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ISSUER CREDIT RATING: PRS Aa minus (corp.)

OUTLOOK: Stable Outlook

A company rated PRS Aa (corp.) differs from the highest rated corporates only to a small degree, and has a **strong capacity** to meet its financial commitments relative to that of other Philippine corporates. The “minus” further qualifies the assigned rating.

A Stable Outlook, on the other hand, indicates that the rating is likely to be maintained or to remain unchanged in the next 12 months.

RATIONALE

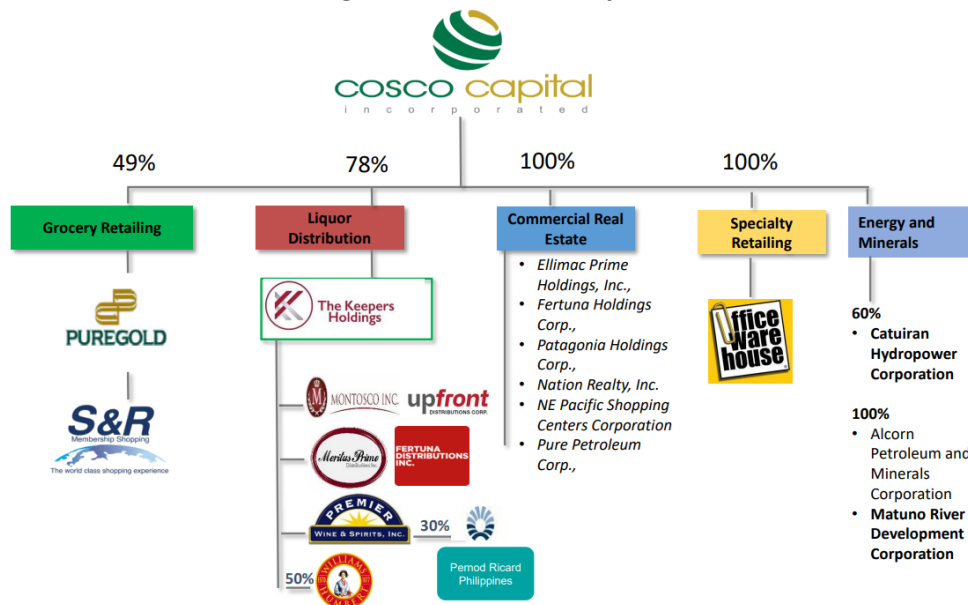
Experienced management, complemented by synergies with its major shareholder’s ecosystem

PBCOM is led by a seasoned management team headed by Eric O. Recto as Chairman and Patricia May T. Siy as President and Chief Executive Officer (CEO), both with solid experience in the industry. Mr. Recto is also an Independent Director of publicly-listed companies, Aboitiz Power Corporation and Manila Water Company, Inc. Prior to his appointment to PBCOM, Mr. Recto also served as President of Petron Corporation and Undersecretary of Finance of the Republic of the Philippines. Ms. Siy has 40 years of banking experience and held various positions in local and international banks and has likewise held senior posts in various consumer-related industries.

The Co Family, led by Lucio L. Co, founder of Puregold Price Club, Inc. (Puregold), beneficially owned 57.2% of PBCOM as of end-September 2025. Mr. Co is also the Chairman of the bank’s Executive Committee (ExCom). His diverse business interests include investments in retailing, energy, liquor distribution, real estate development, and hospitality. PBCOM’s goal of becoming among the go-to financial partners of micro, small and medium-sized enterprises (MSMEs) aligns well with Mr. Co’s extensive network of customers and suppliers. His retail network of vendors, suppliers, and customers is expected to continuously support to the bank’s expansion efforts, giving it an advantage in the SME and retail spaces.

The diagram below shows PBCOM’s ecosystem through Lucio Co and Family:

Figure 1: PBCOM’s Ecosystem



Dip in asset quality, which management hopes to address before end of 2025

PBCOM’s gross non-performing loans (NPL) ratio saw marginal improvement in 2024 at 2.7%, from 2.8% as of end-2023. Net NPL ratio meanwhile remained at 0.9% as of the same year. Gross non-performing assets (NPA) ratio, however, increased to 4.5% as of end-2024, from 3.7% in the prior year. This was attributed to the sharp 118.3% jump in foreclosed properties to ₱2.1 billion, which was led by higher dacion en pago¹ and foreclosures of real and other properties acquired (ROPA).

As of end-September 2025, gross NPL ratio was at 4.6%, as certain borrowing accounts’ revenues were impacted by, among others, the ban on Philippine Offshore Gaming Operators in 2024. PBCOM’s management, however, believes that this is a temporary development, as these accounts are fully secured and have other revenue streams and alternative markets. The bank continues to be vigilant in the management of its loan portfolio, and it is confident it will improve its NPL ratio by the fourth quarter of 2025 with all the remedial efforts being implemented. PhilRatings notes that PBCOM’s NPL ratio compared less favorably with the gross NPL ratio of Philippine Banking System (PBS) at 3.3% as of end-September 2025 and the 3.0% of the country’s universal and commercial banks (UKBs).

Relatively modest share of low-cost current accounts and savings accounts (CASA) to total deposits, however, noting that the bank is able to have a strong deposit generation, albeit in high-cost deposit

Deposits continue to be the bank’s primary funding base. PBCOM’s CASA to total deposits ratio jumped from 46.9% as of end-2023 to 50.0% as of end-2024. This was on account of a decline in the bank’s outstanding time deposits, which were down by 6.5% to ₱55.2 billion. CASA deposits meanwhile inched up by 1.1% to ₱55.3 billion as of year-end.

¹ Dacion en pago, also known as dation in payment, is a special form of payment where the debt transfers ownership of property to the creditor to fully or partially satisfy their obligation.

As of end-September 2025, CASA to total deposits ratio stood at 43.2%, due to the faster growth of time deposits by 35.5% to ₱74.8billion. CASA deposits meanwhile increased by 2.9% to ₱56.9 billion as of end-September 2025.

PBCOM expects accelerated growth in CASA going forward, propelled by its expansion into new areas, strategically selected for its CASA deposit potential, and the bank’s investment in growing its branch sales headcount. While PBCOM sees CASA improving its growth rate going forward, time deposits and deposit substitutes will continue to remain as a significant contributor to the bank’s deposit base.

Growth potential following the approval of its universal banking license

In September 2022, PBCOM secured its Certificate of Authority to operate as a Universal Bank from the Bangko Sentral ng Pilipinas (BSP). As a universal bank, PBCOM will have the authority to exercise powers of an investment house. The upgrade of its license, from commercial bank to universal bank, will provide PBCOM with authority to invest in non-allied enterprises. As a universal bank, PBCOM would be able to provide a broader range of products and services, similar to the country’s top lenders, and become a one-stop shop for most of its clients’ banking needs moving forward.

BUSINESS RISK

Company Profile

PBCOM is a publicly-listed universal bank operating in the Philippines. The bank offers a wide range of banking services including basic universal banking services, such as: deposit products, credit and loan facilities, trade and treasury related services, cash management services, and trust services.

Figure 2: PBCOM's Lines of Business



As of December 2025, PBCOM’s nationwide network consisted of 96 branches (four of which are branch-lite units or in pop-up format inside select Puregold stores).

Of the 96 branches, 51 are located in Metro Manila; the remaining branches are spread across other metropolitan areas in Luzon (25), Visayas (10), and Mindanao (10). PBCOM does not have an overseas branch, hence all its revenues are generated domestically.

Management disclosed that none of the bank’s branches were affected by the recent typhoons in November 2025.

The brick and mortar network is supplemented by 174 automated teller machines (ATMs) and 144 cash deposit machines (as of December 2025).

The bank also offers internet and mobile banking services through its PBCOM Online Platform (POP), which allows clients to perform various banking transactions via the web or mobile application.

