




# REPORT

ON THE  
**PHILIPPINE FINANCIAL SYSTEM**  
**FIRST SEMESTER 2025**



This semestral report is prepared by the Supervisory Policy and Research Department, Financial Supervision Sector, Bangko Sentral ng Pilipinas, pursuant to Section 39(c), Article V of Republic Act (RA) No. 7653 (The New Central Bank Act), as amended by RA No. 11211, RA No. 7906 (Thrift Banks Act of 1995), RA No. 7353 (Rural Bank Act of 1992), as amended by RA No. 10574, and RA No. 11901 (The Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022).

The report is available at <http://www.bsp.gov.ph>.

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# GLOSSARY

## A. Financial terms

**Agency account** – a relationship in which the trust institution (i.e., the agent) provides asset management services on behalf of the client (i.e., the principal). The trust institution, as an agent, does not hold legal title to the asset; ownership remains with the principal. In providing wealth, asset, or fund management services, the trust institution exercises either a discretionary or non-discretionary investment authority under an agency contract.

**Bills payable** – the amortized cost of obligations to the Bangko Sentral ng Pilipinas (BSP), interbank borrowings, deposit substitutes, and other written or committed borrowings.

**Bonds payable** – the amortized cost of obligations arising from a bank's bond issuance.

**Capital** – the sum of unimpaired paid-in capital, surplus, and undivided profits, subject to applicable adjustments. The term is synonymous with "unimpaired capital and surplus," "combined capital accounts," and "net worth."

**Common Equity Tier 1 (CET1) capital** – For domestic banks, this includes paid-up common stock, common stock, distributable common stock dividends, additional paid-in capital, subscription on common stock, retained earnings, undivided profits, other comprehensive income, and minority interest in subsidiary banks, subject to regulatory adjustments. For foreign bank branches, it comprises permanently assigned capital, undivided profits, accumulated net earnings, and other comprehensive income, subject to regulatory adjustments.

**Consumer loans** – loans granted to individual borrowers for purchasing goods or paying for services. These include housing loans; automobile or motorcycle loans; loans for appliances, furniture, and fixtures; educational and hospital loans; salary or personal loans; and credit card receivables.

**Credit risk** – the risk of loss arising from a borrower's failure to make required payments (e.g., principal or interest on a loan).

**Demand deposits** – deposits that can be withdrawn by check or other banking channels. It is also known as "current account" or "checking account." The deposits may or may not earn interest.

**Derivative** – a financial instrument or contract with the following characteristics:

- Its value changes in response to changes in a specified underlying variable (e.g., interest rate, instrument price, commodity price, foreign exchange rate, index, credit rating).
- It requires no initial net investment or an investment smaller than that required for alternative contracts with similar responses.
- It is settled at a future date.

**Digital bank** – a bank operating primarily or exclusively through digital platforms or electronic channels, without physical branches. This is a distinct classification from conventional bank types.

**Fees and commission income** – income derived from payment services, intermediation, custodianship, underwriting and securities dealership, securitization, fiduciary activities, and related fee-based revenues.

**Financial assets (other than loans and receivables)** – investments in debt and equity instruments, as well as derivatives, measured and classified according to their contractual cash flows and the business model under the Philippine Financial Reporting Standards 9 (PFRS 9).

**Financial assets measured at amortized cost (AC)** – debt instruments, excluding those designated at fair value through profit or loss, that are (a) held within a business model with the objective of collecting contractual cash flows and (b) have contractual terms that produce payments consisting solely of principal and interest.

**Financial assets measured at fair value through other comprehensive income (FVOCI)** – financial assets held under a business model that both collects contractual cash flows and sells financial assets, with contractual terms providing only for principal and interest payments.

**Financial assets measured at fair value through profit or loss (FVTPL)** – financial assets that do not meet the criteria for AC or FVOCI and are not part of a hedging relationship. These include financial assets held for trading, those designated at FVTPL upon initial recognition, or those mandatorily measured at FVTPL under the PFRS 9.

**Foreign currency deposit unit** – a branch or unit of a domestic or foreign bank authorized by the BSP to engage in foreign currency-denominated transactions under Republic Act (RA) No. 6426 (Foreign Currency Deposit Act, as amended).

**Liquidity risk** – the risk to earnings or capital arising from a bank's inability to meet obligations as they fall due without incurring unacceptable losses or costs. This includes the failure to manage unexpected funding shortfalls or changes in funding sources.

**Long-term negotiable certificates of deposit** – interest-bearing negotiable certificates of deposit with a maturity period of at least five years.

**Negotiable Order of Withdrawal accounts** – interest-bearing deposit accounts that combine the demand withdrawal feature of checking accounts with certain investment attributes of savings accounts.

**Net interest income** – the difference between interest income and the sum of interest expense and provision for losses on accrued interest from financial assets.

**Net profit/loss** – the sum of (a) total profit/loss after tax and before minority interest and (b) minority interest in profit/loss of subsidiaries.

**Non-interest expenses** – expenses such as compensation and fringe benefits, taxes and licenses, fees and commissions, other administrative expenses, depreciation and amortization, and impairment losses and provisions.

**Non-interest income** – the aggregate of dividend income, fee-based income, including from fiduciary activities; gains on financial assets and liabilities held for trading; foreign exchange gains; gains from sale or derecognition of non-trading financial assets and liabilities; gains from sale or derecognition of non-financial assets; gains on financial assets and liabilities designated at fair value through profit or loss; fair value adjustments in hedge accounting; and other non-interest income.

**Non-performing loans (NPLs)** – loans, investments, receivables, or financial assets classified as impaired under accounting standards (i.e., doubtful, loss, under litigation, or cases where full repayment is doubtful without collateral foreclosure). "Net non-performing loan" refers to gross NPLs less the specific allowance for credit losses.

**Personal Equity and Retirement Account (PERA)** – a voluntary retirement savings account established by and for the exclusive use and benefit of the contributor, intended solely for investment in PERA-eligible products in the Philippines. The contributor retains full legal and beneficial ownership of all funds placed in the account, including any earnings or income derived therefrom.

**Proliferation financing** – the act of providing funds or financial services for the manufacture, acquisition, possession, development, export, transport, transfer, stockpiling, or use of nuclear, chemical, or biological weapons and their delivery means (including dual-use goods), in violation of national laws or international obligations.

**Real estate exposures** – assets held by financial institutions consisting of (a) real estate loans (RELs), which include residential RELs to households for occupancy and commercial RELs to individual

developers, construction firms, real estate lessors, property managers, holding firms, and other corporate borrowers, and (b) investments in debt or equity securities of real estate-related corporate entities. These exclude loans or investments financing infrastructure projects for public use.

**Savings deposits** – deposits, interest-bearing or non-interest-bearing, that are withdrawable on demand through available banking channels.

**Securities** – fungible, negotiable financial instruments with monetary value, broadly categorized as (a) equity securities, representing ownership interest (e.g., shares) in an entity, and (b) debt securities, evidencing borrowed funds repayable with established principal, interest, and maturity terms.

**Tier 1 capital** – a component of qualifying capital that comprised CET1 and additional Tier 1 capital. It is also known as “going-concern capital.”

**Time certificates of deposit** – interest-bearing deposits with specific maturity dates, typically evidenced by certificates issued by a bank.

**Total assets** – the sum of all assets held by a bank, excluding amounts due from its head office, branches, or agencies of foreign bank branches.

**Total operating income** – the sum of net interest income and non-interest income.

**Trust account** – an account in which legal title to the trustor’s funds or properties is transferred to the trustee (i.e., the trust institution) under an equitable obligation to administer, hold, and manage those funds for the benefit of the trustor or designated beneficiaries. This includes wealth, asset, or fund management services under discretionary or non-discretionary authority.

**Unit investment trust fund** – an open-ended pooled trust fund, denominated in peso or other acceptable currency, administered by a trust entity and available for participation or redemption according to its terms.

## B. Other terms

**Financial Reporting Package** – a set of financial statements for prudential reporting, comprising a balance sheet, income statement, and supporting schedules. It aligns the BSP’s supervisory reporting requirements with the PFRS and the Basel Capital Adequacy Framework, while also supporting statistical needs.

**Gross domestic product**– the sum of gross value added (GVA) by all resident producer units. GVA equals output less intermediate consumption, where output refers to sales adjusted for inventory changes, and intermediate consumption excludes fixed assets (which are recorded instead as consumption of fixed capital).

**Repurchase agreements** – borrowings structured as the sale of securities to a counterparty, with an agreement to repurchase them at a fixed price on a future date. These are accounted for at amortized cost.

**Trust** – a legal arrangement in which a trustee (appointed by a trustor) administers, holds, and manages trust assets or property for the benefit of designated beneficiaries.

**Trust business** – activities arising from a trustor-trustee relationship, wherein the trustee administers, holds, or manages the trustor’s funds or properties for beneficiaries under fiduciary duties.

## C. Financial and prudential ratios

**Basel III Leverage Ratio** – the ratio of Tier 1 capital to the exposure measure (including on-balance sheet exposures, derivatives, securities financing transactions, and off-balance sheet items). It serves as a supplementary constraint on leverage.

**Capital adequacy ratio** – the ratio of total qualifying capital to risk-weighted assets, in accordance with risk-based capital regulations.

**CET1 ratio** – the ratio of regulatory CET1 capital to risk-weighted assets.

**Liquidity coverage ratio** – the ratio of high-quality liquid assets to total net cash outflows.

**Minimum liquidity ratio** – applicable to standalone thrift banks, rural and cooperative banks, and quasi-banks. It refers to the ratio of eligible liquid assets to total qualifying liabilities.

**Net interest margin** – the ratio of net interest income to average earning assets.

**Net stable funding ratio** – the ratio of a bank's (or a quasi-bank's) available stable funding to its required stable funding.

**NPL coverage ratio** – the ratio of allowance for credit losses on loans to gross NPLs.

**NPL ratio** – the ratio of NPLs to total gross loans, inclusive of interbank loans.

**Return on assets** – the ratio of net profit (or loss) to average assets.

**Return on equity** – the ratio of net profit (or loss) to average capital.

# LIST OF ACRONYMS AND ABBREVIATIONS

<u>Acronym</u>	<u>Definition</u>
AC	securities measured at amortized cost
ACL	allowance for credit losses
AFASA	Anti-Financial Account Scamming Act
AFRD	agriculture, fisheries, and rural development financing
AML/CTPF	Anti-Money Laundering/Counterterrorism and Proliferation Financing
API	application programming interface
BAP	Bankers Association of the Philippines
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao
BLU	branch-lite unit
BSFI	BSP-supervised financial institution
BSP	Bangko Sentral ng Pilipinas
BSOS	Banking Sector Outlook Survey
CALABARZON	Cavite, Laguna, Batangas, Rizal, Quezon
CAR	capital adequacy ratio
CCR	credit card receivable
CES	Consumer Expectations Survey
COCREE	Comprehensive Credit and Equity Exposures Report
CREDEX	Credit and Equity Exposures Report
CRIMS	Credit Information Management System
CREL	commercial real estate loan
CSO	clearing switch operator
CTB	Chamber of Thrift Banks
DGB	digital bank
ESG	environmental, social, and governance
EU	European Union
FATF	Financial Action Task Force
FCDU	foreign currency deposit unit
FCRGC	Financial Cyber Resilience Governance Council
FI	financial institution
FSCRCP	Financial Services Cyber Resilience Plan
FSS	Financial Supervision Sector
FVTPL	securities measured at fair value through profit or loss
FVOCI	securities measured at fair value through other comprehensive income
GDP	gross domestic product
GSS+	green, social, sustainability and sustainability-linked bonds
HFT	securities held-for-trading
LCR	liquidity coverage ratio
LTNCD	long-term negotiable certificate of deposit
MLR	minimum liquidity ratio
MSME	micro, small, and medium enterprise
MVL	motor vehicle loan
NBQB	non-bank financial institution with quasi-banking function
NCR	National Capital Region

<u>Acronym</u>	<u>Definition</u>
NG	national government
NPL	non-performing loan
NPREL	non-performing real estate loan
NPCREL	non-performing commercial real estate loan
NPRREL	non-performing residential real estate loan
NOW	negotiable order of withdrawal
NRA	National Risk Assessment
OCL	other consumption loan
OF	overseas Filipino
PCHC	Philippine Clearing House Corporation
PEMA	Philippine E-Money Association
PERA	Personal Equity and Retirement Account
PSSS	Policy and Specialized Supervision Sub-Sector
RBAP	Rural Bankers Association of the Philippines
RCB	rural and cooperative bank
REE	real estate exposure
REL	real estate loan
repo	repurchase agreement
RRR	reserve requirement ratio
RREL	residential real estate loan
SBGPCL	salary-based general-purpose consumption loan
SFTG	Sustainable Finance Taxonomy Guidelines
SLOS	Senior Bank Loan Officers' Survey
SPRD	Supervisory Policy and Research Department
SSB	Shari'ah Supervisory Board
TB	thrift bank
TC	trust corporation
TD	time certificate of deposit
TDIO	Technology and Digital Innovation Office
TRISD	Technology Risk and Innovation Supervision Department
UK	United Kingdom
UKB	universal and commercial bank
XML	extensible markup language
y-o-y	year-on-year

# PROLOGUE

The **Report on the Philippine Financial System** is a semestral report prepared by the Supervisory Policy and Research Department, Financial Supervision Sector (FSS), of the Bangko Sentral ng Pilipinas (BSP). This is submitted by the Governor to the President and the Congress, in accordance with Section 39 (c), Article V of Republic Act (RA) No. 7653 or The New Central Bank Act, as amended by RA No. 11211 and other pertinent laws.

