other Borrowings

Deposits from Customers

	Note	**2025**	2024
Time		**P7,512,493,846**	P10,616,887,041
Demand		**6,870,498,760**	9,398,018,542
Savings		**2,642,380,772**	1,591,415,214
	5	**P17,025,373,378**	P21,606,320,797

Deposits and Borrowings from Banks

	Note	**2025**	2024
Interbank loans payable to other banks		**P145,531,930**	P328,418,393
	5	**P145,531,930**	P328,418,393

Accrued interest payable on deposits and other borrowings, shown as part of accrued interest payable presented under "Accrued interest payable" account in the statements of financial position, amounted to P25.25 million and P20.05 million as at September 30, 2025 and 2024, respectively. The interest rates on deposit from customers ranged from in 0.01% to 4.60% in 2025 and 2.04% to 4.60% in 2024. On the other hand, interest rates on deposits from banks ranged from 2.12% to 6.34% in 2025 and ranged from 3.45% to 6.50% in 2024.

Accrued interest payable consists of:

	Note	2025	2024
Deposits from customers		**P22,879,513**	P19,333,817
Due to Head Office and other branches	*18*	**2,366,982**	719,329
	5	**P25,246,495**	P20,053,146

Interest expense on deposits from customers consists of:

	Note	2025	2024
Time		**P286,574,549**	P265,938,424
Demand		**49,555,589**	40,263,223
	21	**P336,130,138**	P306,201,647

Interest expense on deposits and borrowings from banks amounted to P12.66 million and P28.12 million in 2025 and 2024, respectively (see Note 21).

On September 20, 2024, the BSP issued Circular No. 1201 Reduction in Reserve Requirements, which decreased the reserve requirement by 250 basis points (or 2.5 percentage points) to 7%, effective during the reserve week starting October 25, 2024.

On March 11, 2025, the BSP issued Circular No. 1211 Reduction in Reserve Requirements, which decreased the reserve requirement by 200 basis points (or 2 percentage points) to 5%, effective during the reserve week starting March 28, 2025.

As of September 30, 2025 and 2024, the demand deposits set aside in compliance with the reserve requirements amounted to P1.52 billion and P1.48 billion, respectively (see Note 8).

16. Other Liabilities

This account consists of the following:

	Note	2025	2024
Unsettled trades		**P160,098,727**	P139,265,433
Accruals for employee-related expenses		**47,073,866**	50,256,018
Government payables		**40,829,739**	33,759,046
Advance withholding taxes		**29,028,938**	26,676,803
Accrual for deposit insurance		**17,280,541**	17,491,761
Interoffice clearing accounts		**13,130,359**	36,642,450
Unclaimed monies		**10,512,348**	10,115,131
Accrued and other expenses		**9,560,100**	6,845,444
Uncleared drafts		**5,341,688**	5,792,513
Provision for liability	*12*	**1,910,834**	2,704,827
Miscellaneous		**9,100,396**	25,014,088
		P343,867,536	P354,563,514

Unsettled trades represent receivable from counterparties for the proceeds of sale of debt securities recorded on trade date. This receivable is usually settled within two days from trade date. These debt securities include Philippine Government securities such as treasury bills, retail treasury bonds and fixed rate treasury notes.

Accruals for employee-related expenses pertains to provision for bonus which includes cash and share-based payments for employee incentives.

Government payables pertain to accrual of penalty for under-compliance of the agri-agra and micro, small and medium enterprise credit allocation per BSP regulation, and accrual of gross receipts tax.

Advance withholding taxes pertain to 20% final withholding tax on interest income from government securities.

Accrual for deposit insurance refers to insurance for deposit liabilities, unclaimed monies refer to unclaimed balances for escheatment to the government, and accrued and other expenses pertain to accrual of outsourced services, software licenses and other charges. Uncleared drafts are drafts written but not yet paid.

Provision for liability pertains to loss allowance on off-balance sheet items (see Note 12).

Miscellaneous liabilities pertain to sundry liabilities which consist of utilities and communications payable and settlement or clearing accounts.

17. Assigned Capital Funds and Due from and to Head Office and Other Branches

Under R.A. No. 7721, *An Act Liberalizing the Entry and Scope of Operations of Foreign Banks in the Philippines*, (the “Act”) which took effect on June 5, 1994, a foreign bank with existing branch or branches in the Philippines is required to inwardly remit and convert into Philippine currency, as permanently assigned capital, the U.S. dollar equivalent of P210.00 million computed at P26.98 to US$1, which is the exchange rate on the effectivity date of the Act. Under the same Act, a foreign bank is entitled to establish up to 6 branches [the first 3 additional branches in locations of its choice and the next 3 additional branches in locations designated by the Monetary Board (MB) in addition to its branch or branches existing as at the effectivity date of the Act]. The P210.00 million referred to above shall be the capital for a foreign bank’s first three branches. For each of the next 3 additional branches to be established in locations designated by the MB, a foreign bank is required to inwardly remit and convert into Philippine currency, as additional permanently assigned capital, the U.S. dollar equivalent of P35.00 million computed at the same exchange rate of P26.98 to US$1.

Under Section 1420 of MORB - Deals with Foreign Banks, the capital of a branch may consist of its permanently assigned capital plus the “Net due to Head office and other Branches” account, which should not exceed the equivalent of four times the amount of permanently assigned capital. The “Net due to Head office and other Branches” account shall include all net due to Head Office, other branches, subsidiaries (more than 50% owned by the foreign bank) and offices outside the Philippines. Additionally, at least 15% of the “Net due to Head office and other Branches” should be inwardly remitted and converted into Philippine currency, provided that amounts invested in productive enterprises or utilized by the Philippine companies for export activities, including foreign currency denominated loans granted to Philippine exporters and loans for productive purposes such as agriculture, fisheries and forestry, manufacturing, mining, public utilities, construction and home building, need not be subject to conversion into Philippine currency.

On August 9, 2001, the BSP approved the Philippine Branch’s request to transfer its cumulative unremitted income amounting to about P193.98 million to the previously permanently assigned capital of P250.34 million. On July 24, 2008, unremitted FCDU income amounting to P651.15 million was also approved by BSP to be transferred to assigned capital.

Additionally, BSP approved the transfer of P274.00 million and P840.00 million unremitted income to assigned capital on November 10, 2009 and June 18, 2010, respectively.

On March 21, 2014, the Head Office infused additional capital in the Philippine Branch amounting to $19.14 million (equivalent to P865.11 million) to comply with minimum capital required under its universal banking authority.

On October 29, 2014, under Section 121- Minimum Required Capital of the Manual of Regulations for Banks (“MORB”) of BSP, which implemented the new minimum capitalization requirements for banks. For the Philippine Branch, having a universal banking license with Head Office only, the minimum capitalization required is P3 billion. To comply with the revised minimum capital requirements, the Philippine Branch received additional capital of $25.63 million (equivalent to P1.15 billion) from the Head Office on November 13, 2014 as part of the permanently assigned capital.

Effective January 24, 2013, BSP Circular No. 779 amended the regulations on Single Borrower’s Limit (SBL). Per amendment, the total amount of loans, credit accommodations and guarantees may be increased by an additional twenty-five percent (25%) of the Philippine Branch’s net worth provided those are granted for the purpose of undertaking infrastructure and/or development projects under the Public-Private Partnership Program of the government duly certified by the Secretary of Socio-Economic Planning; Provided, further that the total exposures of the Philippine Brach to any borrower pertaining to the above-mentioned projects shall not exceed 25% of the Philippine Branch’s net worth and that it shall only be allowed for a period of six (6) years from 28 December 2010.

Effective December 6, 2014, BSP Circular No. 858 amended the regulations on Single Borrower’s Limit under Section 1002 - Capital Adequacy Framework and Section 1004 - Capital Conservation Buffer. Per amendment, loans and credit commitments of foreign bank branches as of the effectivity of Republic Act (R.A.) No. 10641 may be maintained, but once repaid or expired, shall no longer be increased in excess of the ceiling allowed under this Circular. Further, existing foreign bank branches shall be given until December 31, 2019 to use twice the level of capital as defined in this Circular as net worth, as reference point for purposes of determining the appropriate SBL.

On February 10, 2020, the BSP issued Circular No. 1073. The Monetary Board, in its Resolution No. 123 dated 23 January 2020, approved the extension of the transitory period until 31 December 2020 for existing foreign bank branches to use twice the level of capital as basis for determining the Single Borrower's Limit (SBL).

Pursuant to BSP Memorandum No. M-2020-057 dated 21 July 2020 on Amendments to the Operational Relief Measures for BSFI, The Single Borrower’s Limit (SBL) is increase from 25 percent to 30 percent until 31 March 2021, pursuant to national interest.

On January 4, 2021, the BSP issued Memorandum No. M-2021-002 for Regulatory Relief on the Non-imposition of Sanction for Breach in Single Borrower's Limit by Certain Foreign Bank Branches.