Subsidiaries and Affiliates

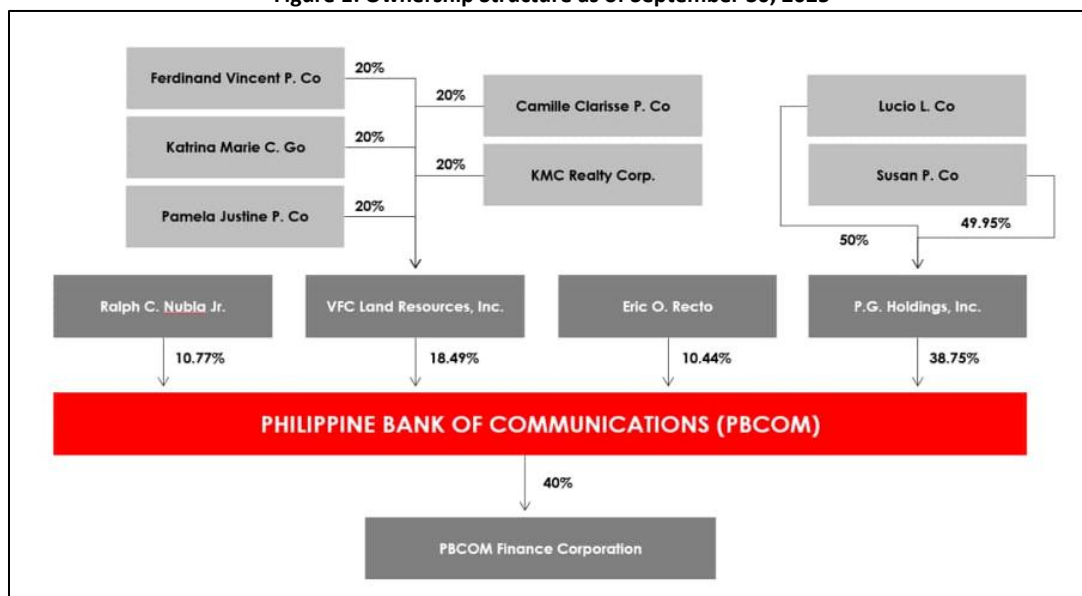
As of end-September 2025, PBCOM had one associate company, PBCOM Finance Corporation (PBCOM Finance). Incorporated on January 9, 1980, PBCOM Finance provides, grants, and/or extends credit facilities to any person or business. It is 40% owned by the bank, while the remaining 60% is owned by various individual shareholders. PBCOM Finance accounted for less than 1% of the bank’s revenues and net income in 2024.

On May 3, 2024, PBCOM derecognized its investment in PBCOM Insurance Services Agency, Inc. (PISAI), following the settlement of the latter’s liabilities and the liquidation of its assets for distribution to stockholders. PISAI was an insurance company engaged in soliciting and promoting life and investment-linked insurance products. Having been inactive since 2018, PISAI’s Certificate of Dissolution from the Securities and Exchange Commission (SEC) became effective on April 30, 2024, following the Board of Directors’ (BOD) approval in 2021.²

Ownership and Management

As of end-September 2025, P. G. Holdings, Inc. (PGH) and VFC Land Resources, Inc. (VFC) owned 38.8% and 18.5%, respectively, of PBCOM’s outstanding common shares. PGH and VFC are beneficially owned by the family of Lucio L. Co, as illustrated by Figure 3.

Figure 1: Ownership Structure as of September 30, 2025



Lucio L. Co is PBCOM’s Director and Chairman of the bank’s ExCom since 2014, the year when he became a strategic investor of the bank. Mr. Co concurrently serves as Director and Chairman of publicly-listed companies Cosco Capital, Inc. (Cosco) and The Keepers Holdings, Inc. He is also a Director and Chairman

² PBCOM’s BOD ceased PISAI’s operations, as it has been incurring operating expenses despite being inactive.

of numerous privately-owned companies. Mr. Co also served as Chairman of Puregold from 1998 to 2022, after which the role was transitioned to his wife, Susan P. Co. Mr. Co's diverse business interests include investments in energy, liquor distribution, real estate development, and hospitality. Mr. Co has led more than 31 companies in his 40-year entrepreneurial experience.³

Eric O. Recto is PBCOM's Chairman of the Board since 2012. He is an Independent Director of publicly-listed companies Aboitiz Power Corporation and Manila Water Company, Inc. Mr. Recto also currently serves as Chairman and President of Bedfordbury Development Corporation and Chairman and CEO of Alphaland Corporation and Atok-Big Wedge Co., Inc. Prior to his appointment to PBCOM, Mr. Recto served as President of Petron Corporation and Undersecretary of the DOF. Mr. Recto holds a Bachelor of Science Degree in Industrial Engineering from the University of the Philippines, and a Master's degree from Cornell University's Johnson Graduate School of Management.

Patricia May T. Siy is the bank's Director, President, and CEO since 2015. She is also a Director of PBCOM Finance. Ms. Siy has 40 years of banking experience and held various positions in Security Bank Corporation, Standard Chartered Bank, and Private Development Corporation prior to her present position in PBCOM. Ms. Siy obtained her Bachelor of Science Degree in Industrial Management Engineering, minor in Chemical Engineering, from De La Salle University.

Other than Lucio L. Co (Chairman of ExCom), Susan P. Co (Director) and Katrina Marie Co-Go (Assistant to the ExCom Chairman), the bank's Directors and executive officers are not related to each other up to the fourth civil degree either by consanguinity or affinity.

In August 2025, the bank appointed Jose Marin Chan, Jr. as its new Independent Director to fill the unexpired term of Paolo Benigno Aquino IV. Mr. Chan brings over 40 years of experience in the banking industry, and currently serves as a Director of Philippine Commercial Capital Inc. and Independent Director of Orix Metro Leasing Corporation. He was previously a Senior Vice President of Metropolitan Bank and Trust Company (Metrobank) and Vice President of Citibank Philippines. Mr. Chan earned his Bachelor's degree in Business Economics and his Master's degree in Business Administration from the University of the Philippines.

To manage its leadership transitions, PBCOM had established a succession plan and actively invests in leadership development. According to management, to ensure that vacated positions will not be left unattended, PBCOM had identified at least two successors for group, division, and team heads. As of end-2024, the bank had 1,130 employees. The employees are composed of 919 officers and 211 rank-and-file employees. The bank's rank-and-file employees are covered by a Collective Bargaining Agreement (CBA) valid for the period 2023 to 2025.

Strategic Focus

The bank aims to expand its assets, focusing on sustainable industries and capital-light businesses.

To further strengthen its bottom line, PBCOM targets to improve its funding mix and fee-based income. The bank aims to grow its CASA deposits by increasing client enrollment in its cash management services (CMS), which help improve fund retention.⁴ It is also currently developing low-cost deposit products. Fee-

³ <https://www.forbes.com/profile/lucio-co/>

⁴ Cash management services help businesses and individuals manage their daily cash flow, which would include payment collections, fund transfers, and payroll processing, among others.

based income, on the other hand, is seen as a stable source of earnings during economic downturns when interest rates fluctuate and capital market activities slow down. Common sources of fee-based income include account maintenance charges, overdraft charges, ATM fees, and insurance brokerage fees. In addition, PBCOM seeks to scale up its operations to reduce its average cost of doing business, thereby achieving economies of scale.

As a universal bank, PBCOM has the authority to exercise the powers of an investment house. Universal banks can also invest in non-allied undertakings and can own up to 100% of the equity in a thrift bank, a rural bank, a financial allied enterprise, or a non-financial allied enterprise. Given its universal bank license, PBCOM could provide a broader range of products and services and become a one-stop shop for its clients' banking needs.

To further support its asset expansion, the bank intends to add more branches to its network in areas outside of the National Capital Region (NCR) in the medium term. It will also be on the lookout for viable areas within NCR. Correspondingly, PBCOM anticipates a growth in its total customer base. The bank also seeks to strengthen the penetration of its products by launching campaigns and promotions aimed at reaching the unbanked population. Furthermore, it plans to expand its reach to include supplier networks within its clients' ecosystem.

PBCOM targets to develop a highly-synergistic operational model by leveraging the data assets and physical network of its ecosystem, particularly through Puregold, one of the leading retail chains in the country. The bank also intends to co-brand its financial services with companies within this ecosystem through white-label banking⁵ arrangements.