RA No. 11211 expanded the BSP's supervisory powers over money service businesses, credit granting businesses and payment system operators. Meanwhile, RA No. 11127 (The National Payment Systems Act) mandated the BSP to oversee the payment systems in the country. Moreover, RA No. 11439 (An Act Providing for the Regulation and Organization of Islamic Banks) mandated the BSP to regulate and supervise the operations of Islamic banks and Islamic banking units in the Philippines.

The report analyzes insights from various periodic reports submitted by BSP-supervised and regulated financial institutions to the FSS' Department of Supervisory Analytics. As of June 2025, these institutions consisted of 467 banks with 12,993 branches and branch-lite units, 1,572 non-bank financial institutions with 15,997 branches, and one offshore banking unit.

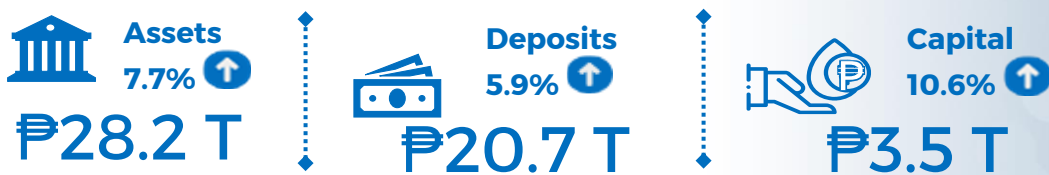
Effective 3 July 1998 under Section 130 of RA No. 7653, the BSP's supervisory and regulatory powers over certain non-bank financial institutions were turned over to the Securities and Exchange Commission for corporations and partnerships and the Department of Trade and Industry for single proprietorships. Supervision and regulation over building and loan associations were also transferred to the Home Guarantee Corporation effective 07 February 2002, in accordance with Section 94 of RA No. 8791 (The General Banking Law of 2000).



# HIGHLIGHTS OF THE REPORT

## Philippine banks sustain growth and reinforce financial stability through broad-based lending and prudent risk management.

The Philippine banking system sustained its growth momentum in the first half of 2025,<sup>1</sup> with key financial indicators continuing to expand amid emerging opportunities and evolving risks. The asset growth was supported by stable domestic deposits and robust capital and liquidity buffers, with loans and investments comprising 84.2 percent of total assets.

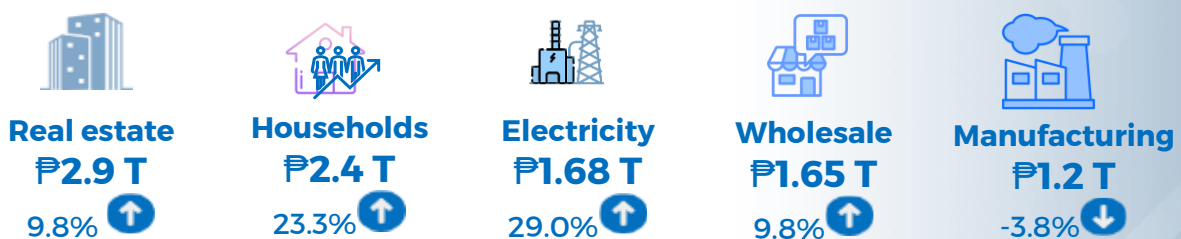


Profitability and capitalization remained robust,<sup>2</sup> underpinned by prudent risk management and broad-based lending. This solid performance, bolstered by the country's dynamic economy<sup>3</sup> and financial reforms, highlights the system's strength in seizing opportunities, navigating emerging risks, embracing innovation, and fostering inclusive and sustainable growth.

### Lending expansion: Fueling economic engines

System-wide loans grew by 10.9 percent year-on-year (y-o-y) to ₱15.9 trillion as of June 2025. Real estate remained the largest borrower sector, accounting for 18.1 percent of total loans, followed by households (14.8 percent), electricity (10.6 percent), wholesale and retail trade (10.4 percent), and manufacturing (7.9 percent).

Credit expansion across major sectors underscores the pivotal role of banks in fueling economic activity.<sup>4</sup>



<sup>1</sup> Banks accounted for a significant share (82.9 percent) of the financial system's total resources, underscoring their central role in supporting the domestic economic growth.

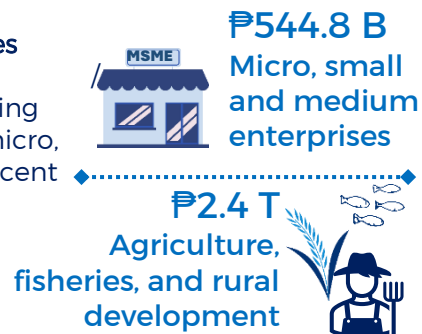
<sup>2</sup> Profitable operations strengthened banks' capitalization, with consolidated net earnings increasing by 4.1 percent to ₱198.1 billion in June 2025 (up from ₱190.3 billion in June 2024).

<sup>3</sup> Philippine Statistics Authority. (2025, August 7). *UKBs expands by 5.5 percent in the second quarter of 2025* [Press release]. <https://psa.gov.ph/content/gdp-expands-55-percent-second-quarter-2025>

<sup>4</sup> The banking system's credit-to-gross domestic product ratio improved from 56.3 percent in June 2024 to 58.0 percent in June 2025, indicating deepening financial intermediation.

### Inclusive finance and compliance with sectoral mandates

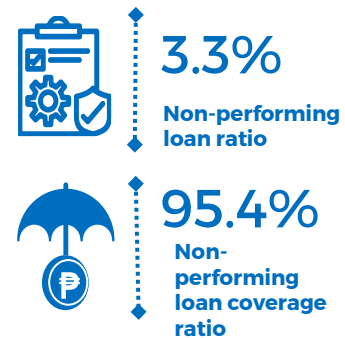
Banks continued to advance inclusive growth by increasing financing to priority and underserved sectors. Loans to micro, small, and medium enterprises (MSMEs) grew by 11.2 percent to ₱544.8 billion. Further, banks complied with the mandatory allocation to agriculture, fisheries, and rural development (AFRD) financing, exceeding both the regulatory requirement and the previous year's level.<sup>5</sup>



## Banks' *inclusive financing* remains vital to economic growth and development.

### Sustained loan quality anchored on prudent risk management

The system-wide non-performing loan (NPL) ratio eased to 3.3 percent in June 2025 from 3.5 percent in June 2024, supported by a high NPL coverage ratio of 95.4 percent. NPLs grew at a slower pace of 5.5 percent to ₱530.3 billion, down from the 14.8 percent growth in June 2024. This reflects sustained prudent credit risk management and governance, reinforced by a robust NPL management framework and proactive provisioning. Improving market conditions and the accommodative monetary policy of the Bangko Sentral ng Pilipinas (BSP) are expected to further strengthen loan quality.



### Strong performance in foreign currency deposit unit and trust operations



Trust and foreign currency deposit unit (FCDU) operations posted robust double-digit asset growth in June 2025, comprising 28.2 percent and 15.9 percent of total banking system assets, respectively.

Trust growth was propelled by higher volumes of agency and trust accounts amid favorable economic condition and a positive industry outlook. Meanwhile, FCDU expansion was

<sup>5</sup> Under the AFRD Law (Republic Act or RA No. 11901), banks are required to allocate 25.0 percent of their loanable funds to AFRD.

driven by resident deposits which were largely allocated to investments.<sup>6</sup> Both operations remained profitable, with trust and FCDU net profits increasing by 12.2 percent to ₱4.6 billion and 22.6 percent to US\$437.6 million, respectively.

As of June 2025, contributions to Personal Equity and Retirement Accounts (PERA) reached ₱521.4 million from 6,193 contributors. These represent increases of 13.9 percent and 8.9 percent, respectively, indicating continued though moderating expansion.

Overall, the BSP's policy reforms, strengthened by active collaboration and close coordination with stakeholders have enabled banks to expand operations, support economic development, and respond to the evolving financial needs of Filipinos. These initiatives reinforced the goal of fostering a more stable, resilient, and inclusive financial system.

Financial reforms strengthen the system's **resilience**, empowering banks to navigate *emerging risks*, drive **innovation**, and champion **inclusive and sustainable growth**.

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<sup>6</sup> Investments comprised 40.9 percent (US\$32.5 billion) of FCDU assets, while loans accounted for 28.5 percent (US\$23.0 billion). Amid the growth in FCDU lending, the NPL ratio stood at 2.3 percent, with a high NPL coverage ratio of 95.1 percent.



# THE PHILIPPINE BANKING SYSTEM

The Philippine banking system continues to grow on strong fundamentals, *with robust capital and liquidity underscoring its resilience and capacity to support economic growth.*

Financials

Assets expanded further

Assets ↑7.7%  
₱28.2 trillion

Loan demand remained robust

Loans, gross ↑10.9%  
₱15.9 trillion

Deposits fueled bank operations

Deposits ↑5.9%  
₱20.7 trillion

Operations remained profitable

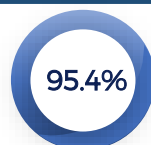
Net profit ↑4.1%  
₱198.1 billion

Key indicators

Good asset quality

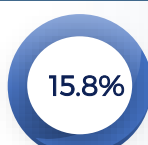


Non-performing loan ratio

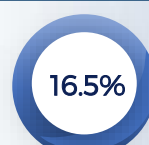


Non-performing loan coverage ratio

Strong capital position



Capital adequacy ratio (solo)



Capital adequacy ratio (consolidated)

Healthy profitability



Return on equity

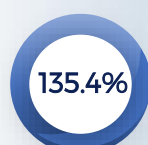


Return on assets

Sufficient liquidity



Liquidity coverage ratio (solo)



Net stable funding ratio (solo)

Network

13,460

Total bank offices

24,058

Automated teller machines

139

Banks with e-banking services



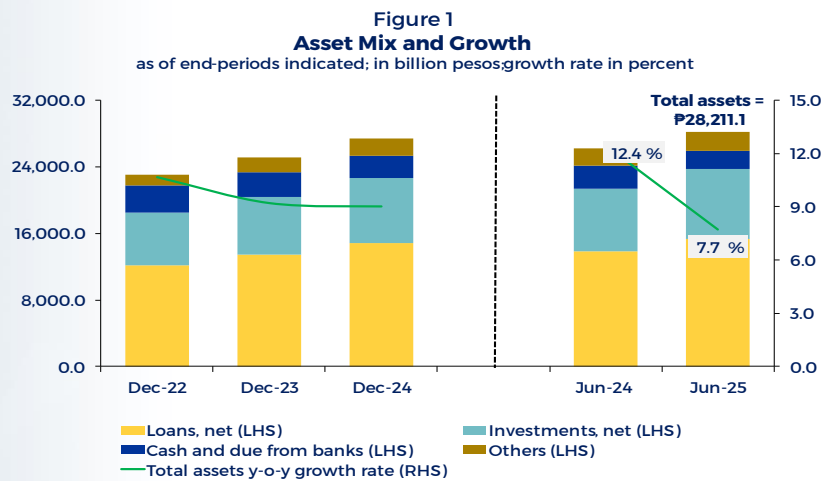
- 467 head offices
- 12,993 other offices

Regional distribution

- 3,683 in the National Capital Region
- 1,919 in CALABARZON
- 1,409 in Central Luzon
- 47 in the Bangsamoro Autonomous Region in Muslim Mindanao

## Lending and investments support asset growth.

As of June 2025, total assets of the banking system reached ₱28.2 trillion (Figure 1), marking a 7.7 percent y-o-y increase on the back of sustained profits and deposit expansion.<sup>1</sup> Asset growth moderated but remains strong and continues to outpace the country's GDP growth.<sup>2</sup> This expansion reflects continued market confidence, anchored on improving economic fundamentals and a positive industry outlook.<sup>3</sup>



### Asset composition and drivers

Asset growth was primarily driven by lending and investment activities, which rose by 10.9 percent and 9.5 percent, respectively. Loans,<sup>4</sup> net of allowance for credit losses, accounted for the largest share of total assets at 54.5 percent, followed by investments (29.7 percent).<sup>5</sup>

Universal and commercial banks (UKBs) continue to dominate the banking system, holding 93.6 percent (₱26.4 trillion) of total assets, while thrift banks (TBs), rural and cooperative banks (RCBs), and digital banks (DGBs) accounted for the remaining share.<sup>6</sup>

<sup>1</sup> All growth rates and reporting periods pertain to y-o-y and as of June 2025, respectively, unless otherwise stated. Discussions are based on data and information available at the time of report preparation. Data presented in figures and tables were provided by BSP's Department of Supervisory Analytics.

<sup>2</sup> The Philippines' GDP, at constant 2018 prices, posted a y-o-y growth of 5.5 percent in the Q2 2025.

<sup>3</sup> The Q2 2025 Senior Bank Loan Officers' Survey (SLOS) showed that most banks reported steady loan demand for both enterprises and households for Q2 and Q3. Higher diffusion index (DI) scores were recorded in Q3 for both sectors, indicating expectation of an increase in demand, with no bank expecting a declining in Q3 for household loan demand.

Meanwhile, the Q2 2025 Business Expectations Survey (BES) and Consumer Expectations Survey (CES) reflected optimistic sentiment among firms and households.

<sup>4</sup> These include interbank loans receivable and reverse repurchase (RRP) agreements.

<sup>5</sup> These include investments in debt and equity securities as well as derivatives and equity investments in subsidiaries, associates, and joint ventures, net of allowance for credit losses, as applicable.

<sup>6</sup> The share of TBs, RCBs, and DGBs stood at 4.6 percent (₱1.3 trillion), 1.4 percent (₱385.4 billion), and 0.5 percent (₱134.8 billion), respectively.