In view of the lapse of the transitory period for SBL pursuant to Section 103 of the Manual of Regulations for Banks (MORB), the existing foreign bank branches prior to R.A. No. 10641 that breached the SBL shall not be subject to sanctions until December 31, 2021. Provided that the amount of the new loan, credit accommodation, or guarantee extended as well as the restructured, renewed, and refinanced existing credit exposures beginning January 1, 2021 to December 31, 2021, shall not exceed the prescribed percentage limit using as reference point twice the level of capital as defined under Section 103 of the MORB.

On April 26, 2021, the BSP issued Memorandum No. M-2021-026 on the Amendments to the Relief Measure on the Single Borrower’s Limit (SBL) where there is an increase in the SBL under Section 362 of the Manual of Regulations for Banks (MORB)/Section 342-Q of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) from 25 percent to 30 percent until 31 December 2021, pursuant to national interest.

The Monetary Board of the BSP, on its Memorandum No M-2022-004 dated January 17, 2022, extended the BSP Prudential Relief Measures and increased the SBL (Single Borrower’s limit) from 25 percent to 30 percent until December 31, 2022, pursuant to national interest.

In view of the lapse of the transitory period for the SBL pursuant to Section 103 of the Manual of Regulations for Banks (MORB), as amended by Circular No. 1073 dated February 10, 2020, existing foreign bank branches established in the Philippines prior to Republic Act No. 10641 that breach the SBL shall not be subject to sanctions until December 31, 2022. Provided, That the amount of the new loan, credit accommodation, or guarantee extended as well as the restructured, renewed, and refinanced existing credit exposures, beginning January 1, 2021 until December 31, 2022, shall not exceed the prescribed percentage limit using as reference point twice the level of capital as defined under Section 103 of the MORB.

The Philippine Branch's regulatory capital position as at September 30, 2025 and 2024 based on Basel III requirements as reported to the BSP is as follows (amounts in thousands):

	2025	2024
Tier 1 Capital		
Permanently assigned capital	**P4,225,190**	P4,225,190
Unremitted profits	**3,536,949**	3,367,638
Undivided profits	**470,434**	740,259
Cumulative other comprehensive income	**66,999**	153,099
Less: Required deductions from Tier 1 Capital		
Deferred income tax	**137,081**	176,281
Defined benefit assets	**1,096**	3,961
Unsecured DOSRI	**1,257**	1,975
Goodwill	**13,835**	13,835
Total Tier 1 Capital	**8,146,303**	8,290,134
Add: Tier 2 Capital		
General loan loss provisioning (maximum 1% of Credit RWA)	**124,858**	66,010
	P8,271,161	P8,356,144

Amounts presented in the table above are based on the financial reporting package submitted by the Philippine Branch to the BSP.

18. Related Parties

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

The Philippine Branch has transactions with its Head Office, other branches and with certain DOSRI. Banking law and regulations, the aggregate amount of loans to DOSRI should not exceed the total net worth or 15% of the total loan portfolio of the Philippine Branch, whichever is lower.

In addition, the amount of direct credit accommodations to DOSRI, of which 70% must be secured, should not exceed the amount of their respective unencumbered deposits and book value of their respective investments in the Philippine Branch. These limits do not apply to loans secured by assets considered as non-risk as defined in the regulations.

BSP also prescribed separate lending limits to subsidiaries and/or affiliates of banks which shall not exceed 10% of the net worth of the lending bank. Aggregate ceiling is 20% of net worth and unsecured exposure should not exceed 5% of the net worth of the lending bank.

This also excludes exposures that are considered non-risk during existing regulations. The Philippine Branch is in compliance with such regulations in 2025 and 2024.

The significant account balances with respect to related parties included in the financial statements are as follows (in thousands):

Related Party/Transactions	Note	Year	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Parent					
Due from Head Office					
Due from banks:					
Deposits	*18a*	**2025**	**P2,124,952,728**	**P66,885**	Working fund with Head office; short term, no impairment, unsecured, non-interest bearing
Withdrawal			**(2,124,942,317)**	**-**	
Deposits		2024	2,128,868,442	56,474	
Withdrawal			(2,128,882,481)	-	
Due to Head Office					
Allocated head office expense	*18c*	**2025**	**81,003**	**-**	Share in Head Office expenses
		2024	61,844	-	
Entities under Common Control					
Due from Branches					
Interbank loans:	*18a*				
Drawdown		**2025**	**10,407,513**	**2,602,244**	Short-term, no impairment; unsecured; interest rates are disclosed in 18a below
Collection			**(8,018,904)**	**-**	
Drawdown		2024	4,120,626	213,635	
Collection			(4,163,139)	-	
Due from banks:					
Deposits	*18a*	**2025**	**369,921,881**	**960**	Short-term, no impairment; unsecured; non-interest bearing
Withdrawal			**(369,922,081)**	**-**	
Deposits		2024	369,972,597	1,160	
Withdrawal			(369,971,886)	-	
Intercompany receivable/payable	*18a*	**2025**	**(399)**	**-**	Payable from intercompany transactions
		2024	2,369	399	
Interest income	*18a, 11, 20*	**2025**	**10,525**	**250**	Interest accrued on interbank placement; short-term; no impairment; unsecured
		2024	10,159	173	
Due to Branches					
Short-term borrowings:	*18b*				Short-term; interest rates on these short-term borrowings are disclosed in 18b below
Proceeds		**2025**	**150,112,291**	**(14,881,601)**	
Withdrawal			**(157,005,869)**	**-**	
Proceeds		2024	174,660,518	(7,988,023)	
Withdrawal			(182,082,791)	-	
Interest expense	*15, 18b, 21*	**2025**	**(229,390)**	**(2,367)**	Interest accrued on interbank placements
		2024	(233,414)	(719)	
Others	*18b*	**2025**	**(13,996)**	**(100,349)**	Deposits to Head Office and other branches and liabilities incurred for services provided by ANZ Manila Hub
		2024	40,618	(86,353)	
Key Management Personnel	*18d*	**2025**	**(20,709)**	**30,054**	Lending to key management personnel
		2024	997	9,345	
Allowance for Credit and Impairment Losses	*12*	**2025**	(10)	(14)	
		2024	-	(4)	
Total Net Due to Head Office and Other Branches		**2025**		**(P12,283,938)**	
		2024		(P7,793,913)	

The balance presented in the statements of financial position is net of Due from Head Office and other branches account and Due to Head office and other branches account.

All outstanding balances with related parties are to be settled in cash.

As at September 30, 2025 and 2024, all related party transactions pertaining to short-term lending and interbank loans are unsecured with impairment and due and demandable within one (1) year.

18a Due from Head Office and Other Branches

Loans and advances represent deposit with and short-term lending to Head Office and other branches. Deposits with Head Office and other branches are accounts maintained with them for inter-branch transactions. Interest rates on these short-term lending booked under RBU range from 0.48% to 4.33% and 0.48% to 4.17%, while interest rates on short-term lending booked under FCDU range from 4.17% to 5.33% and 3.18% to 5.33% as at September 30, 2025 and 2024, respectively.

Interest was accrued for these short-term lending and are shown under "Loans and receivables" account in the statements of financial position. As at September 30, 2025 and 2024, accrued interest income from these short-term lending amounted to P0.25 million and P0.17 million (see Note 11), while interest income earned amounted to P10.52 million and P10.16 million, respectively (see Note 20).

18b *Due to Head Office and Other Branches*

These represent short-term borrowings from the Head Office and other branches. These borrowings have interest rates benchmarked to the Federal Funds Rates for 2025 and 2024, respectively. Interest rates booked under RBU range from 0.34% to 4.85% in 2025 and 0.08% to 5.35% in 2024, while interest rates booked under FCDU range from 0.66% to 4.85% in 2025 and 4.25% to 5.35% in 2024.

Interest was accrued for these short-term borrowings and is, shown as part of "Accrued interest payable" account in the statements of financial position amounting to P2.37 million and P0.72 million as at September 30, 2025 and 2024, respectively (see Note 15). Interest expense on these short-term borrowings for the years ended September 30, 2025 and 2024 amounted to P229.39 million and P233.41 million, respectively (see Note 21).

Others represent deposits to Head Office and other branches and payables incurred for accounting and operations services outsourced by the Philippine Branch to the ANZ Manila Hub.

18c *Allocated Head Office Expenses*

Head Office expenses allocated to the Philippine Branch pertain to the: (1) cost for use and maintenance of global or centralized technology or processing system; (2) share in the manpower expenses related to the employment of regional staff/officers; and (3) share in the cost incurred for the operation and administration of the Hyperion, the group financial reporting computer system; (4) payments made to Philippine Branch for the share-based compensation; and, (5) plan relationship banking charges for the income that is booked locally but is originated by offshore Relationship Manager.