As of end-June 2025, Puregold had 764 retail stores nationwide carrying the brand names "Puregold" or "S&R", with a combined 745,955 square meters (sqm) of net selling area. Puregold also had several joint ventures with third parties operating other types of supermarkets, namely "San Roque Supermarkets" and "Merkado".⁶ Of the total, 666 were Puregold-branded stores located across the Philippines: 170 stores in NCR; 177 in North Luzon; 246 in South Luzon; 55 in Visayas, and 18 in Mindanao. Puregold's diversified supplier base is comprised of local suppliers (Universal Robina Corporation, Monde Nissin, Century Pacific Food, Inc.) and multinational corporations (Nestle, Unilever, Procter & Gamble). S&R, on the other hand, sources the majority of its merchandise from global suppliers that cater to membership clubs worldwide.

Puregold classifies its customers into retail consumers and re-sellers. It primarily serves consumers in the Class "C" and "D" market segments, with average monthly incomes ranging from ₱12,000 to ₱80,000, while S&R caters to the higher-income Class "A" and "B" segments, with average monthly incomes exceeding ₱80,000. Meanwhile, re-sellers are typically small to medium-sized sari-sari stores, canteens, restaurants, caterers, bakeries, convenience stores, and drugstores.

As part of its strategy in harnessing the power of the ecosystem, the bank had been actively participating in various programs held by Puregold for its loyal customers, allowing it to further expand its market reach. It has also been able to tap Puregold's network of suppliers and customers.

⁵ White-label banking involves offering a pre-existing banking product or service under the non-bank partner's brand.

⁶ As of end-2024, there were 32 San Roque Supermarkets and three Mercado branches.

Moreover, the bank has branches in or are co-located at select Puregold and S&R stores. These branches were set up to offer an easier and more convenient way of banking, while also stimulating foot traffic in these stores.⁷ As of the present, PBCOM had four branch-lite or pop-up branches in Puregold – two in Valenzuela, one in Cabanatuan, and one in Taguig City. It has branch presence beside S&R stores in Commonwealth, New Manila, Dau, Libis and Malolos.

Cosco, the Parent Company of Puregold, is also majority-owned by the Co family. Cosco has a portfolio of businesses in retail, real estate, wine and liquor, and oil and minerals. Aside from Puregold, its subsidiaries include Office Warehouse, Inc., Ellimac Prime Holdings, Inc., The Keepers Holdings, Inc. and Alcorn Petroleum and Minerals Corporation.

PBCOM aspires to be the preferred financial partner of micro, small, and medium-sized Enterprises (MSMEs), as it continues its focus on this market. Mr. Co's emphasis on supporting small businesses is well-aligned with PBCOM's intent to grow its MSME portfolio. His retail network of vendors, suppliers, and customers will provide continuous support to the bank's growth efforts, giving it an advantage in the MSME and retail market segments. The bulk of PBCOM's customers are mid-sized businesses.

In an effort to strengthen its defense against cyberattacks, PBCOM has implemented a defense-in-depth strategy by deploying multi-layered defense technologies, complemented by physical and administrative control measures. The bank will also commence server and network refresh, which will ensure that its systems are up to date.

Environmental, Social, and Governmental (ESG)

PBCOM launched its Green campaign in 2021. One of the bank's ongoing campaigns is "Ayaw ko ng plastic," which aims to reduce the use of plastics. The bank discourages the use of single-use plastics within its premises and promotes eco-friendly alternatives. In 2021, PBCOM partnered with Green Antz Builders Inc. (Green Antz), which is a provider of building material solutions that integrate eco-friendly practices and green technology. PBCOM collects plastic wastes from its employees which are then cleaned, dried, and turned over to Green Antz. The plastic wastes are then repurposed into eco-casts and bricks for construction use.

Several sub programs have also been initiated, as a part of the bank's Green campaign. PBCOM participated in projects like tree planting and clean-up programs. The bank also launched the "Wag kang Ma-Papel" program, which rewards teams and departments that significantly reduce the use of copy papers.

PBCOM has also been supporting La Liga Mariquina in their various socio-economic and environmental programs. La Liga Mariquina is a non-governmental organization based in Marikina City. The cornerstone initiative of La Liga Mariquina is "Oplan Laban Kontra Gutom", which aims to combat malnutrition.

This year, PBCOM decided to support Feeding Futures PH, a non-profit organization dedicated to combating childhood malnutrition through daily nutritious school meals. Objectives of the program are to:

- Support Feeding Futures PH in expanding their school-based feeding program for undernourished students.

⁷ <https://www.PBCOM.com.ph/media-center/PBCOM-launches-pop-branches-puregold>

- Engage PBCOM stakeholders through corporate social responsibility (CSR) activities that bring real, tangible benefits to children in need.
- Raise awareness about childhood malnutrition and mobilize collective action.
- Strengthen engagement through initiatives that are impactful, accessible, and meaningful.

Feeding Futures PH is a non-profit organization focused on addressing childhood malnutrition through sustainable school-based feeding. It:

- Delivers daily balanced meals (rice, viand, vegetables, fruits) at an efficient cost of ₱65 per child per day.
- Works with public schools to identify the most vulnerable students.
- Tracks health and academic improvements through body mass index (BMI) monitoring, attendance, and performance indicators.

Its main beneficiary school currently is the Ilugin Elementary School in Pinagbuhatan, Pasig City.

The expected impact of this partnership include:

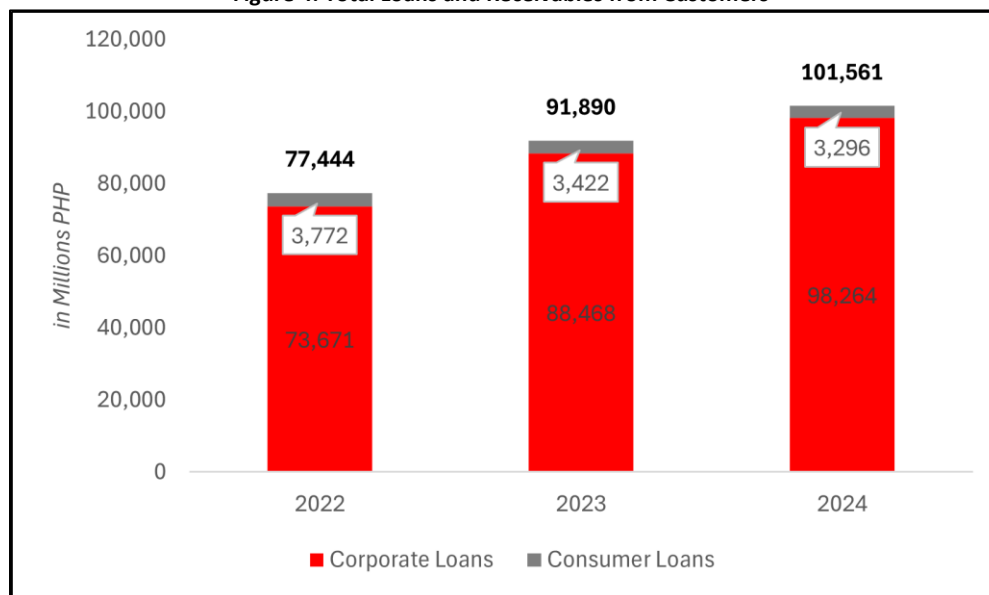
- Increased number of nutritious meals delivered to undernourished public-school children.
- Strengthened employee and community engagement.
- Enhanced awareness of child malnutrition and the role of shared responsibility.
- Reinforced alignment between PBCOM's CSR values and meaningful community-building efforts.

PBCOM will continue to extend its support to various activities that positively impact community welfare. These activities include fundraising efforts to aid victims of natural disasters and social conflicts.

Asset Quality

Analysts' Note: PhilRatings' calculation of certain ratios may differ from that of PBCOM.

Figure 4: Total Loans and Receivables from Customers*



*Net of unearned interests and discounts

2024

PBCOM's loan book sustained its growth momentum in 2024, as its total net loans and receivables recorded an increase of 10.4% to ₱101.3 billion, from ₱91.8 billion as of end-2023. Such continued to represent more than half of the bank's total assets, accounting for 64.6% as of year-end.