## Expanding reach through physical and digital channels

Banks continued to offer nationwide access to financial services through both physical offices and digital platforms. As of June 2025, the banking network expanded to 13,460.<sup>7</sup> UKBs maintain the widest presence, operating 7,107 offices nationwide, with 44 head offices and 7,063 branches and branch-lite units (BLUs).<sup>8</sup>

**Banks expand their reach—combining physical offices with digital platforms—to broaden access, boost efficiency, and drive financial inclusion, especially in remote and underserved areas.**

Geographically, bank offices remained concentrated in Luzon, with the National Capital Region (NCR) hosting 27.4 percent of total offices, followed by CALABARZON (14.3 percent), and Central Luzon (10.5 percent). Modest gains in network presence were recorded in the Visayas and Mindanao regions, indicating a gradual expansion of financial access. Meanwhile, bank offices in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) remain limited.

Complementing physical expansion, banks are increasingly leveraging digital platforms to reach a wider base and enhance efficiency. The banking system deployed 24,058 automated teller machines across the country, while 139 banks offered electronic banking services. This hybrid delivery model, which integrates traditional branches with digital channels, continues to drive financial inclusion, expand service accessibility, and strengthen operational resilience, particularly in remote and underserved areas.

## Robust lending activity and key growth contributors

Bank lending sustained its momentum, growing by 10.9 percent to ₱15.9 trillion in June 2025 (*Figure 2*). This strong performance, although slightly slower than the 12.4 percent growth a year earlier, was buoyed by strong domestic demand,<sup>9</sup> improving economic conditions,<sup>10</sup> and monetary policy easing, including reserve requirement cuts by the BSP.<sup>11,12</sup> Expectations of further policy rate reductions and a supportive

<sup>7</sup> From 13,367 in June 2024, the total number of bank offices increased with the addition of 104 other offices, partially offset by the closure of 11 head offices.

<sup>8</sup> TBs account for 3,273 banking offices (42 head offices and 3,231 branches and BLUs), while RCBs hold 3,074 banking offices (375 head offices and 2,699 branches and BLUs). Meanwhile, six (6) DGBs operate nationwide.

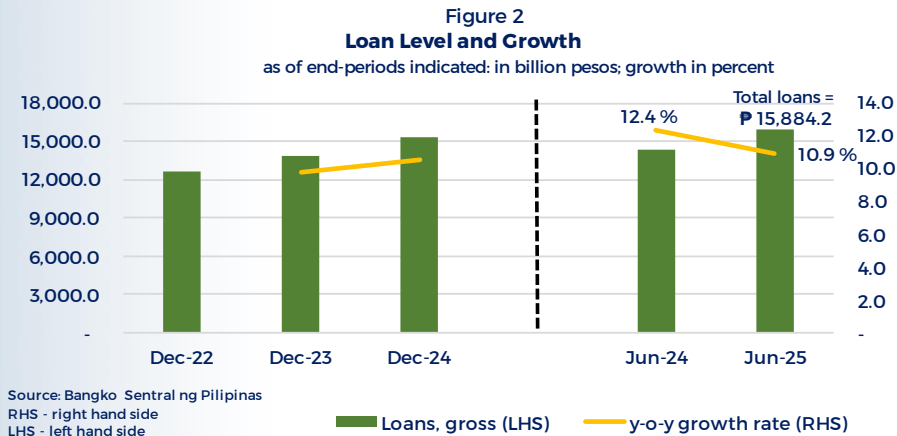
<sup>9</sup> The latest coordination with the supervising departments of sampled banks revealed that growth in corporate loan portfolios was driven by strong sectoral demand, particularly from the energy and real estate sectors, as well as from small- and medium-sized enterprises. On the retail side, growth was supported by digitalization initiatives—such as cross-selling, targeted marketing, and data-driven lead generation—especially in housing and auto loans.

<sup>10</sup> The ratio of banks' credit-to-GDP rose from 56.3 percent in June 2024 to 58.0 percent in June 2025. This ratio refers to the proportion of gross total loans to annualized GDP at current prices.

<sup>11</sup> Since August 2024, the BSP has cumulatively reduced the target RRP rate by 150 basis points (bp) with 25-bp cuts on 15 August, 16 October, 19 December 2024, and 10 April, 19 June, and 28 August 2025. This also brought the interest rates on the overnight deposit and lending facilities to 4.5 percent and 5.5 percent, respectively.

<sup>12</sup> Following a 250-bp reserve requirement ratio (RRR) cut in September 2024, the BSP implemented further reductions effective the week of 28 March 2025. The RRRs were lowered by 200 bps for UKBs (from 7.0 percent

macro-financial environment are expected to bolster lending activity moving forward. Lending remained largely domestic in orientation and broad-based across key sectors (*Figure 3*).<sup>13</sup> Real estate continued to be the top borrowing sector, accounting for 18.1 percent of total loans. Other major borrowers include households,<sup>14</sup> electricity and utilities, wholesale and retail trade, manufacturing, and financial and insurance activities.



## Credit growth is expected to remain robust *backed by the central bank's monetary policy easing and favorable economic conditions.*

Household loans posted a strong 23.3 percent growth (₱444.8 billion), contributing 28.4 percent to the ₱1.6 trillion total loan expansion.<sup>15</sup> Significant growth was also recorded in loans to electricity and utilities loans (29.0 percent), real estate (9.8 percent), wholesale and retail trade (9.8 percent), financial and insurance activities (11.9 percent), and transportation and storage (15.9 percent).

UKBs continued to lead in providing financing, extending ₱14.7 trillion or 92.6 percent of total loans, primarily to large corporate clients, while also catering to household borrowers. In contrast, smaller banks continued to focus on retail and community lending.<sup>16</sup>

to 5.0 percent), 150 bps for DGBs (from 4.0 percent to 2.5 percent), and 100 bps for TBs (from 1.0 percent to zero percent).

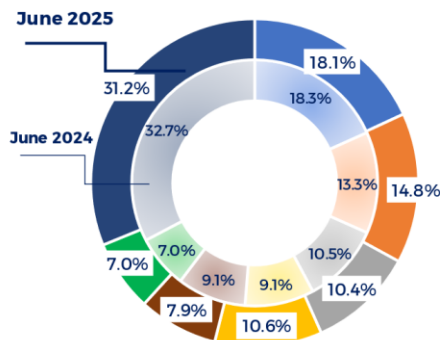
<sup>13</sup> By counterparty, domestic borrowers made up the bulk of loan portfolio, with resident non-financial private corporations holding 43.7 percent (₱6.9 trillion), resident individuals at 23.4 percent (₱3.7 trillion), and resident financial private corporations, including banks, at 10.2 percent (₱1.6 trillion).

<sup>14</sup> Loans for household consumption comprised credit card receivables (CCRs), motor vehicle loans (MVLs), salary-based general consumption loans (SBGPCLs), and other consumption loans (OCLs).

<sup>15</sup> Household lending was primarily driven by CCRs and SBGPCLs, which have posted double-digit growth since March 2022 and April 2022, respectively. Similarly, MVLs have recorded double-digit growth since August 2023.

<sup>16</sup> The share of TBs, RCBs, and DGBs stood at 6.0 percent (₱945.4 billion), 1.2 percent (₱194.9 billion), and 0.4 percent (₱57.8 billion), respectively.

Figure 3  
**Loans by Economic Activity**  
as of end-periods indicated; in billion pesos; share in percent



**Real estate - ₱2,876.3 billion, 18.1%**  
**Households\* - ₱2,354.1 billion, 14.8%**  
**Wholesale and retail - ₱1,654.8 billion, 10.4%**  
**Electricity, gas, steam - ₱1,682.9 billion, 10.6%**  
**Manufacturing - ₱1,248.0 billion, 7.9%**  
**Financial and insurance - ₱1,116.1 billion, 7.0%**  
**Others\*\* - ₱4,952.1 billion, 31.2%**

\* These exclude residential real estate loans  
 \*\* These include 16 other remaining sectors

Source: Bangko Sentral ng Pilipinas

### Real estate and consumer lending trends

Real estate exposures increased by 7.4 percent to ₱3.4 trillion,<sup>17</sup> driven by residential and commercial real estate loans (RELs). Demand from areas outside NCR helped offset the lingering impact of the work-from-home arrangement, the exit of Philippine Offshore Gaming Operators (POGOs), and condominium oversupply.<sup>18</sup>

## Real estate exposures remain largely concentrated in loans.

RELs accounted for 89.3 percent (₱3.0 trillion) of total real estate exposures,<sup>19</sup> with commercial RELs (CRELs) at 61.7 percent (₱1.9 trillion)<sup>20</sup> and residential RELs (RRELs) at 38.3 percent (₱1.2 trillion).<sup>21</sup>

RRELs grew by 11.2 percent in June 2025, exceeding the 8.9 percent expansion in the previous year. CRELs also accelerated from 6.3 percent to 7.3 percent during the same period. These trends are consistent with BSP survey results indicating stable demand

<sup>17</sup> Total real estate exposures of UKBs, TBs, and DGBs accounted for 12.0 percent of the banking system's total assets, slightly lower than 12.1 percent in June 2024.

<sup>18</sup> According to *Q2 2025 Colliers' Property Market Report-Office*, space surrenders outpaced demand in the Metro Manila office market due to the exit of POGOs and non-renewal of pre-pandemic leases. Meanwhile, *Q2 2025 Colliers' Property Market Report-Residential* noted that not all Metro Manila submarkets were affected by the condominium overhang and that developments are addressing the oversupply by offering more attractive payment terms for pre-selling and ready-for-occupancy projects.

<sup>19</sup> RELs for socialized and low-cost housing, which accounted for 13.4 percent of the total RELs, declined by 2.1 percent to ₱406.4 billion from the 4.9 percent growth recorded in June 2024. Loans granted to individual households for their residential units accounted for 58.5 percent.

<sup>20</sup> CRELs were mainly used to finance land development, acquisition, construction, and/or improvement of commercial real estate units at 84.0 percent (₱1.6 trillion). Most had residual maturities of over one year to five years at 35.6 percent (₱665.6 billion).

<sup>21</sup> RRELs were mainly used to finance mid-end (48.6 percent or ₱564.1 billion) and low-cost (34.7 percent or ₱403.0 billion) housing units. Majority had residual maturity of over 10 years (52.0 percent or ₱603.6 billion) and were secured by real estate mortgages (66.6 percent or ₱772.9 billion).

for both CRELs and RRELs, supported by improved business confidence and a gradual recovery in household homebuying interest.<sup>22,23</sup>

Amid the continued expansion in RELs, non-performing RELs (NPRELs) rose modestly by 3.2 percent to ₱114.5 billion. The moderated increase in NPLs alongside overall REL growth, brought down the NPREL ratio from 4.0 percent to 3.8 percent.

Disaggregated data show a decline in the non-performing RREL ratio from 6.8 percent to 6.4 percent. Meanwhile, the non-performing CREL ratio remained low at 2.1 percent (from 2.3 percent).

Despite the improving loan quality in the real estate sector, the BSP continues to closely monitor these exposures to ensure they remain within the 25.0 percent prudential limit and conduct regular stress test exercises to promptly detect potential vulnerabilities and inform strategic decisions.<sup>24</sup>

Growth in consumer lending reached record levels, fueled by strong borrower demand, favorable financing terms, and improved consumer sentiment. Total consumer loans—which comprise 21.4 percent of total loans—increased by 21.2 percent to ₱3.4 trillion, surpassing the 19.7 percent growth in June 2024.

The expansion in consumer lending was broad-based, driven by increases in CCRs by 29.9 percent and SBGPCLs by 37.0 percent.<sup>25</sup> Other categories also posted strong growth: RRELs rising by 10.9 percent, MVLs by 17.6 percent, and OCLs by 18.1 percent.

As illustrated in *Figure 4*, RRELs and CCRs remained the largest segments, accounting for 33.9 percent and 30.5 percent of total consumer loans, respectively.<sup>26</sup> With a positive consumer finance outlook and improving household incomes, the upward trend in consumer credit is expected to continue.<sup>27</sup>

**Consumer lending  
continues to expand  
across segments,  
*driven by strong  
demand for  
unsecured loans  
amid favorable  
economic condition.***

<sup>22</sup> The BSP's Q2 2025 SLOS showed consistently positive and higher diffusion index (DI) scores for loan demand from enterprises, indicating that more banks reported an increase (for both Q2 and Q3) compared to those reporting a decline. A higher DI scores were also recorded for household loan demand in both Q2 and Q3, indicating continued growth, with no bank expecting a decline in Q3.

<sup>23</sup> The BSP's Q2 2025 CES showed that the overall consumer outlook index turned optimistic for Q3 and remained positive for the next 12 months, driven by expectations of higher household income, more available jobs, and stable prices. Meanwhile, consumer sentiment on buying intentions for big-ticket items—including house and/or lot—for Q2 and the next 12 months became less pessimistic

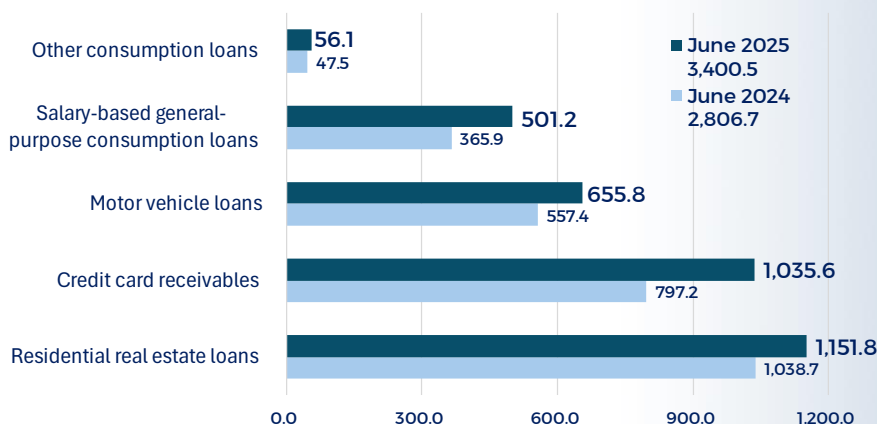
<sup>24</sup> The REL limit, which applies to all UKBs, covers CRELs extended to finance the acquisition and development of land and the construction of buildings and structures—including housing units for sale/lease—for income-generating purposes.