18d *Key Management Personnel*

These represent long-term, secured, with no impairment, lending to key management personnel, who are members of the Executive Committee (EXCO) of the Philippine Branch. As at September 30, 2025 and 2024, interest rates on these loans are at 5.62% and 5.82%, respectively, with a term of five (5) to ten (10) years. These loans are presented under "Loans and receivables" account in the statements of financial position.

Compensation of Key Management Personnel

The Philippine Branch's compensation to key management personnel shown as part of "Salaries, bonuses and allowances" account in the statements of income and expenses is as follows:

	2025	2024
Short-term employee benefits	**P93,797,542**	P64,151,113
Post-employment benefits	**7,292,274**	6,353,680
	P101,089,816	P70,504,793

Interest Arbitrage (INTARBI) Transactions
INTARBI transactions are internal deals usually between the Foreign Exchange (FX) and Money Market (MM) desks to shift funding or risk exposure from one currency to another and from banking to trading book and vice-versa. The INTARBI transactions involve an FX swap (which comprises FX spot and forward legs), a loan involving one of the currency pair in the FX swap transaction and a deposit involving the other currency of the FX swap transaction. INTARBI transactions are only book entries. There are no net physical cash flows involved for the Philippine Branch as a whole because all the transactions cancel themselves out. Because INTARBI deals are only internal, there cannot be any profits or losses recognized in the statements of income and expenses made from these transactions on an overall site basis. However, there may be impact on the statements of income and expenses at the desk level or a timing difference, which should be calculated by the Back Office and agreed by the Treasurer and Chief Dealer and reported to local ALCO.

19. Reserves

This account consists of the following:

	Note	**2025**	2024
Cumulative Foreign Currency Translation Adjustments			
Balance at beginning of the year		**P33,546,419**	P35,104,658
Translation adjustment for the year		**(108,084)**	(1,558,239)
		33,438,335	33,546,419
Net Unrealized Gains (Losses) on Financial Assets at FVOCI			
Balance at beginning of the year		**120,336,792**	(175,673,284)
Net unrealized gain (loss) from changes in fair value during the year	*10*	**(86,884,128)**	296,010,076
		33,452,664	120,336,792
Total Reserves		**P66,890,999**	P153,883,211

20. Interest Income

This account consists of the following:

	Note	**2025**	2024
Interest Income Calculated Using the Effective Interest Method			
Financial assets at FVOCI	*10*	**P817,932,574**	P744,308,400
Loans and receivables	*11*	**651,703,953**	558,133,062
Loans and advances to banks	*8*	**140,631,426**	314,308,835
Due from Head Office and other branches	*18*	**10,524,658**	10,159,375
		1,620,792,611	1,626,909,672
Interest Income Financial Assets at FVPL	*9*	**320,458,040**	316,444,513
		P1,941,250,651	P1,943,354,185

21. Interest Expense

This account consists of the following:

	Note	**2025**	2024
Deposits from customers	*15*	**P336,130,138**	P306,201,647
Deposits and borrowings from:			
Head Office and other branches	*18*	**229,390,013**	233,414,179
Other banks	*15*	**12,656,025**	28,118,930
		P578,176,176	P567,734,756

22. Fees and Commission Income

This account consists of the following:

	2025	2024 (As restated - Note 33)
Non-lending fees and commission	**P142,839,423**	P76,497,100
Lending fees and commission	**3,541,040**	8,014,586
	P146,380,463	P84,511,686

Non-lending fees and commission pertain to service transfer pricing income allocated by Head Office, outward telegraphic transfer fees, import and export fees and guarantee fees and other non-lending services costs.

In the table below, fees and commission income from contracts with customers within the scope of PFRS 15 is disaggregated by major type of services as follows:

	2025	2024 (As restated - Note 33)
Account, transactive and service fees	**P112,720,954**	P53,506,946
STP income	**30,118,469**	22,990,154
Guarantee fee	**3,498,417**	7,534,586
Dividend income	**-**	480,000
Other lending fees	**42,623**	-
	P146,380,463	P84,511,686

23. Trading and Securities Gain - net

This account consists of the following:

	2025	2024 (As restated - Note 33)
Debt instruments:		
Realized	**P43,059,915**	P18,672,074
Unrealized	**(38,932,714)**	22,276,859
	4,127,201	40,948,933
Derivative financial instruments:		
Realized	**500,139,952**	407,426,590
Unrealized	**(358,992,711)**	(197,891,413)
	141,147,241	209,535,177
	P145,274,442	P250,484,110

Trading and securities gain - net on derivative financial instruments include realized gains and losses on currency swaps and interest rate swaps.

Trading gains or losses on spot foreign exchange contracts, forward foreign exchange contracts and over the counter foreign exchange options are presented in "Foreign exchange losses - net" account in the statements of income and expenses.

24. Foreign Exchange Losses - net

Foreign exchange gains and losses on spot foreign exchange contracts, forward foreign exchange contracts, foreign exchange swaps and over the counter foreign exchange options and on balance sheet revaluation are presented in "Foreign exchange losses - net" account in the statements of income and expenses. Foreign exchange losses - net amounted to P6.39 million (loss) and P74.28 million (loss) for the years ended September 30, 2025 and 2024, respectively.

25. Income and Other Taxes

Under Philippine tax laws, income from operations of the RBU of the Philippine Branch is subject to percentage and other taxes (presented as "Taxes and licenses" account in the statements of income and expenses) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp tax. Income taxes paid consist of corporate income tax and a final withholding tax of 20% on gross interest income from government securities, deposits and other deposit substitutes. These income taxes are presented in the statements of income and expenses as income tax expense.

Branch profits remitted by the Philippine Branch to its Head Office are subject to 15% profit remittance tax.

The corporate income tax rate for RBU is 25%. Interest allowed as a deductible expense is reduced by an amount equivalent to 20% of interest income subjected to final tax. The regulations also provide for MCIT of 1% (2% beginning 1 July 2023) on modified gross income and allow NOLCO. The Philippine Branch incurred NOLCO amounting to P259.62 million and nil as at September 30, 2025 and 2024, respectively, and has MCIT due amounting to P11.95 million and P10.11 million for the years ended September 30, 2025 and 2024, respectively. The MCIT and NOLCO before the year 2020 may be applied against the Philippine Branch's income tax liability and taxable income, respectively, over a three-year period from the year of incurrence. The NOLCO incurred in 2020 and 2021, it can be applied for a five-year period.

Moreover, the Philippine Branch has available creditable withholding taxes amounting to P73.65 million and P73.73 million as September 30, 2025 and 2024, respectively, recorded as part of "Other assets" account in the statements of financial position (Note 14).

FCDU offshore income (income from nonresidents) of the FCDU is tax-exempt. Onshore income (income from residents) of the FCDU is subject to 10% gross income tax.

On April 28, 2004, R.A. No. 9294 was enacted into law, titled as "An Act Restoring the Tax Exemption of Offshore Banking Units (OBUs) and FCDUs." This law restored the tax exemption of OBUs and FCDUs. Income derived by FCDUs and OBUs from foreign currency transactions with nonresidents, OBUs, local commercial banks including foreign banks that may be authorized by the BSP to transact business with foreign currency deposit system units and other depository banks under foreign currency deposit system shall be exempt from all taxes, except net income from such transaction as may be specified by the Secretary of Finance, upon recommendation by the Monetary Board to be subject to the regular income tax payable by banks. Provided, however, that interest income from foreign currency loans granted by other FCDUs to residents under the offshore units in the Philippines or other depository banks under the expanded system shall be subject to a final tax at the rate of 10%.

The income tax expense consists of:

	2025	2024
Current:		
RBU	**P11,890,925**	P9,947,758
FCDU	**59,854**	164,938
Final taxes	**226,835,333**	216,149,188
Deferred	**(14,252,154)**	45,818,144
	P224,533,958	P272,080,028

The reconciliation between statutory income tax and effective income tax is as follows:

	2025	2024
Income before income tax	**P697,708,892**	P1,013,878,508
Income tax expense computed at statutory income tax rate at 25% in 2025 and 2024	**P174,427,223**	P253,469,627
Additions to (reductions from) income taxes resulting from the tax effects of:		
Tax-exempt/tax-paid income	**(339,186,287)**	(365,023,732)
Final taxes	**226,835,333**	216,149,188
Nondeductible interest and other expenses	**139,033,209**	161,233,109
Unrecognized deferred tax – MCIT	**11,950,778**	10,112,696
Unrecognized deferred tax – NOLCO	**11,473,702**	(1,130,776)
Unrecognized deferred tax on others - excess of MCIT over RCIT	**-**	(2,444,688)
Others	**-**	(285,396)
Effective income tax	**P224,533,958**	P272,080,028

The components of deferred tax assets and liabilities are as follows:

	2025					
	Beginning Balance (Tax Effect)	Amount (Charged) Credited to Statements of Income and Expenses	Write off	Amount Recognized in OCI	Tax Base	Ending Balance (Tax Effect)
Deferred Tax Assets Included in Statements of Income and Expenses						
NOLCO	P -	P64,905,533	P -	P -	P259,622,134	P64,905,533
Allowance for credit and impairment losses	13,940,450	37,410,349	-	-	205,403,196	51,350,799
Accruals and provision for employee benefits	11,941,416	418,914	-	-	49,441,322	12,360,330
Accrued retirement benefits	8,906,883	418,971	-	-	37,303,414	9,325,854
	34,788,749	103,153,767	-	-	551,770,066	137,942,516
Deferred Tax Liabilities Included in Statement of Income and Expenses						
Unrealized mark-to-market gain and foreign exchange transactions	68,936,172	(88,901,613)	-	-	(79,861,763)	(19,965,441)
	68,936,172	(88,901,613)	-	-	(79,861,763)	(19,965,441)
Deferred Tax Liabilities Included in OCI						
Remeasurement gain on retirement plan	(6,327,773)	-	-	(2,189,370)	(34,068,576)	(8,517,143)
	(6,327,773)	-	-	(2,189,370)	(34,068,576)	(8,517,143)
	P97,397,148	P14,252,154	P -	(P2,189,370)	P437,839,727	P109,459,932

	2024					
	Beginning Balance (Tax Effect)	Amount (Charged) Credited to Statements of Income and Expenses	Write off	Amount Recognized in OCI	Tax Base	Ending Balance (Tax Effect)
Deferred Tax Assets Included in Statements of Income and Expenses						
Unrealized mark-to-market gain and foreign exchange transactions	P120,131,233	(P51,195,061)	P -	P -	P275,744,689	P68,936,172
Allowance for credit and impairment losses	9,774,815	4,165,635	-	-	55,761,798	13,940,450
Accruals and provision for employee benefits	11,220,392	721,024	-	-	47,765,665	11,941,416
Accrued retirement benefits	8,702,019	204,864	-	-	35,627,532	8,906,883
	149,828,459	(46,103,538)	-	-	414,899,684	103,724,921
Deferred Tax Liabilities Included in Statement of Income and Expenses						
PFRS 16	(285,394)	-	285,394	-	-	-
	(285,394)	-	285,394	-	-	-
Deferred Tax Liabilities Included in OCI						
Remeasurement gain on retirement plan	(7,138,746)	-	-	810,973	(25,311,096)	(6,327,773)
	(7,138,746)	-	-	810,973	(25,311,096)	(6,327,773)
	P142,404,319	(P46,103,538)	P285,394	P810,973	P389,588,588	P97,397,148

Management believes that certain future deductible items may not be realized in the near foreseeable future as future taxable income may not be sufficient for the related tax benefits to be realized. Accordingly, the Philippine Branch did not recognize deferred tax assets on the following:

	2025		2024	
	Deductible Temporary Differences	**Unrecognized Deferred Tax Asset**	Deductible Temporary Differences	Unrecognized Deferred Tax Asset
NOLCO	**P55,172,427**	**P13,793,107**	P22,891,638	P5,722,910
MCIT	**22,126,543**	**22,126,543**	10,199,409	10,199,409
	P77,298,970	**P35,919,650**	P33,091,047	P15,922,319

Details of the Philippine Branch's NOLCO and MCIT as at September 30, 2025 and 2024 are as follow:

<u>NOLCO</u>

On September 30, 2020, the Bureau of Internal Revenue issued Revenue Regulations (RR) No. 25-2020 which provides that businesses or enterprises which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from gross income for the next five (5) consecutive taxable years, immediately following the year of such loss, unless otherwise disqualified. The net operating loss for the said taxable years may be carried over as a deduction even after the expiration of RA No. 11494, provided that the same is claimed within the next five (5) consecutive taxable years following the year such loss was incurred. Such RR took effect immediately.

Inception Year	Expiry Year	October 1, 2024	Addition	Application	Expiration	**September 30, 2025**
2025	2028	P -	P305,516,933	P -	P -	**P305,516,933**
2024	2027	-	-	-	-	**-**
2023	2026	-	-	-	-	**-**
2022	2025	1,725,387	-	-	(1,725,387)	**-**
2021	2026	9,277,628	-	-	-	**9,277,628**
2020	2025	11,888,623	-	-	(11,888,623)	**-**
		P22,891,638	P305,516,933	P -	(P13,614,010)	**P314,794,561**

MCIT

Inception Year	Expiry Year	October 1, 2024	Addition	Expiration/ Application	**September 30, 2025**
2025	2028	P -	P11,950,778	P -	**P11,950,778**
2024	2027	10,112,696	-	-	**10,112,696**
2023	2026	63,069	-	-	**63,069**
2022	2025	23,644	-	(23,644)	**-**
		P10,199,409	P11,950,778	(P23,644)	**P22,126,543**

The breakdown of "Taxes and licenses" account presented in the statements of income and expenses follows:

	2025	2024
Gross receipts tax	**P125,680,542**	P115,581,795
Documentary stamp	**49,586,915**	49,569,369
Fringe benefit taxes	**3,550,055**	3,953,010
Final Withholding VAT	**3,533,306**	-
License and permit fees	**4,021,187**	3,324,270
	P186,372,005	P172,428,444

26. Employee Benefits

Expenses recognized for salaries and employee benefits under "Salaries, bonuses and allowances" in the statements of income and expenses are presented below:

	2025	2024
Short-term benefits	**P290,756,835**	P276,763,941
Post-employment benefits	**19,676,841**	24,030,408
	P310,433,676	P300,794,349

Post-employment benefits consist of the following:

	2025	2024
Contributions paid to the trust fund	**P18,000,959**	P16,831,950
Defined benefit cost	**1,675,882**	819,458
Other provision for liability	**-**	6,379,000
	P19,676,841	P24,030,408

Total amount paid by the Philippine Branch to Metrobank Trust Fund for the defined contribution plan amounted to P18.00 million and P16.83 million for the years ended September 30, 2025 and 2024, respectively.

Other provision for liability refers to provision for future tax reimbursements of retiring employees amounting to nil and P6.38 million for the years ended September 30, 2025 and 2024, respectively.

The Philippine Branch's retirement plan is treated as a defined contribution plan with a minimum defined benefit in line with the adoption of the Philippine Interpretations Committee Questions and Answers (PIC Q&A) No. 2013-03 relating to PAS 19, *Accounting for Employee Benefits under a Defined Contribution Plan,* subject to requirements of R.A. No. 7641, *Retirement Pay Law*. The valuation method, which only analyzed the minimum defined benefit, used in determining retirement cost is the projected unit credit method.

The benefits valued hereunder pertain to the expected excess of the minimum defined benefit over the projected accumulated contributions under DC Plan.

The retirement benefit expense presented under "Salaries, bonuses and allowances" account in the statements of income and expenses are on top of the required contributions of the Philippine Branch to the DC Plan. In the event that retirement benefits to be paid to employees, hired starting January 1, 2009, are less than that required under R.A. No. 7641, the Philippine Branch shall pay the difference to comply with the said legislation. The retirement fund is being managed and administered by Metropolitan Bank and Trust Company which is covered by a Trust Agreement.

The following table shows the reconciliation from the opening balances to closing balances for defined benefit liability and its component that were calculated based on the minimum defined retirement benefit required by R.A. No. 7641.

	Defined Benefit Obligation		Fair Value of Plan Assets		Defined Benefit Liability (Asset) (Notes 14)	
	2025	2024	**2025**	2024	**2025**	2024
Balance at October 1	**P31,388,253**	P26,480,219	**P32,484,233**	P31,639,548	**(P1,095,980)**	(P5,159,329)
Included in Statements of Income and Expenses						
Current service cost	**1,750,787**	1,533,695	**-**	-	**1,750,787**	1,533,695
Net interest income	**1,851,907**	1,721,214	**1,916,570**	2,056,571	**(64,663)**	(335,357)
Contribution from forfeitures	**-**	-	**10,242**	378,880	**(10,242)**	(378,880)
	3,602,694	3,254,909	**1,926,812**	2,435,451	**1,675,882**	819,458
Included in OCI						
Remeasurements (gain) loss	**(1,946,605)**	1,653,125	**-**	-	**(1,946,605)**	1,653,125
Return on plan asset excluding interest income	**-**	-	**6,810,875**	(1,590,766)	**(6,810,875)**	1,590,766
	(1,946,605)	1,653,125	**6,810,875**	(1,590,766)	**(8,757,480)**	3,243,891
Benefits paid	**(8,727,445)**	-	**(8,727,445)**	-	**-**	-
Balance at September 30	**P24,316,897**	P31,388,253	**P32,494,475**	P32,484,233	**(P8,177,578)**	(P1,095,980)

As at September 30, 2025 and 2024, the retirement plan asset amounted to P193.55 million and P197.91 million, respectively. The Philippine Branch has allocated funds to employees covered by the defined benefit plan amounting to P161.05 million and P165.43 million for the years ended September 30, 2025 and 2024, respectively.