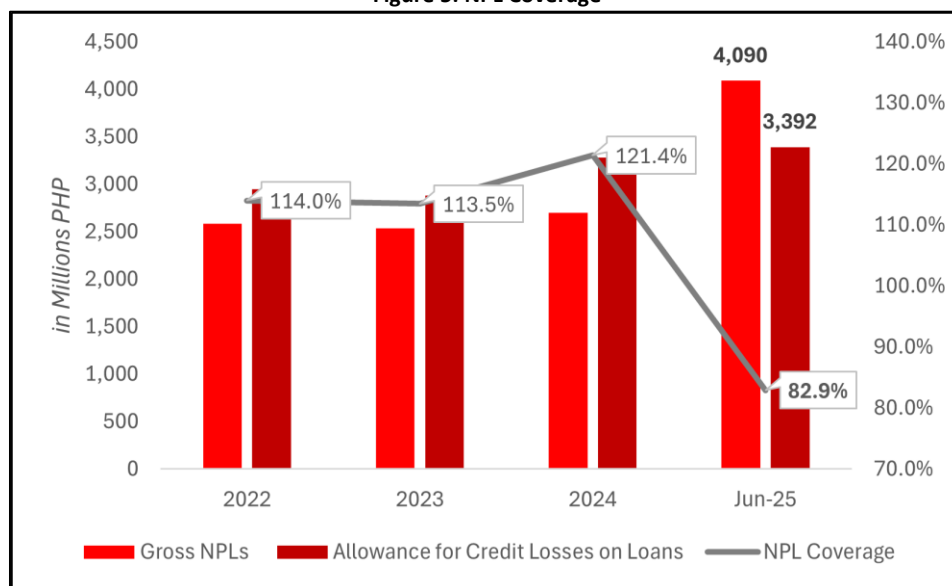
Similar to previous years, PBCOM's loan portfolio was largely composed of corporate loans, which grew by 11.1% to ₱98.3 billion as of end-2024. This was equivalent to 96.8% of the bank's total gross receivables from customers for the year. Conversely, consumer loans continued to decline, falling 3.7% to ₱3.3 billion. Such was driven by a 4.1% drop in home loans to ₱2.8 billion, and a 4.3% decrease in auto loans to ₱434.4 million. Together, home and auto loans accounted for bulk of the total balance of the bank's consumer loans at 98.3% as of end-2024. It should be noted that consumer loans have been on a downward trend since end-2019, following the bank's sale of its dealer-generated auto loans to East West Banking Corporation (EW).

PBCOM's loan exposure was well-diversified across industries. As of end-2024, loans made to the Construction and Real Estate industry amounted to ₱28.8 billion, or 27.5% of the bank's total loans. This marked an increase from its previous share of 24.5% in 2023 and represented the largest contributor for the year. Loans made to the Wholesale and Retail industry amounted to ₱24.2 billion as of end-2024, representing 23.1% of total, while the Manufacturing sector accounted for ₱16.1 billion, or 15.4%, ranking third in terms of industry exposure.

More than half of the bank's total loans, or ₱52.0 billion (51.2% of total gross loans and receivables), were unsecured. Secured loans, meanwhile, grew by 21.7% to ₱49.6 billion, increasing their share to total loans from 44.3% as of end-2023 to 48.8% as of end-2024. Majority of these secured loans (or ₱45.8 billion) were secured by real estate. Restructured loans surged by 50.1% to ₱992.3 million as of end-2024, driven

by notable increases in restructured corporate and consumer loans. Nonetheless, these had a minimal share to the bank’s total loan portfolio, at less than 1.0%.

Figure 5: NPL Coverage



PBCOM’s gross NPL ratio slightly improved from 2.8% in 2023 to 2.7% in 2024, backed by the bank’s growing loan portfolio. Gross NPLs increased by 6.3% to ₱2.7 billion as of end-2024, primarily attributable to higher non-performing corporate loans, which increased by 12.4% to ₱2.5 billion – representing 91.8% of total gross NPLs for the year. Conversely, non-performing consumer loans dropped by 33.0%, from ₱329.8 million as of end-2023 to ₱221.1 million as of end-2024. Taking into account the hike in NPLs, the bank’s allowance for credit losses increased by 13.9% to ₱3.3 billion, resulting in an improvement in NPL coverage from 113.5% in 2023 to 121.4% in 2024.

As of end-2024, high-grade receivables – defined as current receivables without any history of payment irregularities – totaled ₱90.3 billion.⁸ This was 88.9% of the total receivables from customers – a slight uptick from the 88.4% share as of end-2023. Meanwhile, past due and impaired receivables amounted to ₱7.4 billion as of end-2024, down by 4.3% from the ₱7.7 billion of the prior year. This slight dip consequently lowered its share to total receivables from customers to 7.3% for the year, from 8.5% as of end-2023.

Loans extended to directors, officers, stockholders, and related interests (DOSRI) amounted to ₱5.9 million as of end-2024, which was less than 0.1% of PBCOM’s total loans and receivables for the year. Such was in compliance with the BSP’s requirement of DOSRI loans not exceeding a bank’s total equity or 15.0% of a bank’s total loan portfolio, whichever is lower.

⁸ The credit quality classification is taken from the bank’s annual audited financial statements:

- High Grade - current receivables with no history of defaults and delayed payments
- Standard Grade - 1 to 30 days past due, but are still regarded as good credit quality
- Substandard Grade or Past Due - exhibit unfavorable record or unsatisfactory characteristic which makes collection improbable
- Past Due but not Impaired - default of 31 to 90 days
- Past Due and Impaired - default of more than 90 days; NPL

End-June 2025

PBCOM's total net loans and receivables marginally declined by 1.7% to ₱99.6 billion as of end-June 2025. This was on account of lower outstanding receivables in commercial loans, import bills, and accounts receivables. Of the total net loans and receivables, about 90.4% (or ₱90.1 billion) are loan receivables (gross) from the bank's customers.

As of end-June 2025, corporate loans continued to account for largest share of the bank's total loan portfolio. Consumer loans, on the other hand, remained steady for the period, supported by the bank's auto and personal loans. Loans extended to the Construction and Real Estate sector also continued to represent the largest portion of the bank's total loan portfolio.

Gross NPL ratio rose from 2.7% as of end-2024 to 4.0% as of end-June 2025. Certain borrowing accounts' revenues were impacted by, among others, the ban on Philippine Offshore Gaming Operators in 2024. PBCOM's management, however, believes that this is a temporary development, as these accounts are fully secured and have other revenue streams and alternative markets. The bank continues to be vigilant in the management of its loan portfolio, and it is confident it will improve its NPL ratio by the fourth quarter of 2025 with all the remedial efforts being implemented. PhilRatings notes that PBCOM's NPL ratio compared less favorably with the gross NPL ratio of Philippine Banking System (PBS) at 3.3% as of end-September 2025 and the 3.0% of the country's universal and commercial banks (UKBs).

As of end-June 2025, ₱6.1 billion of PBCOM's total loans and receivables, equivalent to 6.0% of the portfolio, were past due; such was lower than the end-2024 level. Accounts past due for more than one year amounted to ₱2.5 billion, which was 40.9% of total past due loans for the period. On the other hand, accounts that were past due for 90 days or less stood at ₱2.2 billion, or 35.8% of total past due loans.

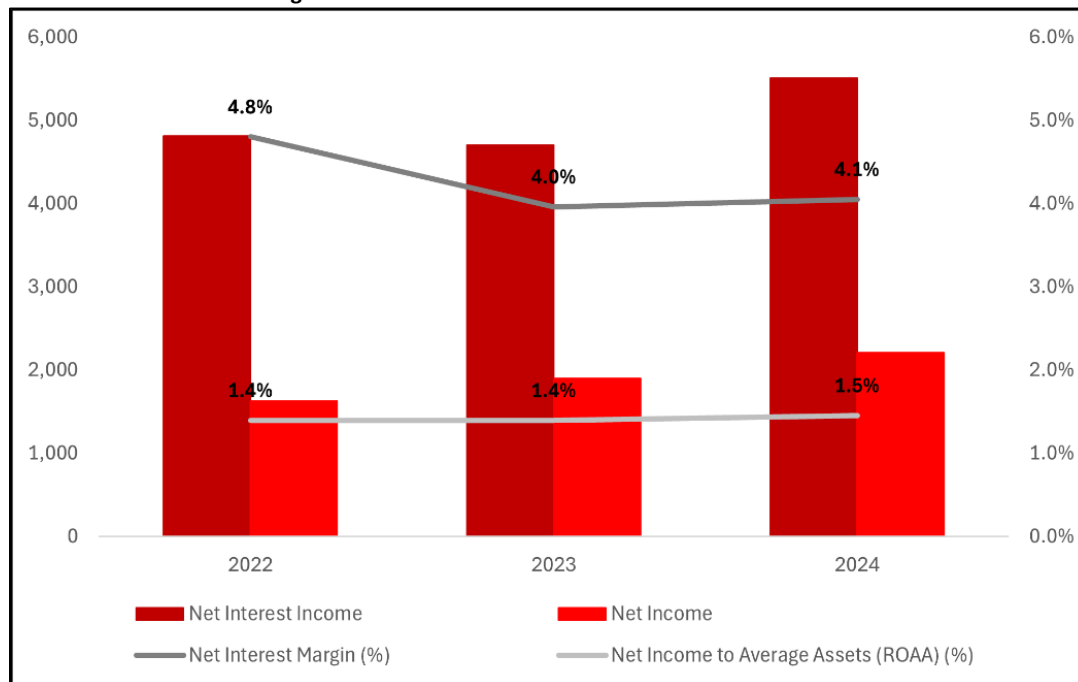
PBCOM's loans and receivables are projected to grow until in the medium term. This will be supported by the expected increase in the bank's corporate and commercial loan portfolios. Meanwhile, its gross NPL ratio is forecasted to improve over the projected period.