<sup>25</sup> CCRs at surveyed banks have grown steadily, driven by strong consumer demand and strategic initiatives such as acquisition programs, expanded sales channels, and simplified application processes. The outlook remains positive, with expected growth balanced by prudent risk management and a focus on asset quality.

<sup>26</sup> Among other types of consumer loans, MVLs accounted for 19.3 percent, SBGPCLs, for 14.7 percent, and OCLs for 1.7 percent.

<sup>27</sup> *Ibid.*

Figure 4  
**Consumer Loans of Universal, Commercial, and Thrift Banks (Solo)**  
as of end-periods indicated; in billion pesos;



Source: Bangko Sentral ng Pilipinas

### Advancing inclusive financing

Lending to MSMEs grew by 11.2 percent to ₱544.8 billion—65.9 percent of which was extended by UKBs—accounting for 3.4 percent of total loans as of June 2025.<sup>28,29</sup> Nearly half, or 42.4 percent, of these loans was directed to the wholesale and retail trade sector.<sup>30</sup>

Moreover, banks exceeded the 25.0 percent mandatory allocation for AFRD financing.<sup>31,32</sup>

### Sound loan quality and credit risk management

Overall loan quality remained satisfactory, with the NPL ratio improving from 3.5 percent in June 2024 to 3.3 percent in June 2025 (*Figure 5*). While NPLs rose modestly by 5.5 percent to ₱530.2 billion, the growth was notably slower than the 12.4 percent increase in the previous year.<sup>33</sup> Easing inflation and lower borrowing costs helped reduce debt-servicing pressures, contributing to the moderation of NPL growth. Nonetheless, certain borrower segments and industries remain vulnerable, requiring continued close monitoring.

The improvement was underpinned by robust loan-loss classification and provisioning practices, which enable banks to identify emerging risks early and prepare for

<sup>28</sup> These include farmers, fisherfolk, agrarian reform beneficiaries, agrarian reform communities, settlers, agricultural lessees, amortizing owners, farmworkers, fish workers, owner cultivators, compact farmers, tenant farmers, and members of their household and their MSMEs, as well as agriculture cooperatives, and farmer's and fisherfolk's organizations and associations in good standing.

<sup>29</sup> The mandatory credit allocation for MSMEs set forth in RA No. 6977, as amended by RA Nos. 8289 and 9501, ended on 16 June 2018. Nonetheless, the BSP continues to monitor the credit allocation of banks to the MSME sector.

<sup>30</sup> Based on the BSP's 2023 Banking Sector Outlook Survey (BSOS), most respondent banks intend to expand their portfolios, focusing on the credit requirement of MSMEs and the real estate sector.

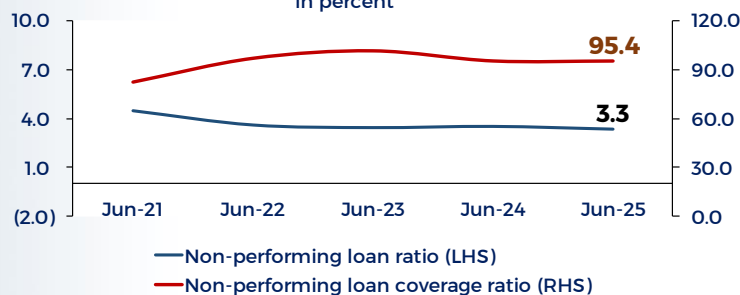
<sup>31</sup> RA No. 11901, or "The Agriculture, Fisheries and Rural Development Financing Enhancement Act of 2022", lapsed into law on 28 July 2022, and took effect on 18 August 2022.

<sup>32</sup> Total bank allocation for June 2025 reached ₱2.4 trillion.

<sup>33</sup> Based on the latest coordination of BSP-Supervisory Policy and Research Department (SPRD), surveyed banks expect their NPL growth to slow in the second half of 2025 due to an improved economic outlook, easing inflation, and BSP policy rate cuts, which are expected to boost business and consumer spending.

potential loan deterioration. Total allowance for credit losses rose by 5.5 percent to ₱505.9 billion, resulting in a strong NPL coverage ratio of 95.4 percent (*Figure 5*).<sup>34</sup> Sound credit governance frameworks and proactive NPL management continue to strengthen the banking system's resilience.<sup>35</sup>

**Figure 5**  
**Non-Performing loan Ratio and Non-Performing Loan Coverage Ratio**  
in percent



Source: Bangko Sentral ng Pilipinas  
RHS - right-hand side  
LHS - left-hand side

The BSP's latest industry outlook survey reflects optimism for further improvements in loan quality,<sup>36</sup> driven by the sustained macroeconomic recovery, continued monetary policy easing, and prudent lending practices.

### Investments and market outlook

Positive investor sentiment, anchored in macroeconomic stability and sustained policy support, continues to drive banks' investment activity. Total investments increased by 9.5 percent to ₱8.0 trillion,<sup>37</sup> albeit slower than the 10.6 percent growth recorded in the previous year.

Most investments were placed in National Government (NG) securities, accounting for 75.8 percent (₱6.1 trillion) of the total.<sup>38</sup> By type, securities measured at amortized cost (AC) comprised 50.9 percent (₱4.1 trillion), while those measured at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL) made up 39.8 percent (₱3.2 trillion) and 9.3 percent (₱744.7 billion), respectively.

Among these, FVOCI securities recorded the highest growth at 15.2 percent, reflecting market anticipation of policy rate cuts by the BSP.<sup>39,40</sup>

<sup>34</sup> Surveyed banks disclosed that they have increased credit loss allowances to address evolving NPL trends, new-to-credit customers, and sector-specific risks such as credit cards and certain corporate loans.

<sup>35</sup> To strengthen loan quality, surveyed banks continued to manage NPLs through enhanced underwriting, improved collections, and proactive monitoring of high-risk segments. Despite retail and sectoral pressures leading to an uptick in NPLs, banks are actively mitigating these risks through targeted strategies and remain resilient through regular portfolio reviews, adjusted provisions, and remedial measures such as restructuring and recovery efforts.

<sup>36</sup> This was based on the BSP's 2023 BSOS.

<sup>37</sup> These exclude equity investments in subsidiaries, associates, and joint ventures.

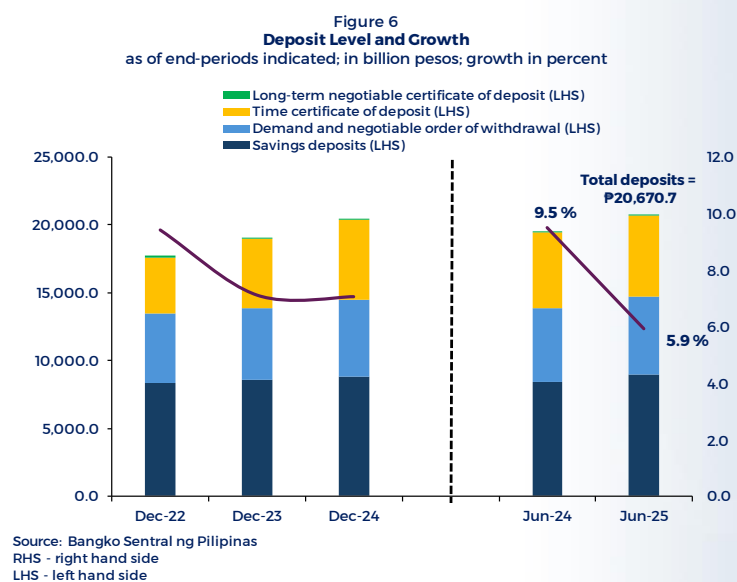
<sup>38</sup> The remainder was issued by private corporations at 6.7 percent (₱537.0 billion), BSP at 3.6 percent (₱291.7 billion), banks at 3.4 percent (₱271.0 billion), and other issuers at 10.4 percent (₱833.4 billion).

<sup>39</sup> The strongest growth was recorded in FVOCI securities, which rose by 15.2 percent (₱420.6 billion), followed by FVTPL securities at 38.0 percent (₱204.9 billion) and AC securities at 1.8 percent (₱70.7 billion).

<sup>40</sup> Surveyed banks increased their investment portfolios, driven mainly by greater holdings of FVOCI securities—their preferred asset class for long-term capital gains amid evolving market conditions and expectations of

## Stable funding and growing depositor confidence

The banking system continued to benefit from stable and diversified funding sources,<sup>41</sup> underpinned by improving macroeconomic conditions and sustained depositor confidence. Total deposits stood at ₱20.7 trillion, marking a 5.9 percent increase (*Figure 6*). This growth was primarily driven by a 6.2 percent rise in savings deposits.



Deposits remained predominantly peso-denominated (83.0 percent, or ₱17.1 trillion) and sourced from resident depositors (99.2 percent, or ₱20.5 trillion). Among depositor types, resident individuals and private corporations held the largest shares at 47.8 percent (₱9.9 trillion) and 32.5 percent (₱6.7 trillion), respectively. By deposit type, savings deposits constituted 43.4 percent of the total, followed by TD at 28.8 percent, and demand and negotiable order of withdrawal (NOW) accounts at 27.8 percent.

## Stable funding and strong depositor confidence support the banking system, driven by *growth in savings deposits and rising interest in sustainability-linked bonds.*

Other funding sources—such as bills and bonds payable—remained modest, representing 7.5 percent of total liabilities.<sup>42</sup> Further funding diversification is expected following the RRR reduction for green, social, sustainability and sustainability-linked

further reduction of BSP policy rate. As monetary easing continues, banks are expected to further adjust portfolio allocations to support profitability and manage risks.

<sup>41</sup> Recent BSP-SPRD surveillance shows surveyed banks managing funding costs by shifting to higher-yield loans, expanding low-cost deposits, reducing time certificate of deposits (TDs), and increasing alternative funding, supported by improved digital infrastructure and risk management.

<sup>42</sup> These include bills payable and bonds payable, which accounted for 4.9 percent (₱1.2 trillion) and 2.6 percent (₱0.6 trillion), respectively, of total liabilities.

(GSS+) bonds from 3.0 percent to zero percent.<sup>43</sup> As of June 2025, total GSS+ bond issuances were estimated at ₱515.9 billion, of which ₱385.5 billion were sustainability bonds.<sup>44</sup>

### Strong capital and liquidity buffers

Philippine banks remained well-positioned to support credit and investment growth, backed by strong capital and liquidity buffers. Total capitalization rose by 10.6 percent to ₱3.5 trillion, primarily driven by a 14.8 percent increase in retained earnings.

Risk-based capital adequacy and leverage ratios continued to exceed both BSP and international benchmarks, reinforcing banks' capacity to absorb potential losses while sustaining lending and investing activities.<sup>45</sup>

Results from the latest BSP stress testing exercises reaffirmed the banking system's resilience to credit and market shock scenarios. Banks also maintained ample liquidity, as evidenced by key Basel III metrics,<sup>46</sup> such as the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), which remained comfortably above regulatory thresholds. These indicators reflect banks' sustained ability to meet short- and medium-term funding requirements and withstand potential liquidity pressures.

## Strong capital and liquidity buffers position Philippine banks to *sustain credit and investment growth*, while maintaining resilience against potential shocks.

Complementing traditional Basel capital and liquidity indicators, the BSP employs a range of supplementary and forward-looking tools,<sup>47</sup> including stress testing exercises, to detect emerging vulnerabilities. This enhanced surveillance approach strengthens the BSP's risk assessment and early warning systems, enabling timely and proactive policy responses to safeguard the stability of the financial system.

<sup>43</sup> The applicable RRR for GSS+ bonds issued by banks was reduced over two years as follows: (a) 1.0 percent in the first year from the effectivity of the policy from 6 January to 31 December 2024; and (b) zero percent in the succeeding year, or from 6 January to 31 December 2025. Bond issuances must comply with the appropriate regulations of the Securities and Exchange Commission and/or other relevant regional or international standards acceptable to the market including but not limited to the issuances of the International Capital Markets Association or endorsement of the Association of Southeast Asian Nations Capital Markets Forum. Issuing banks must also adhere to the disclosure requirements outlined in the Sustainable Finance Framework and refrain from engaging in greenwashing practices.

<sup>44</sup> Based on BSP staff computation, cumulative issuances by Philippine banks comprised ₱385.5 billion in sustainability bonds, ₱89.1 billion in green bonds, ₱35.6 billion in social bonds, and ₱5.7 billion in blue bonds.

<sup>45</sup> As of June 2025, the banking system's solo and consolidated capital adequacy ratios stood at 15.8 percent and 16.5 percent, respectively. Additionally, the common equity tier 1 ratios of the banking system were 14.8 percent on a solo basis and 15.5 percent on a consolidated basis. Meanwhile, the Basel III leverage ratios of UKBs in June 2025 were at 9.1 percent on a solo basis and 9.7 percent on a consolidated basis, surpassing the 5.0 percent BSP requirement and the 3.0 percent required by international standards.