The Philippine Branch has unallocated funds to employees covered by the defined benefit plan amounting to P32.49 million, and P32.48 million for the years ended September 30, 2025 and 2024, respectively.

The Philippine Branch made P18.00 million and P16.83 million contributions to its DC plan for the years ended September 30, 2025 and 2024, respectively.

As at September 30, 2025 and 2024, the carrying amount of defined benefit asset amounted to P8.18 million and P1.10 million, respectively.

The fair value of the plan assets consists of the following:

	2025	2024
Government securities	**95.05%**	99.06%
Cash in bank	**2.50%**	0.45%
Other assets	**2.45%**	0.49%

The movement of net remeasurement gain (loss) on retirement plan arising from the fair value of plan assets and present value of the obligation follows:

	Note	**2025**	2024
Remeasurement loss (gain) on retirement plan at beginning of year		**P -**	P -
Net change in remeasurement loss (gain) on retirement plan during the year gross of tax		**(8,757,480)**	3,243,891
Deferred tax effect	*25*	**2,189,370**	(810,973)
Transferred to unremitted profits		**6,568,110**	(2,432,918)
Remeasurement gain (loss) on retirement plan at end of year		**P -**	P -

As at September 30, 2025 and 2024, the net remeasurement gain on retirement plan recorded as part of Unremitted profit amounted to P34.07 million and P25.31 million, respectively.

For the years ended September 30, 2025 and 2024, the Philippine Branch has taken the option available under PAS 19-R to transfer remeasurement gain (loss) on retirement plan within unremitted profits.

The net change in remeasurement gain (loss) on retirement plan during the year included in the other comprehensive income that was transferred to unremitted profits amounted to P6.57 million and (P2.43 million) in 2025 and 2024, respectively.

Principal actuarial assumptions used to determine pension expense are as follows:

Annual Rates	**2025**	2024
Average working life	**13**	13
Discount rate	**6.40%**	5.90%
Future salary increases	**5.00%**	5.00%

Assumptions for mortality and disability rate are based on the adjusted 1985 Unisex Annuity Table and the 1952 Disability of Study of the Society for Actuaries reflecting improvement in Philippine disability experience, respectively.

Discount Rate Sensitivity
The following illustrates the sensitivity to a reasonably possible change in each key assumption, with all other variable held constant, of the Branch's retirement benefit obligation. A 100bps increase or decrease is used when reporting this risk internally to key management personnel and represents management's assessment of the reasonably possible change in discount rate and salary increase.

The impact on the Philippine Branch's retirement benefit obligation as at September 30, 2025 and 2024 is as follows:

	2025		
	Increase (Decrease)	**Present Value of Obligation**	**Increase (Decrease) on Present Value of Obligation**
Discount rate	**1%**	**P19,677,533**	**(P4,639,364)**
	-1%	**30,604,335**	**6,287,438**
Salary rate	**1%**	**30,443,085**	**6,126,188**
	-1%	**19,746,350**	**(4,570,547)**

	2024		
	Increase (Decrease)	Present Value of Obligation	Increase (Decrease) on Present Value of Obligation
Discount rate	1%	P26,559,412	P4,828,841
	-1%	38,560,499	(7,172,246)
Salary rate	1%	38,197,304	(6,809,051)
	-1%	26,766,677	4,621,576

Maturity Analysis of Expected Future Benefit Payments
The maturity analysis of the undiscounted benefit payments as at September 31, 2025 and 2024 is as follows:

	2025			
	1 to 5 Years	**6 to 10 Years**	**11 to 15 Years**	**16 Years and Up**
Normal retirement	**P10,754,369**	**P9,834,258**	**P17,746,863**	**P46,832,330**

	2024			
	1 to 5 Years	6 to 10 Years	11 to 15 Years	16 Years and Up
Normal retirement	P11,229,592	P17,658,183	P18,789,497	P48,854,456

The weighted average duration of the defined benefit obligations is equal to the expected remaining working lives as at September 30, 2025 and 2024.

27. General Office Expenses

This account consists of the following:

	2025	2024
Agent bank charges	**P72,387,193**	P19,096,853
Software development and license fee	**28,467,205**	34,667,964
Outsourced and other service costs	**26,004,619**	37,042,036
Other service charges	**8,138,671**	5,362,779
Telecommunication	**2,923,106**	2,206,059
Repairs and maintenance	**2,357,058**	764,881
Other bureau costs	**1,650,647**	1,468,769
Security guards and patrol	**1,386,986**	798,611
Other brokerage fee	**1,368,957**	797,343
Travel and transportation	**1,273,780**	597,808
IT contractors	**322,592**	-
Stationery printing	**101,942**	156,182
Others	**5,226,293**	3,175,606
	P151,609,049	P106,134,891

Agent bank charges include PhilPaSS fees, bank interest charges, service fees, activity fees, and account analysis fees among others. During the period ended September 30, 2025, there are new transactional banking fees.

Software development expenses include software maintenance and distribution of computer software and system costs. Other service charges include installation costs for computer hardware and payments.

Outsourced and other service costs pertain to hub support expenses, outsourced logistics service costs, payroll processing fees, courier services, logistics services, and administrative fees.

Other service charges consist of expenses for the manpower supply and other service fees.

Others consist of stationery printing, client representation expenses, courier expenses and other general office expenses.

28. Deposit Insurance and Supervisory Fees

The account consists of fees paid by the Philippine Branch to the Philippine Deposit Insurance Corporation for the insurance of its deposits amounting to P40.35 million and P41.09 million and annual supervisory fee paid to the Bangko Sentral ng Pilipinas amounting to P6.99 million and P9.24 million in 2025 and 2024, respectively.

29. Share-based Compensation

ANZ operates a number of employee share and option scheme under ANZ Employee Share and Acquisition Plan and ANZ Share Option Plan.

Employee Share and Acquisition Plan - Equity Settled
The Philippine Branch scheme that operated in years 2022 and 2021 year was the Deferred Share Plan.

Under ANZ's standard Short Term Incentive arrangements equity deferral into shares applies to half of all incentive amounts above a specified threshold. Half the deferred portion is deferred for one (1) year and half deferred for two years.

Under the Institutional Total Incentives Performance Plan mandatory deferral into shares also applies to 60% of incentive amounts above a specified threshold, deferred evenly over three (3) years.

Selected employees may be granted Long Term Incentive deferred shares which vest to the employee three (3) years from the date of grant.

In exceptional circumstances, deferred shares may be granted to certain employees upon commencement with ANZ to compensate for remuneration forgone from their previous employer. The vesting period generally aligns with the remaining vesting period of remuneration forgone, and therefore varies between grants.

Retention deferred shares may also be granted occasionally to high performing employees who are regarded as a significant retention risk to ANZ.

Unless the Board decides otherwise, unvested deferred shares are forfeited on resignation, termination on notice or dismissal for serious misconduct. Deferred shares remain at risk and can be adjusted downwards at any time prior to the vesting date. The deferred shares may be held in trust beyond the deferral period.

The employee receives dividends on deferred shares while those shares are held in trust (cash or dividend reinvestment plan). Deferred share rights may be granted instead of deferred shares. The issue price for deferred shares is based on the volume weighted average price (VWAP) of the shares traded on the Australian Securities Exchange (ASX) in the week leading up to and including the date of grant.

Deferred shares and rights granted by the ANZ Management Board to officers and employees of ANZ and outstanding as of September 30, 2025 are shown below:

Grant Date	Vesting Period (Years)	Type of Securities	No. of Shares	Issue Price Per Share on the Date of Grant
November 22, 2022	3	Deferred Shares	1264	20.57
July 8, 2024	2	Deferred Shares	1711	21.46
July 8, 2024	3	Deferred Shares	1823	20.15
November 22, 2024	1	Deferred Shares	828	30.51
November 22, 2024	2	Deferred Shares	876	28.85
November 22, 2024	3	Deferred Shares	954	27.28
Grand Total		Deferred Shares	7456	0

Expenses related to equity-settled share-based compensation are included in long-term benefits under the “Salaries, bonuses and allowances” account (see Note 26).

30. Commitments and Contingencies

In the normal course of the Philippine Branch’s operations, there are various outstanding commitments, which are not reflected in the financial statements. The Philippine Branch does not anticipate material losses as a result of these transactions.

The following is a summary of the Philippine Branch’s commitments as at September 30, 2025 and 2024 (amounts in thousands):

	2025	2024
Derivatives	**P50,660,680**	P82,202,498
Revocable commitments	**41,680,873**	43,797,633
Spot FX contracts	**5,226,337**	3,782,171
Outstanding guarantees issued	**263,095**	349,975
Financial standby letters of credit	**3,149**	85,329
Commercial letters of credit	**4,096**	4,231
	P97,838,230	P130,221,837

The Philippine Branch has suits, claims and regulatory examinations that remain unsettled or outstanding. It is not practicable to estimate the potential financial impact of these contingencies.