FINANCIAL RISK

Analysts' Note: PhilRatings' calculation of certain ratios may differ from that of PBCOM.

Profitability

Figure 6. Historical Net Interest Income and Net Income



2024

Gross interest income increased by 22.1%, from ₱7.9 billion in 2023 to ₱9.7 billion in 2024. Such was led by the growth in interest income from loans and receivables, backed by higher loan volume and improved yields on corporate loans. Interest income from investments securities was also up in 2024, reaching ₱2.0 billion (+27.0%), supported by higher yields in securities carried at hold-to-collect (HTC)⁹ and increased average volume of securities at FVOCI¹⁰ and FVPL.¹¹

After contracting slightly in 2023, net interest income rebounded in 2024, growing by 17.2% from ₱4.7 billion to ₱5.5 billion. This was driven by tempered growth in interest expense, which rose by 29.4% to ₱4.2 billion in 2024 — significantly lower than the 308.8% jump recorded in the prior year. The growth in interest expenses was largely due to the uptrend in average volume of time deposits and corporate bond issuances, as well as increased cost of funds. NIM inched up from 4.0% in 2023 to 4.1%, reflecting higher asset yields.

Non-interest operating income expanded by 41.7% to ₱1.8 billion in 2024, attributable to the growth in trading and securities gains, as well as profit from sold ROPA.

⁹ Hold to Collect Contractual Cash Flows (HTC) refers to the business model where financial instruments are held with the objective of collecting contractual cash flows. The primary purpose is to receive payments of principal and interest over the life of the instrument, not to profit from buying and selling them.

¹⁰ When an asset is designated as FVOCI, any changes in its fair value are recorded under "Other Comprehensive Income" (OCI) rather than directly in the profit and loss statement.

¹¹ The asset is measured at its current fair value, and any changes in that value (both gains and losses) are recognized directly in the company's profit or loss statement for that period.

Given these developments, total operating income recorded a robust growth of 22.3%, from ₱6.0 billion in 2023 to ₱7.3 billion in 2024. The proportion of net interest income to total revenues slightly declined to 75.5% in 2024¹², as non-interest operating income increased at a faster pace than net interest income.

Operating expenses jumped by 27.6%, the highest growth in operating expenses since 2020, to ₱4.4 billion in 2024. Such was driven by the reversal of the bank's provision for credit and impairment losses, from a negative balance of ₱24.4 million in 2023 to ₱440.6 million in 2024, on account of updates made to the bank's criteria for probability of default. Compensation and fringe benefits continued as the bank's primary operating expense, amounting to ₱1.4 billion in 2024, and up by 15.6% from the previous year due to higher manpower costs and salary adjustments. Taxes and licenses also increased by 18.3% to ₱884.9 million, attributed to volume-driven growth in gross receipt tax (GRT) and documentary stamp tax (DST). Excluding provisions, expenses to average assets ratio marginally grew from 2.5% in 2023 to 2.6% in 2024, while efficiency ratio improved from 57.8% to 53.9%.

PBCOM sustained its earnings momentum in 2024, as the bank recorded a net income of ₱2.2 billion, which was 16.5% higher than the previous year. This was also the first time the bank surpassed ₱2.0 billion mark in its bottom line. This growth was supported by the bank's loan portfolio expansion and higher non-interest operating income, which more than offset rising interest expenses. ROAA improved to 1.5% in 2024.

9M 2025

Net interest income increased to ₱4.5 billion in 9M 2025, which was up by 13.3% YoY from ₱4.0 billion in 9M 2024. Growth for the period was supported by higher interest income from loans and receivables, attributable to an increase in the average volume of corporate loans. The jump in interest income from investment securities at FVOCI, FVPL, and HTC also spurred growth. These were partially offset by total interest and financing charges of ₱3.4 billion, up by 9.7% YoY. NIM remained steady at 3.9%.

Non-interest operating income, however, declined by 25.3% YoY to ₱1.1 billion, on the back of lower rent income, reduced gain on foreclosed properties, and net trading and securities gain. The latter decreased by 67.5% YoY to ₱171.0 million, driven by lower realized gains. As a result, total operating income modestly grew by 3.0% to ₱5.6 billion in 9M 2025, from ₱5.4 billion in 9M 2024. Non-interest income to total revenues ratio dropped from 26.6% in 9M 2024 to 19.3% in 9M 2025.

Total operating expenses increased by 13.3% YoY to ₱3.4 billion in 9M 2025. Compensation and fringe benefits rose by 7.5% to ₱1.1 billion due to higher manpower costs and salary benefits. Taxes and licenses likewise grew by 12.5% to ₱754.0 million, as GRT and DST costs were higher.

The bank recorded a provision of ₱201.1 million for impairment and credit losses in 9M 2025, which was more than double the ₱75.0 million in 9M 2024, in line with higher loan provisioning requirements.

Higher operating expenses and the decrease in non-interest operating income impacted PBCOM's bottom line, which contracted by 13.6% YoY to ₱1.6 billion in 9M 2025. ROAA slid from 1.6% in 9M 2024 to 1.3% in 9M 2025.

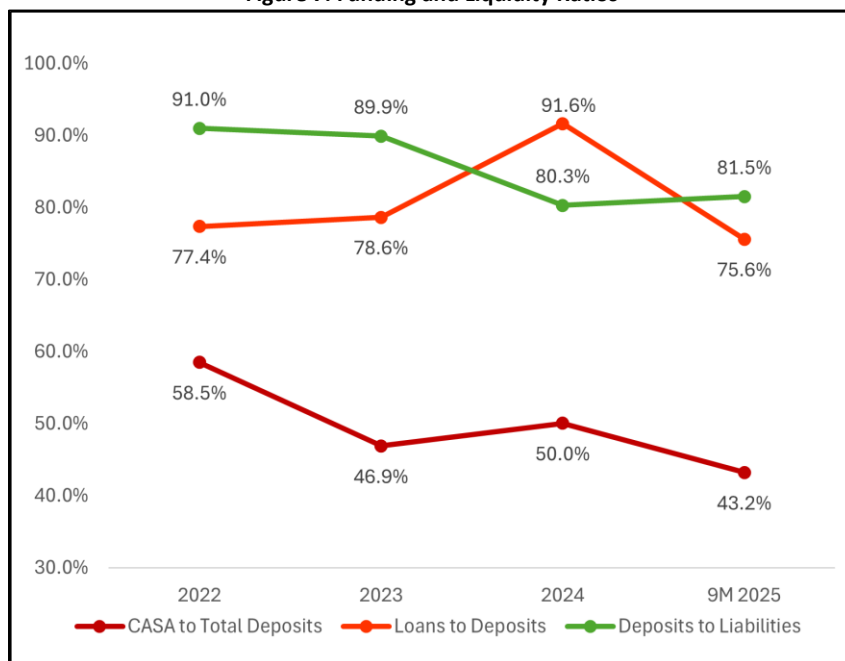
¹² The total revenues used in the computations are comprised of the bank's net interest income and non-interest operating income.