<sup>46</sup> As of June 2025, the UKB industry's LCRs of 180.2 percent on a solo basis and 180.0 percent on a consolidated basis surpassed the minimum 100.0 percent regulatory thresholds. During the same period, both the UKB industry's solo and consolidated NSFRs stood at 135.4 percent. For smaller banks, the minimum liquidity ratios of stand-alone thrift, rural, and cooperative banks remained well above the 20.0 percent minimum as of December 2024.

<sup>47</sup> These include indicators such as the loans-at-risk and distressed loan ratios. The loans-at-risk ratio refers to the ratio of NPLs and performing restructured loans to gross total loans, while the distressed loan ratio refers to the ratio of past due loans and current restructured loans to gross total loans

## Sustained profitability and strong lending performance

Profitability remained firm, supported by improved macroeconomic conditions and stable asset quality. Net profits rose by 4.1 percent to ₱198.1 billion for the period ending in June 2025, consistent with the pace recorded in the previous year. This performance was mainly fueled by earnings from lending operations.<sup>48</sup>

Total interest income increased by 9.8 percent to ₱800.9 billion, led by loan-related interest—particularly from loans to individuals (up by 25.6 percent, ₱45.9 billion). Interest income from investments also improved by 8.5 percent (₱13.7 billion) supported by higher yields, especially from FVOCI securities.

These gains offset the 5.4 percent increase (₱12.0 billion) in interest expenses, largely due to the 35.2 percent rise (₱6.7 billion) in borrowing costs.<sup>49</sup> Consequently, the net interest margin rose to 4.4 percent, up from 4.3 percent in the previous year. This upward trend is expected to continue, supported by higher retail lending yields and declining funding costs amid easing policy rates and reduced reserve requirements.

**Profitability**  
**remained solid,**  
**driven by**  
*strong interest*  
*earnings and*  
**stable fee-**  
**based income.**

Non-interest income further bolstered profitability, as fees and commissions increased by 15.5 percent (₱11.9 billion) and trading income surging by 236.2 percent (₱32.9 billion). These gains helped offset higher operating expenses, particularly those related to compensation and administrative costs.<sup>50</sup>

Overall, the banking system delivered stable returns, posting a return on assets of 1.5 percent and return on equity of 12.0 percent.

## Strong ancillary operations

Beyond deposit and lending, the banking system's trust and FCDU operations continued to contribute meaningfully to overall performance.<sup>51</sup>

<sup>48</sup> Interest income remains a key revenue driver, with most surveyed banks reporting growth supported by expanding retail loan portfolios and strategic pricing. Similarly, these banks expect stable to slightly improved income amid a growing client base and a lower interest rate environment.

<sup>49</sup> Interest expenses on bills payable, particularly on deposit substitutes increased by 37.4 percent (₱4.8 billion) as banks utilized alternative funding sources. Interest expense on savings deposits also contributed to the increase in banks' expenses, growing by 6.6 percent (₱3.2 billion).

<sup>50</sup> Total non-interest expenses grew by 12.6 percent (₱42.8 billion), driven by other administrative expenses, compensation/fringe benefits, taxes and licenses, and fees and commissions expenses, which rose by 10.9 percent (₱14.1 billion), 10.3 percent (₱11.6 billion), 13.8 percent (₱6.1 billion) and 22.4 percent (₱5.3 billion), respectively. Collectively, these accounts comprised 90.7 percent of the banking system's total non-interest expenses.

<sup>51</sup> As of June 2025, trust and FCDU operations accounted for 28.2 percent (₱8.0 trillion) and 15.9 percent (US\$79.4 billion or ₱4.5 trillion) of total banking system assets, respectively. Both segments remained profitable, posting net profits of ₱4.6 billion (up by 12.2 percent) and US\$437.6 million (up by 22.6 percent).

### Continued off-balance sheet expansion

Total off-balance exposures continued to expand, although at a slower pace. Contingent accounts reached ₱20.3 trillion, growing by 11.1 percent (₱2.0 trillion), higher than the 22.3 percent (₱3.3 trillion) recorded in the previous year.<sup>52</sup>

This increase was largely driven by other accounts and commitments from residents, particularly credit card lines,<sup>53</sup> which rose by 18.9 percent (₱1.2 trillion) and 30.0 percent (₱634.4 billion), respectively.

Growth in other accounts was mainly due to the expansion in trust department assets by 14.5 percent (₱595.1 billion) and securities under custodianship by 25.0 percent (₱501.1 billion).

Collectively, derivatives, trust assets, commitments, and resident-held securities accounted for 77.1 percent (₱15.6 trillion) of total off-balance sheet exposures.<sup>54</sup>

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<sup>52</sup> Off-balance sheet accounts represented 71.8 percent of the banking system's total assets in June 2025, higher than the 69.6 percent share in June 2024. These accounts were predominantly resident transactions, which comprised 84.9 percent (₱17.2 trillion) of the total.

<sup>53</sup> *Ibid.*, p. 11.

<sup>54</sup> Derivatives accounted for the largest share at 24.4 percent (₱4.9 trillion), followed by trust department accounts at 23.2 percent (₱4.7 trillion), commitments at 17.1 percent (₱3.5 trillion), and securities held under custodianship by bank proper at 12.4 percent (₱2.5 trillion). The remaining shares were composed of trade-related accounts such as guarantees, letters of credit, and spot foreign exchange contracts (5.4 percent, ₱1.1 trillion), other accounts from residents, net of trust accounts and securities (2.3 percent, ₱471.5 billion), and off-balance sheet accounts from non-residents (15.1 percent, ₱3.1 trillion).

## TRUST OPERATIONS

### Asset growth accelerates

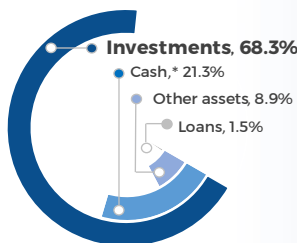


**₱8.0 T**  
↑ 20.4%

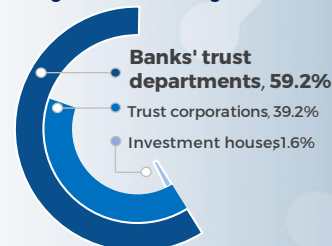
Assets grew at a faster pace, surpassing the 12.9 percent growth in the previous year, driven by increased agency and trust accounts. Investments comprised over half of total assets, with banks' trust departments holding the largest share of assets.

### Asset Mix in percent

#### By composition



#### By trust entity

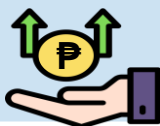


\* This includes cash and due from banks (₱650.8 million) and deposits in banks (₱1.7 trillion)

### Investments sustain double-digit growth

**₱5.4 T**  
↑ 24.6%

- ☑ Debt securities **₱3.7 T**
- ☑ Equity securities **₱1.7 T**



FVTPL securities drove portfolio growth, accounting for 75.0 percent of total investments.



**₱4.1 T**  
↑ 30.3%

Fair value through profit or loss



**₱1.2 T**  
↑ 13.8%

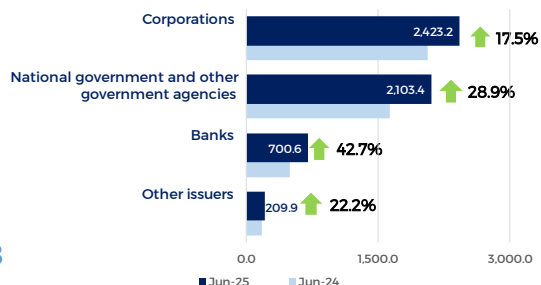
Fair value through other comprehensive income



**₱206.1 B**  
↓ 2.4%

Amortized cost

### Investments by Counterparty in billion PH pesos; growth rate in percent



Corporate securities remained dominant amid growing demand for government securities.

Total accountabilities post steady growth, driven by increased placements in agency and trust accounts.



Trust accounts  
**₱2.5 T**  
↑ 17.0%



Agency accounts  
**₱4.5 T**  
↑ 23.6%



Other fiduciary services  
**₱935.1 B**  
↑ 17.1%



Special purpose trust  
**₱58.1 B**  
↓ 3.8%

### Unit Investment Trust Fund

Participants  
2,719,976  
↑ 5.8%

Placements  
₱974.3 billion  
↑ 25.4%

Money market funds  
₱658.2 billion  
↑ 41.7%

Income  
₱134.4 billion  
↑ 32.0%

### Personal Equity and Retirement Account

Sustained growth in PERA highlights Filipinos' growing commitment to long-term financial security and retirement planning.



Number of contributors  
↑ 8.9%

Overall  
**6,193**

Employed  
4,437

Overseas Filipinos  
814

Self-employed  
942



Total contributions  
↑ 13.9%

Overall  
**₱521.4 M**

Employed  
₱362.3 M

Overseas Filipinos  
₱84.8 M

Self-employed  
₱74.3 M

Profitable operations were fueled by robust fees and commission from trust and agency accounts.



Net Profit  
**₱4.6 B**  
↑ 12.2%

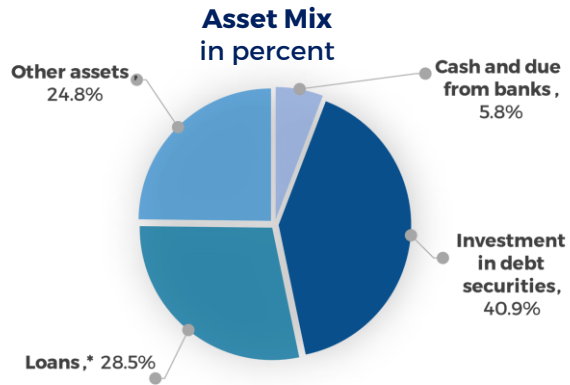
## FOREIGN CURRENCY DEPOSIT UNIT OPERATIONS

### Assets sustain double-digit growth



#### FCDU assets grew by 12.5 percent

to US\$79.4 billion (₱4.5 trillion) as of June 2025, easing from the 14.0 percent growth in the previous year. The increase—largely deposit-funded—was driven by higher investments in debt securities, which remained the largest asset component.



\* These include repos and interbank loans.



Investment continues to expand, supported by the BSP's accommodative policy stance and evolving market expectations.

### Banks adjust investment portfolios as market outlook improved:

**Held for trading securities** more than doubled to US\$5.0 billion  
↑115.0%

**Fair value through other comprehensive income securities** rose to US\$12.7 billion  
↑19.5%

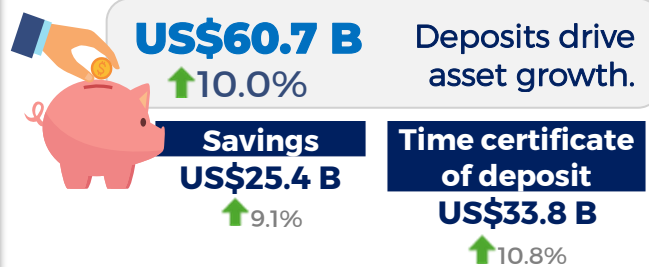
**Amortized cost securities** declined to US\$15.1 billion  
↓5.4%

### Broad-based lending grows.



\*This excludes repos and interbank loans.

- Growth driven by the finance, transport, manufacturing, and mining sectors.
- The NPL ratio rose to 2.3 percent from 1.3 percent.
- Higher NPLs in the manufacturing and agriculture sectors underscore the need for closer monitoring and stronger credit risk management.



A solid domestic base fueled deposit growth, with TD comprising over half of the portfolio.

**US\$437.6 M**  
↑22.6%



### Net profit rebounds amid steady investments and fee-based income.

- Fee-based income and prudent expense management helped cushion earnings
- Interest margins remained under pressure due to elevated funding costs and subdued lending activity

# POLICY REFORM AGENDA



## Policy and Regulatory Updates: Strengthening Resilience and Advancing Innovation in the Philippine Financial System

In the first half of 2025, the BSP reaffirmed its commitment to safeguarding the soundness of the Philippine financial system while fostering innovation and promoting inclusive and sustainable growth. Anchored on three strategic priorities—**enhancing institutional resilience, advancing digital transformation, and promoting inclusive and sustainable finance**—the BSP implemented key policy measures and reforms to strengthen financial stability, foster economic development, and reinforce public trust.

### The BSP reinforces a *resilient financial system* by driving *innovation* while promoting *inclusive and sustainable growth*.

#### Fortifying governance and risk management

The continued enhancement of corporate governance and risk oversight remains a central focus of the BSP's regulatory agenda. Key initiatives include the launch of the enhanced *Comprehensive Credit and Equity Exposures Report (COCREE 2.0)*<sup>1,2</sup> and the ongoing development of the Credit Information Management System (CRIMS) (see *Box Article 1*), which sharpens the BSP's ability to monitor concentration risks and systemic exposures in the banking system. To reinforce trust and accountability, the BSP issued updated rules on audit governance, and reporting standards for banks and pawnshops, including clearer guidelines on the selection of external auditors.<sup>3,4</sup>

### Enhancing institutional resilience is fundamental to the BSP's mission of *maintaining financial stability* amid evolving risks.

#### Promoting liquidity and economic growth

In March 2025, the BSP reduced the RRRs for banks and non-bank financial institutions.<sup>5</sup> These measures enabled greater resource allocation for more productive lending and investment, thereby supporting economic expansion. These adjustments underscore the BSP's utilization of the RRR as a key liquidity tool, reducing frictions in financial intermediation and fostering a more dynamic and efficient financial system.