As at September 30, 2025 and 2024, off-balance sheet commitments and contingent liabilities with credit risk exposure (i.e. Revocable commitments, Financial standby letters of credit, Outstanding guarantees issued, and Commercial letters of credit) amounted to P41.95 million and P44.24 million, respectively. These include commitments and other financial guarantees which are subject to ECL.

As of September 30, 2025, the Philippine Branch has an ongoing tax audit relating to prior year(s) and we have not received any final tax assessment.

The Philippine Branch also has an operating lease for its office premises. On October 14, 2019, the Branch renewed the contract with a lease term of 5 years from May 1, 2025 to April 30, 2030.

The total rent expense charged to operations amounted to P28.54 million and P26.07 million in 2025 and 2024, respectively.

Future minimum lease payments as at September 30 are as follows:

	2025	2024
Not later than 1 year	**P10,704,574**	P15,257,573
Later than 1 year but not later than 5 years	**48,187,899**	-
	P58,892,473	P15,257,573

31. Maturity Analysis of Assets and Liabilities

The following table presents the maturity profile of the assets and liabilities of the Philippine Branch based on the amounts to be recovered or settled with and/or after more than 12 months after the reporting period (in thousands):

	2025			2024		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Financial Assets - at gross						
Cash and other cash items	**P23,461**	**P -**	**P23,461**	P24,211	P -	P24,211
Loans and advances to banks	**3,106,169**	**-**	**3,106,169**	10,910,939	-	10,910,939
Financial assets at FVPL	**7,870,175**	**26,875**	**7,897,050**	8,153,570	-	8,153,570
Financial assets at FVOCI	**4,487,185**	**11,059,906**	**15,547,091**	5,210,752	9,701,015	14,911,767
Loans and receivables	**7,392,166**	**4,658,865**	**12,051,031**	4,430,370	894,762	5,325,132
Other assets	**115,634**	**-**	**115,634**	3,354	-	3,354
	22,994,790	**15,745,646**	**38,740,436**	28,733,196	10,595,777	39,328,973
Non-financial Assets - at gross						
Property and equipment	**-**	**140,123**	**140,123**	-	147,402	147,402
Deferred tax assets	**-**	**109,460**	**109,460**	-	97,397	97,397
Other assets	**109,937**	**13,835**	**123,772**	123,165	13,835	137,000
	109,937	**263,418**	**373,355**	123,165	258,634	381,799
	23,104,727	**16,009,064**	**39,113,791**	28,856,361	10,854,411	39,710,772
Less:						
Allowance for credit and impairment losses	**-**	**-**	**203,703**	-	-	51,194
Accumulated depreciation and amortization	**-**	**-**	**124,882**	-	-	126,177
	P23,104,727	**P16,009,064**	**P38,785,206**	P28,856,361	P10,854,411	P39,533,401
Financial Liabilities						
Deposit from customers	**P17,025,373**	**P -**	**P17,025,373**	P21,606,321	P -	P21,606,321
Deposit and borrowing from banks	**145,532**	**-**	**145,532**	328,418	-	328,418
Financial liabilities at FVPL	**479,098**	**-**	**479,098**	912,297	-	912,297
Liabilities for acceptance	**55,237**	**-**	**55,237**	-	-	-
Accrued interest payable	**25,246**	**-**	**25,246**	20,053	-	20,053
Other liabilities	**216,733**	**-**	**216,733**	196,366	-	196,366
Net due to Head office and other branches	**12,311,875**	**-**	**12,311,875**	7,802,711	-	7,802,711
	30,259,094	**-**	**30,259,094**	30,866,166	-	30,866,166
Non-financial Liabilities		**-**				
Income tax payable	**-**	**-**	**-**	-	-	-
Other liabilities	**127,135**	**-**	**127,135**	158,198	-	158,198
	127,135	**-**	**127,135**	158,198	-	158,198
	P30,386,229	**P -**	**P30,386,229**	P31,024,364	P -	P31,024,364

32. Financial Performance

The following basic ratios measure the financial performance of the Philippine Branch:

	2025	2024
Return on average assets	**1.23%**	1.85%
Return on average equity	**10.16%**	15.98%
Net interest margin	**5.81%**	5.05%

33. Restatements

During the year, the Philippine Branch restated the statement of income and expenses for the year ended September 30, 2024 as a result of a review of the classification of its income and expense accounts to ensure consistency with the report submissions to BSP. Certain prior-year income and expense accounts were reclassified to their appropriate categories. These reclassifications did not affect previously reported net income, total assets, total liabilities or equity and does not have any impact on taxes due in the prior year. The changes relate solely to the presentation of certain accounts within the statement of income and expense, ensuring comparability between periods and alignment with regulatory reports.

The impact on the restatements in the statement of income and expenses as at and for the year then ended September 30, 2024 is as follows:

	Impact of Restatement		
	As Previously Reported	**Adjustments**	**As Restated**
Statement of Income and Expenses			
***Other income** - net*			
Fees and commission income	**P64,919,027**	**P19,592,659**	**P84,511,686**
Trading and securities gain - net	**184,866,545**	**65,617,565**	**250,484,110**
Other Expenses			
Foreign exchange losses - net	**10,925,519**	**(85,210,224)**	**(74,284,705)**

34. Supplementary Information Required under Section 174 of the MORB, *Audited Financial Statements; Appendix 55 - Checklist of Bangko Sentral Requirements in the Submission of Audited Financial Statements and Annual Audit Report*

The following supplementary information is required by Appendix 55 - Disclosure Requirements to the Audited Financial Statements (AFS) to Section 174, *Audited Financial Statements; Appendix 55 - Checklist of Bangko Sentral Requirements in the Submission of Audited Financial Statements and Annual Audit Report of the MORB*, as amended by BSP Circular No. 1074, *Amendments to Regulations on Financial Audit of Banks*.

a. *Description of Capital Instruments Issued*

The Philippine Branch considers its assigned capital from the Head Office as capital instrument for purposes of calculating its capital adequacy ratio as at September 30, 2025 and 2024.

b. Significant Credit Exposures

As at September 30, 2025 and 2024, the information on the concentration of credit as to industry of loans and receivables (gross of allowance for credit and impairment losses) is as follows (amount in thousands, except percentages):

	2025		2024	
	Amount	**%**	Amount	%
Manufacturing	**P4,293,715**	**36.50**	P1,918,260	37.45
Financial institutions	**2,960,000**	**25.16**	1,760,000	34.36
Electricity, gas and water supply	**2,150,000**	**18.27**	-	-
Professional, scientific and technical services	**1,346,700**	**11.45**	1,148,700	22.43
Mining and Quarrying	**550,000**	**4.67**	250,000	4.88
Wholesale and retail trade	**405,617**	**3.45**	-	-
Real estate, renting and business activities	**46,989**	**0.40**	27,827	0.54
Others	**12,051**	**0.10**	16,935	0.33
	P11,765,072	**100.00**	P5,121,722	100.00

BSP considers that concentration of credit risk exists when the total loan exposure to a particular industry or economic sector exceeds 30.0% of total loan portfolio or 10% of Tier 1 capital.

The Philippine Branch has credit concentration in the manufacturing industry as at September 30, 2025, and manufacturing and financial institutions as at September 30, 2024. Management believes this should not be a cause for concern because the main target market of the Philippine Branch as mandated by the Head Office are low risk institutional clients, most of which are engaged locally in the manufacturing sectors.

As at September 30, 2025, 10% of Tier 1 capital amounted to P814.63 million and the table above includes the four industry groups exceeding this level as of that date. On the other hand, three industry groups also exceeded the 10% of Tier 1 capital P829.01 million as at September 30, 2024. The CMRC constantly monitors the credit concentration risk of the Philippine Branch.

c. Breakdown of Total Loans as to Security and Status

As to Security

As at September 30, 2025 and 2024, the breakdown of loans and receivables as to collateral (gross amounts in thousands) is as follows:

	2025		2024	
	Amount	**%**	Amount	%
Secured loans:				
Real estate	**P45,660**	**0.39**	P25,721	0.50
Chattel	**12,051**	**0.10**	16,935	0.33
	57,711	**0.49**	42,656	0.83
Unsecured	**11,707,361**	**99.51**	5,079,066	99.17
	P11,765,072	**100.00**	P5,121,722	100.00

Other secured loans are composed of trade financing loans secured by trust receipts, while unsecured loans are composed of clean obligations of private corporations.

As to Status
Under Section 304 of MORB, those loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

Non-performing loans (NPL), investments, receivables, or any financial asset (and/or any replacement loan) shall remain classified as such until: (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.

The gross NPL balance of the Philippine Branch, as defined under Section 304 of the MORB amounted to P139.64 million and nil as of September 30, 2025 and 2024, respectively.

The net NPL balance of the Philippine Branch, as defined under Section 304 of the MORB amounted to nil as of September 30, 2025 and 2024.