Projected Period

Net interest income is expected to rise steadily over the projected period, supported by the bank’s continued loan portfolio expansion. Interest income from financial assets at FVPL is also anticipated to bolster the bank’s top line in the near term. Non-interest income is projected to decline in 2025 but is seen to recover in the medium term. Non-interest expenses (excluding provision) will also generally increase. Given the aforementioned, net income is forecasted to post annual growth over the projected period, with ROAA projected to slightly hover above historical levels.

Asset-Liability Management

Figure 7. Funding and Liquidity Ratios



2024

Deposits continued as the bank’s primary source of funding, albeit such decreased by 5.2%, from ₱116.7 billion as of end-2023 to ₱110.6 billion as of end-2024. This was on account of the 6.5% decline in time deposits to ₱55.2 billion. The bank also had a nil balance of long-term negotiable certificates of deposits (LTNCD) as of end-2024, from ₱2.9 billion as of end-2023, as the bank’s LTNCD matured in April 2024.

PBCOM recorded bonds payable of ₱7.6 billion following the bank’s maiden bond issuance in November 2024, and which was oversubscribed by 3.85x on its initial ₱2.0 billion bond offering.¹³ Bills payable also had a 69.2% hike to ₱16.4 billion, driven by the increase in foreign currency denominated unit (FDCU) bills payable and interbank call loans. As a result, total liabilities grew by 6.0% to ₱137.7 billion as of end-2024, with deposits to liabilities ratio declining to 80.3%.

The share of low-cost deposits to total deposits increased during the year, as CASA to total deposits ratio rose from 46.9% as of end-2023 to 50.0% as of end-2024. This translated to a lower share, at 50.0% as of end-2024, of time deposits to total deposits.

¹³ <https://www.pds.com.ph/index.html%3Fp=140881.html>

Loans-to-deposit ratio (LDR) jumped from 78.6% as of end-2023 to 91.6% as of end-2024, on account of the growth in PBCOM's loan book. Of total net loans to receivables, around 54.7% (₱55.4 billion) are set to mature within one year, while approximately 33.2% (₱33.7 billion) are due within 31 to 90 days.

PBCOM continued to have minimal exposure to foreign exchange risk, with net exposure below 2% of the bank's total assets as of end-2024.

End-September 2025

Deposits to liabilities ratio stood at 81.5% as of end-September 2025, slightly higher than the 80.3% as of end-2024. This was attributable to the double digit growth in total deposits to ₱131.8 billion for the period, spurred by the 35.5% jump in time deposits to ₱74.8 billion. As of end-September 2025, time deposits accounted for 56.8% of total deposits. This was the highest share of time deposits in over six years. CASA grew at a slower pace of 2.9%, ending at ₱56.9B. As a result, CASA to total deposits ratio declined to 43.2% as of end-September 2025.

Bills payable increased by 6.1% to ₱17.4 billion as of end-September 2025, on account of higher borrowings from banks and financial institutions. Manager's checks jumped by 730.1%, from ₱218.6 million as of end-2024 to ₱1.8 billion as of end-September 2025, attributable to higher un-negotiated checks for the period.

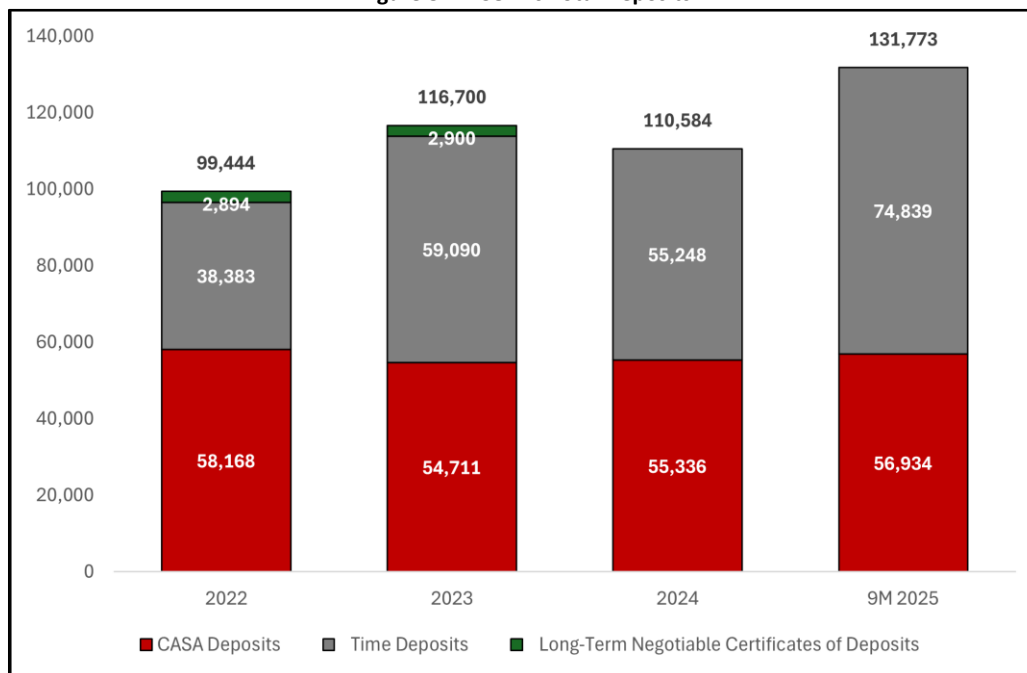
LDR fell from 91.6% as of end-2024 to 75.6% as of end-September 2025, owing to higher deposits and the 1.7% decrease in total loans and receivables to ₱99.6 billion, with the latter attributable to lower commercial loan volumes.

Of the bank's total loan portfolio as of end-September 2025, majority (₱95.3 billion) were classified as current. Of the past due balance amounting to ₱5.0 billion, about 18.2% (₱915.3 million) has been past due for 90 days or less, while 47.3% (₱2.4 billion) has been past due for more than one year.

Additionally, majority (or 91.4% of the bank's total receivables from customers) were subject to periodic interest rate repricing as of end-September 2025.

Projected Period

Figure 8: PBCOM’s Total Deposits



Deposits will remain as the main source of funding for the bank. Deposits to liabilities ratio is seen to remain within historical levels over the medium term, backed by the projected increase in demand and time deposits. Bills payable is also expected to continue growing.

CASA to total deposits ratio will gradually decline over the projected period, anchored by the expected expansion in the bank’s time deposits. PBCOM’s CASA deposits will also grow, but at a slower pace. This will be supported by the bank’s branch expansion plans, its ecosystem, and the coordinated efforts of its sales teams to increase its low-cost funding base.

LDR is seen to ease in the near term before rebounding in the medium term.

Capital Adequacy

2024

PBCOM’s total assets reached ₱156.9 billion as of end-2024, up by 6.4% from ₱147.5 billion as of end-2023. Such growth was mainly driven by higher loans and receivables, which accounted for 64.6% of total assets as of year-end. Investment securities at amortized costs, comprising 18.4% of the bank’s total assets, recorded a 4.1% uptick to ₱28.9 billion, mainly due to the bank’s purchase of such securities.

Total equity, on the other hand, grew by 8.9%, from ₱17.7 billion as of end-2023 to ₱19.2 billion as of end-2024, driven by a robust 70.8% increase in the bank’s retained earnings to ₱5.3 billion.

Equity to assets ratio improved slightly to 12.3% as of end-2024, from the previous year’s 12.0%. NPA to equity ratio jumped from 3.3% as of end-2023 to 7.8% as of end-2024, as the bank’s foreclosed properties doubled to ₱2.1 billion during the period. This was spurred by the increase in dacion en pago and

foreclosures made during the period. Capital adequacy ratio (CAR) remained above the minimum 10% requirement, albeit declining from 16.6% to 15.7%.

End-September 2025

Equity to assets ratio slightly dropped to 11.3% as of end-September 2025, reflecting the faster growth in assets during the period. Total assets rose by 16.2% to ₱182.3 billion, driven mainly by the sharp increase in interbank loans receivables and securities purchase through resale agreements (SPURA)¹⁴, which jumped by 1,379.4%, from ₱404.2 million as of end-2024 to ₱6.0 billion as of end-September 2025. This was due to the increase in interbank call loans with local banks, from ₱404.2 million as of end-2024 to ₱3.5 billion, while outstanding SPURA balances amounted to ₱2.5 billion as of end-September, from nil as of end-2024. Financial assets at FVOCI also contributed to asset growth, recording a 170.7% surge to ₱30.5 billion, following the bank's additional investments in FVOCI. These offset the minimal 1.7% reduction in the bank's loan portfolio to ₱99.6 billion as of end-September 2025.