<sup>1</sup> BSP Memorandum No. M-2025-019 dated 19 June 2025 (Updated Guideline on the Implementation of the Comprehensive Credit and Equity Exposures Report of 2023)

<sup>2</sup> COCREE initially covered only DGBs and UKBs along with their subsidiaries such as TBs, non-bank financial institutions with quasi-banking functions (NBQBs), and trust corporations (TCs). With COCREE 2.0, the coverage has expanded to include all types of banks, NBQBs, and TCs.

<sup>3</sup> BSP Circular No. 1210 dated 17 February 2025 (Revised Framework on the Selection of External Auditors).

<sup>4</sup> BSP Circular No. 1208 dated 15 January 2025 (Amendments to Regulations on Reporting Governance Framework for Pawnshops)

<sup>5</sup> BSP Circular No. 1211 dated 11 March 2025 (Reduction in Reserve Requirements)

## Combating financial crimes and enhancing global standing

The Philippines marked a significant milestone in safeguarding the integrity of the financial system with its successful exit from the Financial Action Task Force's grey list in February 2025 (see *Box Article 2*). This was followed by the country's removal from the list of high-risk jurisdictions of the United Kingdom (UK) and the European Union (EU).<sup>6</sup> These developments highlight significant progress in the nation's anti-money laundering and counter-terrorism and proliferation financing (AML/CTPF) regime, strengthened by the BSP's active coordination with partner agencies and the private sector to ensure compliance with international standards.

The Philippines' exit from the Financial Action Task Force's grey list marks a *major milestone* in strengthening the nation's financial integrity.

## Accelerating digital transformation and cyber resilience

As digitalization reshapes the financial landscape, the BSP prioritized strengthening cybersecurity. In February 2025, the BSP convened the Financial Cyber Resilience Governance Council (see *Box Article 3*) to oversee the implementation of the Financial Services Cyber Resilience Plan (FSCR).<sup>7</sup> This initiative provides a cohesive roadmap to enhance the financial services sector's capacity to manage and withstand cyber threats.

With the creation of the Financial Cyber Resilience Governance Council, the BSP signals a *bold move* to fortify the sector against cyber threats.

Complementing these efforts, the BSP issued regulatory measures in May 2025 following the passage of the Anti-Financial Account Scamming Act (AFASA).<sup>8,9</sup> These measures include strong fraud detection mechanisms,<sup>10</sup> clearer procedures for account investigations,<sup>11</sup>

<sup>6</sup> This was based on EU Commission Delegated Regulation No. 2025/1184 dated 10 June 2025, available at [EUR-Lex](#).

<sup>7</sup> On 6 August 2024, the BSP launched the FSCR—a comprehensive roadmap and primary framework for enhancing the financial services sector's resilience against cyber threats. It outlines high-level goals and strategies essential to maintaining the integrity and security of the financial ecosystem.

<sup>8</sup> RA No. 12010 (Anti-Financial Account Scamming Act), available at [Official Gazette](#).

<sup>9</sup> Signed into law on 20 July 2024, AFASA aims to raise awareness on the responsible use of financial accounts and protect the public from cybercriminals and criminal syndicates targeting financial accounts or enticing account owners into becoming accessories or perpetrators of fraudulent activities.

<sup>10</sup> BSP Circular No. 1213 dated 30 May 2025 (Amendments to Regulations on Information Technology Risk Management to Implement Section 6 of the Anti-Financial Account Scamming Act)

<sup>11</sup> BSP Circular No. 1214 dated 30 May 2025 (Rules of Procedure on the Conduct of Inquiry into Financial Accounts and Sharing of Financial Account Information by the Bangko Sentral ng Pilipinas Pursuant to the Anti-Financial Account Scamming Act)

and improved rules for handling disputed transactions<sup>12</sup>—all aimed at protecting consumers in an increasingly digital financial environment.

### Advancing financial inclusion and sustainable finance

In July 2025, the BSP launched the Open Finance for Personal Equity and Retirement Account (see *Box Article 4*). This initiative enables individuals to open and manage their retirement accounts digitally, thereby expanding financial access and promoting savings. Support for the Islamic banking was also reinforced through new guidelines from the Shari'ah Supervisory Board (SSB),<sup>13</sup> ensuring alignment with Islamic finance principles and fostering sectoral growth.<sup>14</sup>

The BSP deepens financial inclusion with the *Open Finance Personal and Equity Retirement Account* and Shari'ah-compliant banking guidelines.

### Looking ahead: Sustaining reforms and future-proofing the industry

The BSP remains focused on its three strategic priorities:



**Institutional stability.** The BSP will continue to refine its capital, liquidity, governance, and risk management frameworks to help financial institutions withstand shocks and maintain public confidence. Notably, the BSP is finalizing the policy adopting the Basel III New Standardized Approach (NSA) for operational risk. Parallel efforts include conducting the National Risk Assessment (NRA)<sup>15</sup> and the introduction of clearer guidelines for the disqualification of directors and officers<sup>16</sup>—both aimed at strengthening accountability and risk oversight across the financial system.

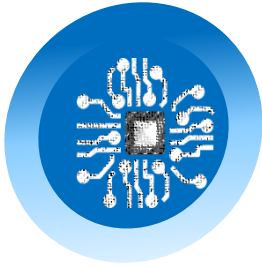
<sup>12</sup> BSP Circular No. 1215 dated 30 May 2025, "Regulations on the Temporary Holding of Funds Subject to Disputed Transactions and Coordinated Verification Process"

<sup>13</sup> The SSB in the Bangsamoro Autonomous Region in Muslim Mindanao was established through a Joint Circular dated 26 April 2022, issued by the BSP, the Bangsamoro Government, the Department of Finance, and the National Commission on Muslim Filipinos. This is pursuant to their mandates under Article XIII1, Sections 32 and 34 of RA No. 11054 (Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao).

<sup>14</sup> SSB Circular No. 001 dated 05 March 2025 (Guidance Note on Submission of Requests for Shari'ah Opinion of the Shari'ah Supervisory Board)

<sup>15</sup> The BSP led the conduct of the 4<sup>th</sup> Money Laundering, Terrorism Financing, and Proliferation Financing Sectoral Risk Assessment (SRA) for the banking sector and other supervised financial institutions. Findings from both the SRA and NRA will guide supervising authorities, law enforcement agencies, and covered entities in efficiently allocating and implementing risk-based measures to prevent or mitigate risks.

<sup>16</sup> BSP Circular No. 1216 dated 16 July 2025 (Amendments to the Regulations on the Disqualification of Directors and Officers)



**Digital transformation and supervisory innovation.** The BSP is advancing artificial programming interface security standards and prudential requirements for digital-centric banks,<sup>17</sup> while investing in supervisory technology tools, such as the Digital Supervision Platform to enable more efficient, data-driven risk monitoring and supervisory activities. The BSP is also finalizing the digital financial marketplace framework to foster responsible innovation, promote customer centricity, and broaden access to financial services.



**Inclusive and sustainable finance.** The BSP is expanding financial access while embedding environmental, social, and governance principles into its regulatory framework. Priority initiatives include (a) operationalizing the Sustainable Finance Taxonomy Guidelines,<sup>18</sup> (b) enhancing regulatory relief policies for banks during calamities;<sup>19</sup> (c) developing climate risk stress testing guidelines, (d) updating prudential reports for climate- and environment-related risks surveillance and analysis, (e) issuing guidelines for sustainability-themed investment funds, and (f) reviewing regulatory incentives to scale sustainable finance. In parallel, the BSP will also propose enhancements to the Islamic Banking Prudential Guidelines to streamline licensing for conventional banks offering *Shari'ah*-compliant services.<sup>20</sup>

The BSP's initiatives—from combating financial scams to promoting financial inclusion—demonstrate its dual commitment to resilience and innovation. These reforms have strengthened public trust, aligned domestic practices with global standards, and modernized currency and payment systems to better serve the digital economy.

Looking ahead, the BSP remains steadfast in its proactive approach, fostering a financial system that remains resilient, inclusive, and future-ready. Through sound regulation, strategic collaboration, and forward-thinking policies, the BSP is positioning the Philippine financial system to thrive amid uncertainty and support sustainable economic growth.

<sup>17</sup> The BSP's exposure draft on the evaluation of the digital centricity of banks is available at the BSP Website.

<sup>18</sup> BSP Memorandum No. M-2025-025 dated 28 July 2025 (Philippine Sustainable Finance Taxonomy Guidelines: Frequently Asked Questions Series 1.2)

<sup>19</sup> BSP Memorandum No. M-2025-003 dated 30 January 2025 (Regulatory Relief Measures for Banks Affected by Tropical Storm "Kristine", and Super Typhoons "Leon", "Ofel" and "Pepito").

<sup>20</sup> The BSP exposure draft on the proposed policy enhancements to Islamic banking regulations is available at the BSP website.

## Box Article 1

## Strengthening the Credit Information System through Comprehensive Credit and Equity Exposures Report 2.0 and Credit Information Management System

The BSP recognizes data as a critical resource for effective supervision and policy formulation. To strengthen oversight of BSP-supervised financial institutions (BSFIs), the Bank launched the *Comprehensive Credit and Equity Exposures Report* (COCREE) in 2021,<sup>1</sup> replacing the outdated *Comprehensive Credit and Equity Exposure* (CREDEX) Report.<sup>2</sup> In 2023, the BSP took a step further with COCREE 2.0—a major enhancement that expands both the scope and depth of data collection.<sup>3</sup>

COCREE 2.0 expands institutional coverage beyond UKBs; their subsidiary TBs, NBQBs, and TCs; and DGBs to include rural and cooperative banks (RCBs) and stand-alone TBs, NBQBs, and TCs. This broader reach provides a more comprehensive view of credit activity, borrower behavior, and lending conditions across the economy.

The enhanced report captures more data points to improve the identification and aggregation of unique borrowers. Employment information and negative events provide stronger support for assessments of repayment capacity and credit quality. Exposure data now tracks additional contract details (e.g., effective interest rate), payment history, regulatory status, and credit card use to monitor payment behavior. Information on security, collateral, and guarantees was also added for better verification of collateral. The coverage of investments and trust activities deepened, while reporting processes were streamlined to improve consistency and efficiency across institutions.



Through its enriched dataset, COCREE 2.0 equips the BSP with more comprehensive, timely, and reliable information, ultimately strengthening its ability to monitor emerging risks, detect systemic vulnerabilities, and take evidence-based policy actions to protect the financial system.

<sup>1</sup> BSP Circular No. 1131 dated 13 December 2021 (Comprehensive Credit and Equity Exposures Report)

<sup>2</sup> CREDEX is also known as the "Report on Credit and Equity Exposures to Individuals/Companies/Groups aggregating ₱1.0 million and above."

<sup>3</sup> BSP Circular No. 1184 dated 15 December 2023 (The Enhanced Comprehensive Credit and Equity Exposures Report of 2023)

Live submissions began with the end-January 2025 reporting period for UKBs, TBs, DGBs, NBQBs, and TCs, while RCBs will join with their end-September 2025 reports.

### **Building a central credit information system**

To maximize the potential of the COCREE 2.0 dataset, the BSP developed the Credit Information Management System (CRIMS), a central database for collecting, validating, and consolidating borrower-level credit information.

CRIMS is designed for scalability, accommodating institutions of varying capacities. Submissions may be transmitted in extensible markup language (XML), the required format for larger institutions, or in a simpler text file (TXT), providing smaller institutions greater flexibility. Each submission undergoes a three-stage validation process to ensure accuracy, structural integrity, and compliance with business rules. Data are also reconciled with other BSP systems to maintain consistency across prudential reports.

Bringing advanced analytics to the forefront, CRIMS uses a matching algorithm to consolidate borrower records across institutions into unique single-entity views. In just seven reporting cycles from January to July 2025, it has already generated more than 16 million borrower profiles linked to over 65 million contracts—a figure expected to rise as RCBs begin submitting their data. Integrated with BSP databases and dynamic dashboards, CRIMS ensures seamless data continuity and provides powerful visualization tools for analysis.

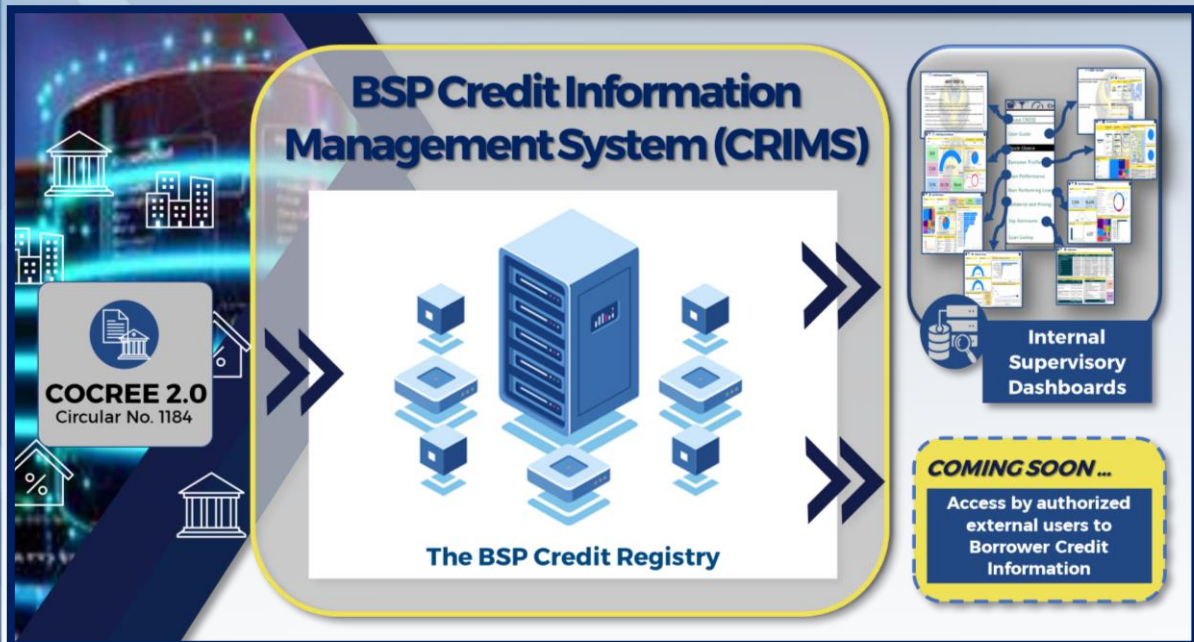
### **Enabling broader access to credit information**

CRIMS now serves as the BSP's central platform for credit risk surveillance, policy formulation, and research development. Access will soon be extended to authorized external parties, including lenders, private credit-scoring agencies, and individual borrowers, subject to stringent data privacy and security safeguards.