Banks that have no unbooked valuation reserves and capital adjustments as required by the BSP are authorized to exclude loans from non-performing classification, loans and advances classified as "Loss" in the latest examination of the BSP which are fully covered by allowance for impairment losses, provided, that interest on said loans shall not be accrued and that such loans shall also be deducted from total loan portfolio for purposes of computation.

d. *Information on Related Party Loans*

The following table shows information relating to related party loans related party (in thousands):

	DOSRI Loans	**2025 Related Party Loans (inclusive of DOSRI Loans)**	DOSRI Loans	2024 Related Party Loans (inclusive of DOSRI Loans)
Outstanding loans	**P58,968**	**P58,968**	P44,631	P44,631
Percentage of DOSRI/ related party loans to total loan portfolio	**0.50%**	**0.50%**	0.67%	0.67%
Percentage of unsecured DOSRI/ related party loans to total DOSRI loans	**2.13%**	**2.13%**	4.43%	4.43%
Percentage of past due DOSRI/ related party loans to total DOSRI loans	**0%**	**0%**	0%	0%
Percentage of non-performing DOSRI/related party loans to total DOSRI/related party loans	**0%**	**0%**	0%	0%

e. Secured Liabilities and Assets Pledged as Security

The Philippine Branch does not have secure liabilities and assets pledged as security.

Other disclosures required by Section 174 of the MORB - Audited Financial Statements as amended by BSP Circular 1074 are disclosed in Notes 3, 5, 7, 30 and 32.

35. Sustainable Finance Framework

ANZ Group Holding Limited's (ANZGHL) disclosures specifically relating to ESG issues, including climate, are contained in the 2025 ESG Report and 2025 Climate Report available at https://www.anz.com.au/about-us/esg/reporting/. ANZGHL's 2025 Annual Report is available at https://www.anz.com/shareholder/centre/reporting/annual-report-annual-review/. The following information are extracts from these reports.

Environment Social Governance and Risk Management

ANZ Group Holding Limited's (referred to as "ANZ" or "the Group" or "our" or "we") Board (Board) is responsible for oversight of the Group. The Board, with the support of its committees, is also responsible for overseeing ANZ's governance framework. The framework seeks to provide for effective and responsible decision making, assisting ANZ to deliver on its strategy and purpose. There are five principal Board committees: Audit Committee; Risk Committee; People and Culture Committee; Digital Business and Technology Committee; and Nomination and Board Operations Committee. The Board and each Board Committee has its own charter setting out its roles and responsibilities.

Our ESG governance framework is evolving with our ESG approach and the expectations of our stakeholders. This year, the following changes have occurred relating to the committees with oversight of our ESG approach and climate risks and opportunities:

- The Board Ethics, Environment, social and governance (EESG) Committee was discontinued and its responsibilities reallocated, as appropriate, to the Board and its subcommittees
- The management Ethics and Responsible Business Committee (ERBC) was discontinued and where appropriate, matters previously considered by the ERBC are referred to the Executive Committee (ExCo)
- A new and more focused management Climate and Environment Committee (CEC) was established in March 2025 reporting to ExCo.

The ExCo comprises ANZ's most senior executives. A delegations of authority framework outlines those matters delegated to the Chief Executive Officer (CEO) and other members of senior management.

This year, ANZGHL has conducted a materiality assessment where we engage with internal and external stakeholders to seek to identify and assess our most material ESG issues. The results help inform our business practices, ESG targets and key topics in our external ESG reporting.

Most material ESG issues identified through the materiality assessment in [2025]:

- *Environmental Sustainability*
  Climate change and the energy transition, nature including biodiversity, circular economy, and ANZ's own emissions

- *Ethics, Conduct and Culture*
  Corporate values, conduct and culture, and corporate governance

- *Financial Wellbeing*
  Customer and community financial wellbeing

- *Housing*
  Housing access, affordability and sustainability

- *Information Security*
  Financial crime prevention (including fraud and scams), cyber security and data management (including privacy and security)

- *Responsible Customer Engagement*
  Responsible marketing, sales and lending practices; fair, accessible and affordable products and services; customer support (e.g. hardship), experience and satisfaction

- *Improving non-financial risk management*
  Financial system risk and resilience, regulatory compliance, anti-money laundering (AML), counter-terrorism financing (CTF), anti-bribery and anti-corruption (ABAC)

For further details, see pages 10-11 of ANZGHL's 2025 ESG Report.

Risk Management
At ANZ, risk management is a foundational pillar that enables us to deliver on our purpose: to shape a world where people and communities thrive. In an increasingly complex and dynamic environment, we recognise that our ability to identify, assess, and manage risk is critical to delivering on customer commitments, maintaining trust, protecting our stakeholders, and achieving sustainable growth.

Non-financial Risk
ANZ is undertaking an important transformation to strengthen our management of non-financial risk (NFR). In April 2025, ANZ confirmed it had entered into a court enforceable undertaking (CEU) with the Australian Prudential Regulation Authority (APRA) for matters relating to Non-financial risk management practices and risk culture across the Group. On 30 September 2025, ANZ submitted its Root Cause Remediation Plan (RCRP) to APRA as required by the CEU. We acknowledge that our risk culture and management of non-financial risk is not where it needs to be nor what our regulators legitimately expect from us. We are committed to addressing that and making a sustainable step-change in risk culture and non-financial risk management, supported by strong execution disciplines, creating a more resilient, stronger ANZ for our customers, our shareholders, our people, and the communities we operate in.

Our Risk Management Framework (RMF)
The Board is ultimately responsible for establishing and overseeing the ANZ Group's RMF which is supported by the Group's underlying systems, structures, policies, procedures, processes and people. These help identify, monitor and manage our material risks. We categorise these material risks as financial, non-financial and strategic risks. Further detail on how ANZ manages financial risk is provided in Note 18 of the Financial Report and ANZGHL's 2025 Annual Report. The Board has delegated authority to the Board Risk Committee (BRC) to develop and monitor compliance with the Group's risk management policies. The Board Risk Committee reports regularly to the Board on its activities. The key pillars of our Group RMF include:

- The Risk Management Strategy (RMS) outlines how risk management supports the Group's purpose and strategy, the responsibilities of the Group Chief Risk Officer and the risk function, and the values and behaviours that guide risk decision making. The RMS describes each material risk and how it is managed, including policies, standards, and procedures. It also details how risks are identified, measured, evaluated, monitored, reported, and controlled or mitigated, along with the oversight mechanisms and committees in place.
- The Risk Appetite Statement (RAS), articulates the maximum level of risk the Group is willing to accept in pursuing its strategic objectives and its operating plans considering its shareholders', depositors' and customers' interests.
- The Group Strategic Planning Process outlines the approach to implementing ANZ Group's strategic objectives, considering the Material Risks the Bank might have to navigate to achieve its goals

The governance and oversight of risk management, while embedded in day-to-day activities, is also the focus of committees and regular forums across the bank. The committees and forums discuss and monitor known and emerging risks, review management plans and monitor progress to address known issues.

Risk Culture
Risk culture is an important part of our organisational culture, influencing decision-making through shared values, behaviours, and practices. Our Risk Principles form an important part of the RMF by guiding risk management and fostering an appropriate risk culture across the Group.

Despite our strong focus on risk culture there is still a requirement for further improvement. Our expectations for continuous improvement in risk culture have not been met in key businesses across the Group. ANZ has committed under the RCRP to reviewing and strengthening our approach to risk culture, to support the Group to meet the evolving expectations of our customers our shareholders, the community and regulators. Risk culture is driven across the Group through completion of risk culture plans, awareness activities and delivery of the Group wide non-financial risk framework. Divisional and Functional level maturity assessments assist the Board to form a view of ANZ's overall risk culture annually. Risk culture is embedded in performance and remuneration (see the Remuneration Report in ANZGHL's 2025 Annual Report), and recognition programs such as Risk Role Models.

External environment
The Groups' financial performance is closely linked to the political, economic and financial conditions in the markets and regions in which ANZ, its customers and its counterparties carry on business. The current external environment is shaped by significant global events, particularly geopolitical conditions that impact economic stability, regulatory environments and financial markets.

Geopolitics

ANZ was the first major Australian bank to establish a dedicated Geopolitical Risk function and continues to build upon this to manage compounding and evolving geopolitical risks. To support our business, Geopolitical Risk has increased the pace of assessments and advice this year. This includes more briefings to clients and expanded engagement across the bank to uplift geopolitical understanding. The team continues to provide quarterly updates to key senior risk committees, works closely with Country Risk and in-country teams to monitor regional flashpoints, and coordinates with the ANZ Fusion Cell, an internal group that manages crisis response, by providing timely, relevant strategic assessments and consolidating internal communication of existing risks.

Scams

ANZ continues to invest in measures to protect customers and the community from scams and other financial crimes. Education was a continued focus. ANZ's financial education program MoneyMinded established a customer referral pathway for repeat and entrenched scams victims to access a free scams financial education workshop.