Equity, on the other hand, increased by 7.3% to ₱20.6 billion, driven by plowback of earnings.

CAR improved to 16.0% as of end-September 2025.

On July 9, 2025, PBCOM declared special cash dividends of ₱1.0 per share, which would amount to ₱480.7 million. This marked the bank's first dividend declaration to shareholders in 27 years.¹⁵

Projected Period (2025-2027)

Total assets are projected to record robust growth annually over the medium term, driven by the forecasted growth in cash, loans, and its financial assets at FVPL. The surge in other assets is likewise anticipated to support the projected asset expansion. The bank's loan portfolio will remain to comprise the majority of total assets over the forecast period. Equity is similarly forecasted to climb, on account of earnings plowback.

Equity to assets ratio is projected to remain below historical levels, while CAR is seen to improve.

ECONOMY

Gross Domestic Product (GDP)

2024

The Philippine economy grew by 5.2% in 4Q 2024, lower than the 5.5% growth recorded in the same quarter of the previous year. This brought the full-year GDP expansion to 5.6% in 2024, unchanged from the previous year. Growth in 2024 was driven by the following industries: Wholesale and retail trade; repair of motor vehicles and motorcycles, 5.6%; Financial and insurance activities, 9.0%; and Construction, 10.3%. Among major economic sectors, Industry and Services grew by 5.6% and 6.7% in 2024, respectively. Agriculture, Forestry and Fishing (AFF) recorded a full-year decline of 1.6% in the same period.

With full-year GDP growth settling at 5.6% in 2024, the Philippines missed its government's revised target of 6.0-6.5% for 2024. National Economic and Development Authority (NEDA) Undersecretary for Policy and Planning Group Rosemarie Edillon attributed such to the extreme weather conditions for the year,

¹⁴ A Securities Purchase Under Resale Agreement (SPURA) is a type of transaction where a financial institution (the buyer) purchases securities from another party (the seller) and simultaneously agrees to sell those same securities back to the original seller on a specified future date at an agreed-upon price.

¹⁵ PBCOM declared stock dividends in 1997.

geopolitical tensions, and subdued global demand. Among Asian countries, however, the Philippines was among the fastest growing economies in 4Q 2024, behind Vietnam (7.5%) and China (5.4%), and ahead of Malaysia (4.8%).

Household Final Consumption Expenditure (HFCE) recorded a 4.7% YoY growth in 4Q 2024, supported by the increase in the following: Miscellaneous goods and services, 7.7%; Transport, 10.9%; Health, 11.5%; Food and non-alcoholic beverages, 1.3%; and Restaurant and hotels, 5.3%. For full-year 2024, HFCE grew by 4.8%, slower than the growth rate recorded in 2023 of 5.6%. Government Final Consumption Expenditure (GFCE) was likewise up by 9.7% in 4Q 2024. Full-year GFCE growth in 2024 settled at 7.2%, considerably higher than the 0.6% in 2023.

3Q 2025¹⁶

The Philippine economy grew by 4.0% in 3Q 2025, slower than the 5.5% in the previous quarter and the 5.2% in 3Q 2024. The latest recorded growth was also the slowest growth recorded since the 3.8% contraction in 1Q 2021. This brought the country's year-to-date economic growth to 5.0%, below the lower band of government's 5.5% to 6.5% target. Growth was driven by the following industries: Wholesale and retail trade; repair of motor vehicles and motorcycles, 5.0%; Financial and insurance activities, 5.5%; and Professional and business services, 6.2%. Among major economic sectors, Industry, Services, and AFF grew by 0.7%, 5.5%, and 2.8%, respectively.

HFCE was 4.1% in 3Q 2025, also slower than the 5.3% in 2Q 2025 and the 5.2% in 3Q 2024. Growth for the period was supported by increases in the following: Food and non-alcoholic beverages, 4.2%; Health, 11.3%; Miscellaneous goods and services, 3.7%; Restaurants and hotels, 5.9%; and Transport, 4.4%. Gross capital formation (GCF), or Investments, declined by 2.8% in 3Q 2025, from 12.8% in the same period last year. This was driven by the 0.5% decline in Construction for the period. This is amid the reported corruption surrounding public infrastructure projects.

Inflation and Interest Rates¹⁷

Inflation rose was recorded at 1.7% in October 2025, unchanged from September 2025. This was slower, however, than the 2.3% in the same month last year. Such also marked the eighth straight month that the headline inflation rate fell below the government's target. The Philippine Statistics Authority (PSA) reported faster growth in electricity prices, rising from 1.2% in September to 4.1% in October. This was offset by the slower price growth of food and non-alcoholic beverages for the month. Rice prices, in particular, remained in negative territory for the tenth consecutive month at -17.0% in October. Core inflation, which does not include volatile commodities such as food and energy, slightly slowed down from 2.6% in September to 2.5% in October. The figure was marginally faster, however, than the 2.4% in October 2024. Considering the latest figure, year-to-date inflation is 1.7%. Year-to-date core inflation in the ten months was 2.4%, slower than the 3.1% in the same period last year.

With its outlook towards the domestic economy weakened amid declining investor confidence due to looming reports of corruption in public infrastructure spending, the Bangko Sentral ng Pilipinas (BSP) further cut its key policy rate by 25 basis points (bps) to 4.75% in its October meeting; the rate was the central bank's lowest since September 2022. This marked the fourth rate cut of the BSP for the year. The BSP has so far reduced policy rates by a total of 175 bps since its first cut in August 2024.

¹⁶ <https://psa.gov.ph/statistics/national-accounts>

¹⁷ <https://www.bworldonline.com/top-stories/2025/10/08/703592/philippine-inflation-quickens-to-6-month-high-in-september/>

Outlook¹⁸

The Philippines' slower-than-expected third quarter economic growth has prompted downward revisions to the country's GDP outlook, with economists currently projecting average annual growth less than 5%, as the ongoing corruption scandal impacts on other key drivers of the economy.

Miguel Chanco of Pantheon Macroeconomics (Pantheon) said that the Philippines' weak performance in 3Q 2025 has prompted Pantheon to further cut its 2025 GDP growth forecast for the country to 4.9%, from 5.3% previously. Mr. Chanco believes that the economy has yet to feel the full impact of the government's widening probe into anomalous infrastructure projects, which has not only hurt government spending but also eroded business confidence. The latter has put a halt on investment plans. BMI Research (BMI), which also lowered its 2025 growth forecast to 4.9% from 5.2%, noted the same concerns. BMI said the risks to its forecasts are tilted to the downside, with the slowdown in government spending due to the corruption probe expected to go beyond 1Q 2026, particularly if sectors beyond public infrastructure become implicated. Nomura's Euben Paracuelles and Yiru Chen projected a more subdued forecast of 4.7%, citing spillovers from the graft scandal on other components of domestic demand — from household consumption to private investment spending — as well as external headwinds. These revised forecasts fall below the lower bound of the government's growth target of 5.5% to 6.5% for 2025.

Economic Planning Secretary Arsenio Balisacan conceded that reaching even the low end of the target will be challenging. Government spending grew by 5.8% in 3Q 2025, the slowest pace since the same period in 2024, after the graft investigation delayed public works on account of authorities growing more cautious in awarding contracts. A marked weakness was also observed in consumer spending, which historically accounted for 70% of total output. Despite mild inflation and declining interest rates (factors which bolster households' purchasing power), consumer spending grew just 4.1% following the series of powerful storms that disrupted the local job market. The 4.1% growth was notably a four-year low.

Pantheon expects the BSP to deliver a significant 50-bps rate cut in December, to support the economy and revive investor confidence. The BSP previously indicated that it has room to make one more rate cut for the year. The central bank expects inflation to grow until 1H 2025, with latest forecasts placing the average inflation rate at 1.7% for 2025, 3.1% for 2026, and 2.8% for 2027.

BANKING INDUSTRY¹⁹

As of end-September 2025, the Philippines had 22 universal banks, 22 commercial banks, 42 thrift banks, 353 rural banks, 21 cooperative banks, and six digital banks. UKBs continued to account for more than 93.4% and 92.5% of the banking system's total assets and loans, respectively.