Once external access is enabled, CRIMS will deliver clear benefits across the financial system. Lenders will gain sharper tools for risk assessment, enabling fairer loan pricing, faster approvals, and broader access to credit. Borrowers—including micro, small, and medium enterprises—can build “reputational collateral” through consistent repayment, strengthening their creditworthiness even without traditional assets. CRIMS will also help shield consumers from over-indebtedness by providing lenders with a full view of borrower exposure across institutions.

Transparency is central to the design. Borrowers will have the right to access and verify their own credit information, empowering them to check accuracy and manage their credit behavior responsibly.

The external rollout, targeted for the coming year, marks a significant step toward a robust national credit registry.



Together, COCREE 2.0 and CRIMS mark a transformative shift in the country's credit information ecosystem. COCREE 2.0 ensures the collection of granular, comprehensive, and timely data from BSFIs, while CRIMS harnesses this data into a centralized platform—promoting effective supervision today and empowering lenders and borrowers alike tomorrow.

By expanding coverage, ensuring transparency, and embedding accountability, these initiatives reinforce the BSP's commitment to fostering an inclusive, resilient, and transparent financial system, advancing both financial stability and consumer empowerment in the years ahead.

Box Article 2

**Sustaining Transformative Financial Sector Reforms in Advancing The Philippines’ Anti-Money Laundering and Countering Terrorism Financing and Proliferation Financing Regime**

Recognizing the country’s progress in strengthening its anti-money laundering and counter-terrorism financing regime, the Financial Action Task Force (FATF) removed the Philippines from its List of Jurisdictions Under Increased Monitoring or Grey List on 21 February 2025.<sup>1</sup> This milestone underscores the nation’s growing global financial credibility.

The BSP played a central role in steering the strategic initiatives of member agencies of the National Anti-Money Laundering/Counter-Terrorism Financing/ Counter-Proliferation Financing Coordinating Committee-Supervision of Financial Institutions Sub-Committee.<sup>2</sup> Within the set timelines, the BSP sufficiently addressed action plan items related to the central bank and its supervised financial institutions (FIs), particularly in supervising money service businesses and implementing targeted financial sanctions.



The BSP also acknowledges the strong stakeholder engagement of industry associations, as well as the concerted efforts of banks and other supervised FIs to reinforce their respective anti-money laundering and countering terrorism and proliferation financing (AML/CTPF) frameworks. This collaborative approach has been instrumental in driving systemic improvements and enhancing the operational readiness of supervised FIs to detect and deter illicit activities.

Following the FATF delisting, the Philippines was also removed from the United Kingdom’s (UK) list of high-risk third countries on 27 March 2025 and from the European Union’s (EU) list on 10 June 2025.<sup>3</sup> These developments reflect growing confidence in the country’s AML/CTPF regime and reaffirm its commitment to

<sup>1</sup> Financial Action Task Force. (2015, February 21). *Jurisdictions no longer subject to increased monitoring by the FATF*. <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-february-2025.html>  
<sup>2</sup> The member agencies, include the BSP (as lead agency), the Securities and Exchange Commission, the Insurance Commission, the Anti-Money Laundering Council, the Philippine Deposit Insurance Corporation, and the Department of Finance.  
<sup>3</sup> See: [https://eur-lex.europa.eu/eli/reg\\_del/2025/1184/oj/eng](https://eur-lex.europa.eu/eli/reg_del/2025/1184/oj/eng) (Date of entry into force: 05 August 2025)

safeguarding financial system integrity and aligning with global standards in combating financial crimes.

The Philippines' removal from the FATF, UK, and EU watchlists significantly elevated the country's international standing and bolstered investor confidence. This achievement paves the way for smoother cross-border financial transactions and deeper integration of the country's financial sector with global financial markets.

Sustaining the BSP's supervisory strategies is essential to upholding the integrity of the Philippine financial system. Building on this momentum, the BSP reaffirms its commitment to advancing effective risk-based AML/CTPF supervision in line with the National AML/CFT Strategy 2023-2027.<sup>4</sup> These initiatives include: (a) scaling up risk-based AML/CTPF supervision on supervised FIs; and (b) harmonizing supervisory activities across supervising authorities to ensure consistency, efficiency, and effectiveness in oversight.

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<sup>4</sup> Executive Order No. 33, Series of 2023, dated 4 July 2023 (Adopting the National Anti-Money Laundering, Counter-Terrorism Financing, and Counter-Proliferation Financing Strategy 2023–2027; Reorganizing the National Anti-Money Laundering and Counter-Terrorism Financing Coordinating Committee; and Amending Executive Order No. 68, series of 2018, for the Purpose)

### Box Article 3

## Financial Cyber Resilience Governance Council: Fortifying the Financial Ecosystem

As digital innovation accelerates, cyberattacks pose increasing risks to consumer trust and financial stability. In response, the BSP launched the 2024–2029 Financial Services Cyber Resilience Plan (FSCRPlan)—a strategic roadmap to strengthen the sector’s defenses. At the center of this initiative is the Financial Cyber Resilience Governance Council (FCRGC), a high-level, multi-stakeholder body, inaugurated on 11 February 2025, to oversee the plan’s implementation.

### Rationale and mandate (Anchoring on trust and accountability)

The FCRGC was created to guide, strengthen, and oversee the cyber resilience of the financial sector. Serving as the oversight body of the FSCRPlan, it carries the mandate to drive cyber resilience initiatives and ensure accountability among stakeholders.

Grounded in the principles of trust, transparency, and commitment, the FCRGC brings together financial institutions, regulators, and private sector partners to safeguard the financial system. Through collective governance, the Council fosters a unified response to cyber threats and shared responsibility across the sector. Its vision is to build a safe, secure, and resilient financial system anchored on strong cybersecurity culture, governance, and collaboration.

### Obligations and authority (Driving cyber resilience in action)

To fulfill its mandate, the FCRGC is vested with broad authority to shape the financial sector’s cybersecurity posture. Its primary role is to oversee the implementation of initiatives under the FSCRPlan, ensuring that strategic goals are achieved and cyber threats are addressed.

The Council may recommend measures to the BSP to strengthen existing policies while fostering collaboration among financial institutions, regulators, and international partners for knowledge sharing and benchmarking. It is also empowered to engage with government agencies, consult industry experts, and establish specialized subcommittees or task forces to address specific challenges.

### A multi-stakeholder composition (Harnessing collective expertise)

The FCRGC’s membership is inclusive, diverse, and strategic, bringing together board- and executive-level officers with expertise in banking, cybersecurity, risk management, and regulatory compliance. It is composed of 13 members, with eight representatives from the private sector and five from the BSP.

The leadership structure is as follows:



The Council draws representation from across the financial ecosystem, including the industry associations, clearing switch operators, and the central bank. This collaborative structure enables the FCRGC to harness diverse perspectives, on-the-ground experience, and specialized expertise. Ultimately, the Council stands as a governance model that is collaborative, proactive, and fully committed to advancing the financial sector's cyber resilience objectives.



This collaborative structure enables the FCRGC to harness diverse perspectives, on-the-ground experience, and specialized expertise. Ultimately, the Council stands as a governance model that is collaborative, proactive, and fully committed to advancing the financial sector's cyber resilience objectives.



**Leaders from the BSP, key industry associations, and CSOs inaugurate the FCRGC.**

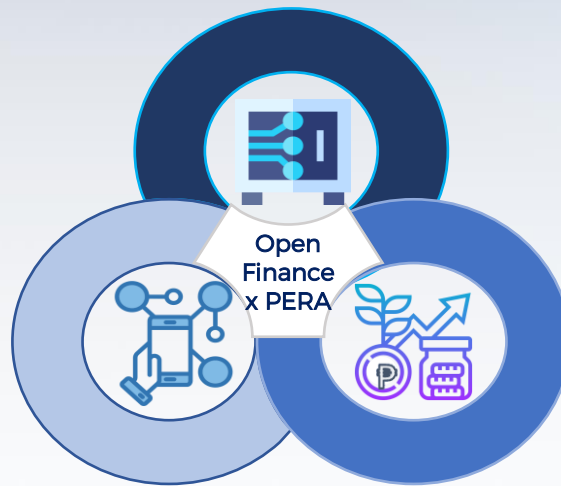
Front (from left to right): Monetary Board Member Romeo L. Bernardo; Financial Supervision Sector (FSS) Deputy Governor Chuchi G. Fonacier; BSP Governor Eli M. Remolona, Jr.; Atty. Rebecca S. Ofalsa, representing Monetary Board Member Jose L. Querubin; Bankers Association of the Philippines (BAP) Cyber Committee Head Sandeep Uppal; Payments and Currency Management Sector Deputy Governor Mamerto E. Tangonan; and Monetary Board Member Walter C. Wassmer

Back (from left to right): Philippine E-money Association (PeMa) representative Miguel Geronilla; BancNet Head Emmie S. Reyes; Chamber of Thrift Banks representative Manuel Santiago, Jr.; Technology Risk and Innovation Supervision Department Senior Director Melchor T. Plabasan; Policy and Specialized Supervision Sub-Sector Deputy Governor Lyn I. Javier; BAP President Jose Teodoro K. Limcauco; Cybersecurity Department Senior Director John L. Regala, representing Managing Director Eugene C. Teves of the Technology and Digital Innovation Office; Philippine Clearing House Corporation Head Emmanuel Barcena; Rural Bankers Association of the Philippines representative Ronald M. Recto; and PeMa representative Kenneth Baylor

## Box Article 4

## Open Finance PERA Pilot: Accelerating Retirement Savings For Greater Inclusion

In July 2025, the BSP officially launched the Open Finance for PERA Pilot (OF x PERA Pilot), a pioneering initiative that integrates the country's retirement savings framework with open finance infrastructure to enhance accessibility and user experience. This landmark program, which is aligned with BSP Circular No. 1122 and the PERA Act of 2008, represents the first practical implementation of open finance in the Philippines, establishing PERA as the foundational use case for broader open finance adoption.

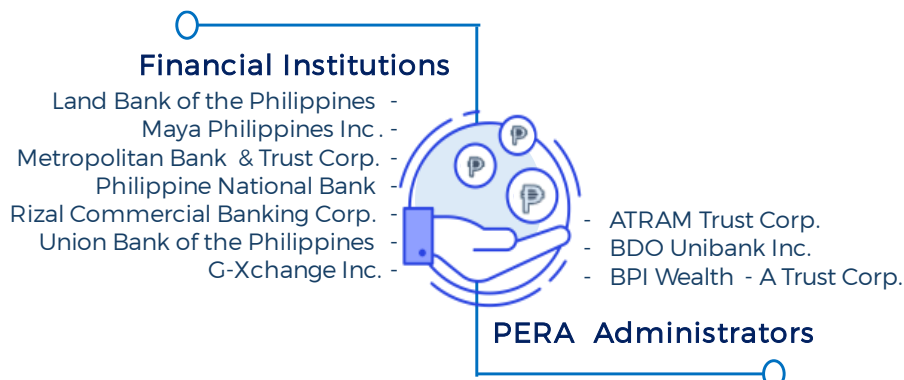


### Enhanced User Experience Through Digital Integration

The pilot leverages secure API technology to enable seamless data sharing between FIs with explicit customer consent. Through this infrastructure, fully verified users can now open PERA accounts directly within participating apps by simply consenting to share their existing Know-Your-Customer information with PERA Administrators. This eliminates the traditional barriers of manual forms, redundant ID verification, and lengthy documentation requirements that previously discouraged participation, allowing users to establish their PERA accounts with faster turnaround time. The platform will also allow frictionless fund transfers from a user's bank or e-money account to their PERA, facilitating easier and more consistent contributions.

### Multi-Institutional Collaboration

The pilot brings together seven participating FIs working in collaboration with three PERA Administrators. This multi-institutional ecosystem enables customers to access PERA through their preferred and familiar digital channels, while benefiting from professional retirement fund management services.



### **Advancing Financial Inclusion Goals**

By integrating PERA into existing digital banking and e-wallet ecosystems, the pilot addresses key barriers to retirement savings participation, particularly among younger, tech-savvy Filipinos and those in remote areas with limited branch access. The initiative supports the BSP's broader financial inclusion mandate, which aims to onboard at least 70 percent of Filipino adults into the formal financial system while promoting digital payment adoption across the economy.

### **Future Expansion and Innovation Pathways**

This pilot represents the first practical application of the BSP's Open Finance Framework in the Philippines, demonstrating how secure, customer-permissioned data sharing can enhance financial service delivery. The initial phase focuses on streamlining account opening processes, with future expansions planned to include seamless fund transfers, real-time portfolio monitoring, and automated contribution reminders, all embedded within users' existing digital finance workflows.