Technological Disruptions and Change

ANZ serves a diverse set of customers across retail, commercial, institutional, and financial sectors, delivering tailored digital channels and products in 29 markets. The financial landscape is rapidly evolving due to regulatory change, industry innovation, and shifting customer expectations, accompanied by increased technology and geopolitical risks. In response, ANZ prioritises operational resilience, customer protection and robust compliance. Our emphasis on meeting APRA's CPS230 standard demonstrates ANZ's internal resilience, and our leadership in payments industry collaboration on resilience reflects our commitment to maintaining payments network continuity and confidence. Operating within a complex environment dependent on technology; critical infrastructure; financial networks and vendors, ANZ continues to advance digitisation, automation and customer protections.

Financial Crime

We maintain a strong focus on financial crime prevention, detection and disruption by continually reviewing ANZ's Anti-Money Laundering / Counter Terrorism Financing (AML/ CTF), Sanctions, Anti-Bribery and Anti-Corruption (ABAC) programs, and ongoing platform upgrades to improve our ability to collaborate with external parties to fight financial crime, including a long standing relationship with the Australian Federal Police (AFP).

Strengthening the ANZ Group's Supplier Code of Practice (SCOP)

Our Supplier Code of Practice (SCOP) outlines minimum expectations for suppliers on topics such as human rights, ethical business practices and environmental management.

In 2025, through our Third-Party Risk Management (TPRM) program, ANZ continued the implementation of a new centralised solution, framework and policy. This is enabling a more integrated and comprehensive approach to the way we identify, assess and manage risks associated with our third parties, including ESG related risks. This also includes the ongoing management and monitoring of third-party risks, in line with our risk management and compliance policies.

Supplier Screening
Contracted suppliers are screened as part of ongoing due diligence using a thirdparty tool to assess performance against 28 ESG themes. In 2025, 4,099 checks were conducted (2024: 5,311 checks), including our top 100 suppliers by spend. The reduction in checks this year is due to a change in methodology and reduced supplier base. Checks identified potential issues in six instances, with ANZ working with these suppliers to understand the issues and mitigation actions taken.

Supplier Code of Practice
We include SCOP clauses in new and renewed supplier contracts with 83% of all live supply contracts including the SCOP clauses. We expect suppliers conduct their business in accordance with these expectations.

Supporting supplier diversity
In 2025, our engagement of certified Indigenous businesses increased, predominantly in our Property and Technology business units. This year, we spent AUD$22.9 million (2024: AUD$13.4 million) with First Nations businesses and AUD$16.6 million (2024: AUD$6.6 million) with social enterprises in Australia. This includes with one supplier which is certified as both an Indigenous business and a social enterprise. In New Zealand, we became buyer members of Amotai to support future procurement opportunities with Māori and Pasifika owned businesses

Our Climate and Environment Strategy
Our Climate and Environment Strategy vision at ANZ is to finance a sustainable transition. Our Climate and Environment Strategy (C&E Strategy) sets out our objective to be a trusted partner for our customers, supporting them to adapt and become more resilient to a changing environment and economy. In particular, we aim to be a leading bank in supporting an effective and orderly transition for our large business customers.

In 2025, we took further steps to progress our transition planning. Our C&E Strategy forms the basis for our approach, including how we plan to support an effective and orderly transition for our large business customers. We also draw on guidance from the Glasgow Financial Alliance for Net Zero (GFANZ) and the Transition Plan Taskforce (TPT) transition planning frameworks to inform areas of focus in our C&E Strategy.

Our climate and environment targets support the delivery of our C&E Strategy. We continue to make progress, including funding and facilitating AUD$84.72 billion towards our AUD$100 billion target in social and environmental activities by 2030. Separately, eight of our revised sectoral pathways are ‘on-track’, two are ‘close to on track’, and none are ‘off track’. We also recognise our role in reducing the emissions from our operations and have continued to reduce our Scope 1 and Scope 2 emissions across our operations.

Refer to the 2025 Climate Report available at anz.com/esgreport for further details on our 2025 climate and environment targets and progress, including our sectoral pathways.

The ANZ Group’s ESG Targets
Our ESG targets support the delivery of our business practices, strategy and purpose. This year, four of our ESG targets concluded and three were achieved. For our operational emissions target, we achieved four of the five sub-targets.

Concluding Targets:

- *Savings program pilots (Achieved)*
  Pilot a savings program for people on lower incomes in Fiji and Vanuatu by end 2025, with at least 80% of participants having demonstrated a savings habit upon completion.

- *Large Emitters Engagement Program (LEEP) (Achieved)*
  Enhance our management of climate risks and opportunities by intensifying our engagement with our largest emitting business customers. We will expect and encourage them to strengthen their low carbon transition plans, by focusing our engagement and raised expectations on our 100 largest emitting business customers with the aim that by end 2025, compared to their starting point more customers are assessed as being in a 'mature' phase of their low carbon transition plans.

- *Operational emissions and non-emissions to reduce the impact of our business activities on the environment by:*
  Reducing combined Scope 1 and Scope 2 emissions by 85% by 2025 and 90% by 2030 (against a 2015 baseline) (Achieved)
  Being powered by the equivalent of 100% renewable electricity by 2025 (Not achieved)
  Reducing water consumption by 40% by 2025 (against a 2017 baseline) (Achieved)
  Reducing waste to landfill by 40% by 2025 (against a 2017 baseline) (Achieved)
  Reducing paper consumption (both office and ANZ originated customer paper use) by 70% by 2025 (against a 2015 baseline) (Achieved)

- *New Zealand retail lending (Achieved)*
  Helping New Zealand homeowners improve the sustainability of their homes and/or reduce their transport emissions through discounted lending of at least NZ$825m in aggregate to at least 19,700 households by end 2025. (New Zealand)

- *Gender equity targets*
  Maintain representation of women as Key Management Personnel (KMP) of at least 40% (Not Achieved)
  Increase the representation of Women in Leadership (WIL) by 1.2 percentage points (ppt) from baseline of 39.0%. (Achieved)

Continuing Targets in 2026 and new targets:

- *$10 billion social and affordable housing*
  Fund and facilitate at least $10 billion of investment by end 2030, including $750 million in 2025, to deliver homes to buy and rent that are more affordable, accessible or sustainable.

- *$100 billion social and environmental activities*
  Fund and facilitate at least $100 billion by end 2030, including $18.5 billion in 2025, in social and environmental activities through customer transactions and direct investments by ANZ. This includes initiatives that aim to help lower carbon emissions, protect nature, increase access to affordable housing and promote financial wellbeing.

- *Sectoral pathways*
  Sectoral pathways and 2030 interim targets in place for 10 sectors or sub-sectors, to transition lending to net zero financed emissions by 2050.

- *Operational emissions*
  Reducing combined Scope 1 and Scope 2 emissions by 85% by 2030 (against a 2024 baseline).

- *Gender equity targets*
  Increase representation of women as Key Management Personnel to at least 40% and increase the representation of Women in Leadership by 1 percentage point from baseline of 40.5%.

36. Supplementary Information Required by the Bureau of Internal Revenue (BIR) Revenue Regulations No. 15-2010

In addition to the disclosures mandated under PFRS Accounting Standards, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS Accounting Standards. The following tax information required for the taxable year ended September 30, 2025 are based on the combined amounts of the RBU and the FCDU.

A. Documentary Stamp Affixed

Debt instruments	**P145,641,937**
Other transactions	**3,452,638**
	P149,094,575

This includes amounts assumed by customers.

B. Withholding Taxes

Tax on compensation and benefits	**P75,898,263**
Final withholding taxes	**144,586,406**
Creditable withholding taxes	**7,351,619**
VAT Withholding taxes	**7,130,613**
	P234,966,901

The above withholding taxes pertain to total remittances to tax authority for the year from October 2024 to September 2025.

C. All Other Taxes (Local and National)

Other taxes paid during the year recognized under "Taxes and Licenses" account under Other Expenses	
Gross receipts tax	**P125,678,519**
Documentary stamp expenses	**49,586,915**
Fringe benefit taxes	**5,860,643**
License and permit fees	**3,330,386**
	P184,456,463

D. Tax Cases and Assessments

As of September 30, 2025, the Philippine Branch has an ongoing tax audit relating to prior year(s) and we have not received any final tax assessment.

Annex

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
December 31, 2025 and 2024

	2025	2024
Total Audit Fees	**P3,270,000**	P3,020,000
Non-audit service fees:		
Other assurance services	**-**	-
Tax services	**-**	-
All other services	**-**	-
Total Non-audit Fees	**-**	-
Total Audit and Non-audit Fees	**P3,270,000**	P3,020,000

Audit and Non-audit fees of other related entities

	2025	2024
Total Audit Fees	**P -**	P -
Non-audit service fees:	**-**	-
Other assurance services	**-**	-
Tax services	**-**	-
All other services	**-**	-
Total Non-audit Fees	**-**	-
Total Audit and Non-audit Fees of other related entities	**P -**	P -