According to the BSP's latest report on the Philippine Financial System, the PBS showed robust performance in 2024, recording sustained growth in assets, loans, deposits, and earnings. The industry also remained healthy with capital and liquidity ratios well above minimum BSP and international standards, providing adequate cushion against unexpected economic shocks.

¹⁸ <https://business.inquirer.net/557613/underwhelming-q3-growth-souring-2025-ph-outlook>
<https://www.bworldonline.com/top-stories/2025/11/05/710067/inflation-to-pick-up-until-early-2026/>

¹⁹ https://www.bsp.gov.ph/Media_And_Research/Publications/ReportonRecentTrends2023-12.pdf

Table 1. Philippine Banking System's Balance Sheet Items

in Billions PHP	2022	2023	2024	Sept-25
Total Assets	23,048	25,166	27,431	28,755
Investment, gross	6,208	6,786	7,508	8,109
Loans, gross	12,635	13,860	15,324	16,263
Total Liabilities	20,342	22,097	24,061	25,176
Deposits	17,770	19,033	20,374	21,047
Total Capital Accounts	2,706	3,069	3,370	3,579

The PBS' total assets recorded a 9.0% growth from ₱25.2 trillion as of end-2023 to ₱27.4 trillion as of end-2024. This was spurred by the 10.6% increase in total gross loan portfolio to ₱15.3 billion as of end-2024. Loans continued to account for more than half of the banking sector's total assets, with a 55.9% share. Furthermore, gross loans and investments comprised 83.2% of the industry's asset base.

Total deposits moved up by 7.0% from ₱19.0 trillion as of end-2023 to ₱20.4 trillion as of end-2024. This was driven by higher demand, savings, and time deposits for the year. Total deposits accounted for bulk of the banking sector's total liabilities (84.7% share). As such, total liabilities grew by 8.9% to ₱24.1 trillion for the year. Gross loans to deposit ratio was higher at 75.2% as of end-2024, from 72.8% as of the prior year.

Total assets inched up to ₱28.8 trillion as of end-August 2025, from ₱27.4 trillion as of end-2024. Such was driven by higher gross loans and investment for the period. Total liabilities slightly increased to ₱25.2 trillion as of end-August 2025, backed by a marginal uptick in deposits. Loans to deposit ratio for the period was higher at 77.2%.

Moody's Ratings (Moody's) reported that among fellow its Southeast Asian peers, the Philippines faces moderate corporate asset risk, as approximately 73% of its total loans were to corporates as of end-2024.²⁰ Although the event of a default would result in a material credit impact, given the size of corporate exposures, Philippine corporates generally have adequate funds to service debt and low exposure to foreign currency debt.

Capital Adequacy

The CARs of the UKBs on a solo and consolidated bases were above the minimum thresholds of 10% and 8.0% set by the BSP and the Bank for International Settlements (BIS), respectively. Albeit still exceeding the regulatory minimum, the CAR of UKBs (including their subsidiaries) dropped from 16.9% as of end-2023 to 16.4% as of end-2024. Stand-alone CAR likewise was likewise lower in 2023, from 16.4% to 16.0%. This would further dip to 15.6% as of end-June 2025. The domestic banking system was, nonetheless, still considered as adequately capitalized.

²⁰ <https://www.philstar.com/business/2025/10/08/2478244/philippine-banks-face-moderate-corporate-asset-risks-moodys>

Asset Quality

Although the banking industry continued to have a low NPL ratio, such gradually inched up from 3.2% as of end-2023 to 3.3% as of end-September 2025. This was driven by the 22.1% growth in total gross NPLs from ₱449.1 billion as of end-2023 to ₱538.7 billion as of end-September 2025. Such offset the growth of the PBS' loan portfolio. UKBs' NPL ratio was similarly up, albeit marginally, from 3.0% as of end-2023 to 3.1% as of end-2024. The ratio would stand at 3.0% as of end-September 2025.

Table 2. PH Banking System and UKB's NPL ratio and coverage

Gross NPL Ratio	2022	2023	2024	Sept-25
PBS	3.2%	3.2%	3.3%	3.3%
UKBs	2.9%	3.0%	3.1%	3.0%
NPL Coverage	2022	2023	2024	Sept-25
PBS	107.0%	101.7%	96.0%	93.7%
UKBs	113.8%	107.5%	101.2%	98.1%

As of end-September 2025, the coverage of the country's banking sector and UKBs were below 100%. The PBS' NPL coverage declined from 101.7% as of end-2023 to 93.7% as of end-September 2025. UKBs had higher coverage, but such was also lowered from 107.5% to 98.1%. The downtrend in coverage was due to the faster growth in NPLs when compared to the growth in loan loss reserves.

Profitability

The banking industry remained profitable, recording a net profit of ₱391.3 billion in 2024, which reflects a 9.8% increase from the previous year. This growth, however, was slower compared to the 15.0% increase in 2023. Net interest income rose by 13.5% from ₱915.6 billion in 2023 to ₱1.0 trillion. This was also slower compared to the growth in the previous year, as total interest expenses expanded by 25.2% to ₱464.7 billion in 2024. Return on assets was steady at 1.5% in 2024, while return on equity was slightly lower at 12.2% (12.3% in 2023).

Outlook²¹

The country's banking sector is shifting towards digitalization, as more banks are integrating artificial intelligence (AI), cloud computing, and blockchain to its operations. Such is expected to result in improved efficiency, better customer experience, and stability. Banks such as the Bank of the Philippine Islands, Inc. (BPI) and Union Bank of the Philippines (UnionBank) are already using AI for fraud detection, credit scoring, and customer services.

With further investigations on the suspected corruption surrounding public infrastructure projects, particularly flood control projects, Fitch Ratings stated that the cash flows of the contractors of such projects might be put under pressure, adversely affecting its ability to pay off its obligations. Tamma Febrian, a Director of Fitch Ratings, stated that banks with high exposure to the construction sector face the highest risks. BSP Governor Eli Remolona Jr. reassured, however, that there is no risk of an imminent crisis in the country's banking sector amid further probing of the suspected corruption.

The BSP issued Circular No. 1218, effective on October 7, 2025, which aims to curb money laundering following the reported corruption surrounding the public infrastructure sector. Under this new circular, over-the-counter (OTC) cash withdrawals are limited to only ₱500,000 a day for all depositors, individuals or businesses. OTC cash withdrawals exceeding the limit must be carried out through manager's checks

²¹ <https://www.msn.com/en-ph/news/money/philippine-banking-sector-assets-rise-to-p2773-trillion-up-67/ar-AA10LQ6e>
<https://www.bworldonline.com/top-stories/2025/10/20/706530/phl-banks-assets-expand-to-p27-7-trillion-as-of-august/>
<https://tribune.net.ph/2025/10/09/digital-shift-redefines-philippine-banking-landscape>
<https://business.inquirer.net/556696/graft-probe-tempers-bank-loan-growth>
<https://nextpay.world/blog/bsp-500k-withdrawal-limit-all-you-need-to-know>

or digital fund transfers, which would create a traceable trail for audit purposes. ATM withdrawals are exempt from this circular.

Nevertheless, bank lending grew at its slowest pace in 14 months in September 2025, as the corruption probe unsettled investors and prompted companies to hold their expansion plans. Outstanding loans from big banks, excluding their short-term BSP placements, increased by 10.5% from a year ago to P13.7 trillion. The growth was the slowest since July 2024, when lending went up by 10.4%. Month-on-month (MoM), loan growth was almost flat at less than 1.0%.

Business loans, which made up bulk of the banking sector's portfolio, rose by 9.1% to ₱11.6 trillion, the slowest increase since July 2024. Credit to real estate firms, the largest borrower group, grew by 9.2%. The increase was the slowest in four months. Lending to construction firms was up by 3.5%, the weakest growth in six months. Many construction companies have been conserving cash as payments for government projects are delayed amid the graft probe. Consumer loans significantly expanded by 23.5% to ₱1.8 trillion; the increase, however, was marginally lower from 23.9% in August.

John Paolo Rivera of the government-run Philippine Institute for Development Studies said that the lag effects of the previous interest rate cuts were keeping financial conditions tight for borrowers. Jonathan Ravelas of Reyes, Tacandong & Co. forecasts further weakness in lending, unless confidence picks up.