Beyond PERA, the BSP envisions expanding open finance applications to include lending, capital markets, and scheduled payments. The pilot's success will inform the development of technical and operational standards for broader open finance adoption, supporting the BSP's commitment to fostering a responsive, inclusive, and innovation-driven digital financial ecosystem.

# APPENDICES

- 1 The Philippine Banking System: Financial Highlights and Growth Rates
- 2 The Philippine Banking System: Selected Performance Indicators
- 3 The Philippine Banking System: Number of Offices and Regional Profile
- 4 The Philippine Banking System: Compliance of Banks with the Mandatory Agriculture, Fisheries, and Rural Development Financing
- 5 Trust Operations (Philippine Banks and Non-Bank Financial Institutions): Financial Highlights and Growth Rates
- 6 Trust Operations (Philippine Banks and Non-Bank Financial Institutions): Selected Performance Indicators
- 7 Foreign Currency Deposit Unit Operations: Financial Highlights and Growth Rates
- 8 Foreign Currency Deposit Unit Operations: Selected Performance Indicators

Appendix 1  
**The Philippine Banking System: Financial Highlights and Growth Rates**  
as of end-periods indicated; in billion pesos; growth rate in percent

	Financial Highlights					y-o-y Growth Rates	
	end-December			end-June		end-June	
	2022	2023	2024	2024	2025	2024	2025
<b>On-Balance Sheet</b>							
<b>Total Assets<sup>1</sup></b>	<b>23,047.7</b>	<b>25,165.9</b>	<b>27,431.3</b>	<b>26,194.5</b>	<b>28,211.1</b>	<b>12.4%</b>	<b>7.7%</b>
Cash and due from banks	3,271.7	2,918.9	2,741.7	2,748.3	2,205.1	(4.3%)	(0.2)
Total investments, net	6,329.4	7,018.6	7,769.8	7,528.1	8,384.4	11.2%	11.4%
Financial assets, gross	6,207.5	6,786.4	7,507.9	7,305.5	8,001.7	10.6%	9.5%
Securities measured at fair value through profit or loss (FVTPL)	207.81	272.9	556.3	539.8	744.7	44.8%	38.0%
Securities measured at fair value through other comprehensive income (FVOCI)	2,194.78	2,495.8	3,006.0	2,761.5	3,182.1	21.9%	15.2%
Securities measured at amortized cost (AC)	3,804.91	4,017.7	3,945.6	4,004.2	4,075.0	1.0%	1.8%
Accumulated market gains/(losses)	(122.8)	(49.1)	(42.4)	(68.2)	(20.4)	(23.8%)	(0.7)
Allowance for credit losses	17.7	14.7	7.5	14.5	8.1	(18.5%)	(0.4)
Financial assets, net	6,066.9	6,722.6	7,458.1	7,528.1	7,973.2	11.2%	5.9%
Equity investments in subsidiaries, associates and joint ventures, net	262.5	296.0	311.7	305.3	411.1	10.8%	34.7%
Loans, gross	12,625.1	13,859.9	15,323.6	14,319.5	15,884.2	12.4%	10.9%
Allowance for credit losses	426.7	456.9	480.6	479.5	505.9	7.7%	5.5%
Loans, net	12,198.4	13,403.0	14,843.0	13,840.0	15,378.2	12.5%	11.1%
Real and other properties acquired (ROPA), net	104.3	106.5	117.6	109.4	129.4	6.9%	18.3%
Other assets, net	1,143.9	1,718.8	1,959.2	1,968.7	2,114.0	57.1%	7.4%
<b>Total Liabilities</b>	<b>20,341.3</b>	<b>22,097.0</b>	<b>24,061.5</b>	<b>23,031.0</b>	<b>24,710.8</b>	<b>12.7%</b>	<b>7.3%</b>
Financial liabilities held for trading	72.9	57.0	64.0	80.2	63.4	23.4%	(0.2)
Deposits liabilities	17,770.4	19,032.7	20,373.9	19,517.5	20,670.7	9.5%	5.9%
Peso liabilities	15,065.4	15,974.8	17,087.8	16,218.5	17,147.8	7.6%	5.7%
Foreign currency	2,704.9	3,057.8	3,286.1	3,299.0	3,522.9	20.2%	6.8%
Due to banks/others	114.4	164.3	151.9	172.1	182.2	18.0%	5.9%
Bills payable	666.0	780.2	1,096.4	937.6	1,202.1	40.1%	28.2%
Bonds payable	578.2	496.3	574.6	544.9	636.3	11.8%	16.8%
Unsecured subordinated debt	19.3	8.1	8.1	8.1	1.4	(57.9%)	(0.8)
Redeemable preferred shares	0.3	0.3	0.3	0.3	0.3	3.9%	7.7%
Derivatives with negative fair value held for hedging	4.4	8.1	10.6	3.6	14.6	(24.3%)	306.1%
Other liabilities	1,115.6	1,549.9	1,781.7	1,766.6	1,939.8	45.1%	9.8%
<b>Total Capital Accounts<sup>2</sup></b>	<b>2,706.4</b>	<b>3,068.9</b>	<b>3,369.8</b>	<b>3,163.5</b>	<b>3,500.2</b>	<b>10.6%</b>	<b>10.6%</b>
<b>Total Off-Balance Sheet Accounts</b>	<b>13,344.5</b>	<b>15,461.5</b>	<b>18,640.3</b>	<b>18,230.4</b>	<b>20,251.3</b>	<b>22.3%</b>	<b>11.1%</b>
<b>Income Statement</b>							
Total operating income	1,014.5	1,137.8	1,272.8	610.3	684.7	10.5%	12.2%
Net interest income	754.7	915.6	1,039.1	505.8	565.0	15.5%	11.7%
Non-interest income	259.9	222.3	233.7	104.5	119.7	(8.8%)	14.6%
Non-interest expenses	562.4	645.1	712.4	341.2	384.0	10.2%	12.6%
(Losses)/recoveries on financial assets	(88.6)	(84.2)	(105.6)	(44.9)	(73.6)	27.9%	64.0%
Net profit before share in the profit/(loss) of unconsolidated subsidiaries, associates and joint ventures	363.5	408.5	454.8	224.2	227.1	8.0%	1.3%
Share in the profit/(loss) of unconsolidated subsidiaries, associates and joint ventures	23.8	27.3	30.5	14.3	17.4	1.3%	21.9%
Total profit/(loss) before tax and before minority interest	387.4	435.7	485.2	238.5	244.5	7.6%	2.5%
Income tax expense	77.3	79.2	93.9	48.2	46.3	23.9%	(0.0)
Total profit/(loss) after tax and before minority interest	310.1	356.5	391.3	190.3	198.1	4.1%	4.1%
Minority interest in profit/(loss) of subsidiaries	-	-	-	-	-	-	-
Net profit/(loss) after tax and minority interest	<b>310.1</b>	<b>356.5</b>	<b>391.3</b>	<b>190.3</b>	<b>198.1</b>	<b>4.1%</b>	<b>4.1%</b>

Source: Bangko Sentral ng Pilipinas

<sup>1</sup> Net of due to/from head office of foreign bank branches

<sup>2</sup> Inclusive of the portion of the net due to head office, which qualified as capital

Note: Figures may not add up due to rounding-off

Appendix 2  
**The Philippine Banking System: Selected Performance Indicators**  
as of end-periods indicated; ratio in percent

	end-December			end-June	
	2022	2023	2024	2024	2025
<b>Asset Quality</b>					
Restructured loans to total loan portfolio (TLP)	2.6%	2.2%	2.0%	2.1%	2.0%
Allowance for credit losses (ACL) to TLP	3.4%	3.3%	3.1%	3.3%	3.2%
Non-performing loan (NPL) ratio	3.2%	3.2%	3.3%	3.5%	3.3%
NPL ratio (net of interbank loans receivables)	3.2%	3.3%	3.3%	3.6%	3.4%
NPL coverage ratio	107.0%	101.7%	96.0%	95.4%	95.4%
Non-performing asset (NPA) ratio	2.2%	2.3%	2.3%	2.4%	2.4%
NPA coverage ratio	87.9%	85.1%	80.5%	81.1%	79.3%
<b>Profitability</b>					
Earning asset yield <sup>1</sup>	4.4%	5.8%	6.2%	6.2%	6.4%
Funding cost <sup>2</sup>	0.9%	1.9%	2.2%	2.1%	2.2%
Interest spread <sup>3</sup>	3.5%	3.9%	4.1%	4.0%	4.2%
Net interest margin (NIM) <sup>4</sup>	3.6%	4.1%	4.3%	4.3%	4.4%
Non-interest income to total operating income <sup>5</sup>	25.6%	19.5%	18.4%	17.7%	18.5%
Cost-to-income ratio <sup>6</sup>	55.2%	56.7%	56.0%	56.6%	56.1%
Return on assets (RoA) <sup>7</sup>	1.4%	1.5%	1.5%	1.5%	1.5%
Return on equity (RoE) <sup>7</sup>	11.7%	12.3%	12.2%	12.1%	12.0%
<b>Capital Adequacy</b>					
Total capital accounts <sup>8</sup> to total assets	11.7%	12.2%	12.3%	12.1%	12.4%
Capital adequacy ratio (CAR, solo) <sup>9,10</sup>	15.7%	16.6%	16.2%	16.1%	15.8%
Common equity tier 1 (CET1) ratio	14.6%	15.5%	15.1%	15.0%	14.8%
Capital conservation buffer	8.6%	9.5%	9.1%	9.0%	8.8%
Tier 1 ratio	14.8%	15.6%	15.3%	15.2%	15.0%
CAR (consolidated) <sup>9,10</sup>	16.3%	17.1%	16.6%	16.6%	16.5%
CET1 ratio	15.2%	16.0%	15.6%	15.5%	15.5%
Capital conservation buffer	9.2%	10.0%	9.6%	9.5%	9.5%
Tier 1 ratio	15.4%	16.1%	15.7%	15.7%	15.6%
<b>Liquidity</b>					
Cash and due from banks to deposits	18.4%	15.3%	13.5%	14.1%	10.7%
Liquid assets to deposits	52.6%	50.7%	50.1%	51.1%	49.2%
Loans, gross to deposits	71.0%	72.8%	75.2%	73.4%	76.8%

Source: Bangko Sentral ng Pilipinas

<sup>1</sup> Earning asset yield refers to the ratio of interest income to average earning assets.

<sup>2</sup> Funding cost ratio refers to the ratio of interest expenses to average interest-bearing liabilities.

<sup>3</sup> Interest spread refers to the difference between earning asset yield and funding cost.

<sup>4</sup> NIM refers to the ratio of net interest income to average earning assets.

<sup>5</sup> Non-interest income includes dividends income.

<sup>6</sup> Cost-to-income ratio refers to the ratio of non-interest expenses to total operating income.

<sup>7</sup> RoA and RoE refer to the ratios of net profit to average assets and capital, respectively.

<sup>8</sup> Total capital accounts includes redeemable preferred shares.

<sup>9</sup> CAR refers to the ratio of qualifying capital to total risk-weighted assets.

<sup>10</sup> CAR data of the Philippine Banking System. The aggregates are a combination of Basel III and Basel 1.5.

The solo and conso CAR of the UKBs as of End-June 2025 is at 15.6% and 16.3%, respectively.

Appendix 3  
**Philippine Banking System: Number of Offices and Regional Profile**  
as of end-periods indicated

end-June 2025							
	Total	Universal Banks	Commercial Banks	Thrift Banks	Rural Banks	Cooperative Banks	Digital Banks
<b>Total</b>	<b>13,460</b>	<b>6,915</b>	<b>192</b>	<b>3,273</b>	<b>2,894</b>	<b>180</b>	<b>6</b>
<b>Head Offices</b>	<b>467</b>	<b>22</b>	<b>22</b>	<b>42</b>	<b>354</b>	<b>21</b>	<b>6</b>
<b>Branches/Other Offices</b>	<b>12,993</b>	<b>6,893</b>	<b>170</b>	<b>3,231</b>	<b>2,540</b>	<b>159</b>	<b>-</b>
Regular branch	9,888	6,604	150	1,835	1,169	130	-
Branch-lite unit	2,916	254	20	1,381	1,232	29	-
Microfinance-oriented branch	153	-	-	15	138	-	-
Representative office	17	17	-	-	-	-	-
Remittance desk office	14	14	-	-	-	-	-
Marketing office	2	2	-	-	-	-	-
Limited purpose branch	1	1	-	-	-	-	-
Sub-branch	1	1	-	-	-	-	-
Islamic branch	1	-	-	-	1	-	-

		end-June 2024	end-June 2025	
	Total	Total	Head Offices	Branches/Other Offices
<b>Total</b>	<b>13,367</b>	<b>13,460</b>	<b>467</b>	<b>12,993</b>
<b>Nationwide</b>	<b>13,316</b>	<b>13,409</b>	<b>467</b>	<b>12,942</b>
<b>National Capital Region</b>	<b>3,756</b>	<b>3,683</b>	<b>79</b>	<b>3,604</b>
<b>Luzon</b>	<b>5,612</b>	<b>5,686</b>	<b>250</b>	<b>5,436</b>
Region I - Ilocos	672	680	28	652
Region II - Cagayan Valley	487	501	24	477
Region III - Central Luzon	1,392	1,409	64	1,345
Region IV-A - CALABARZON	1,916	1,919	84	1,835
Region IV-B - MIMAROPA	327	341	18	323
Region V - Bicol	603	617	17	600
Cordillera Administrative Region (CAR)	215	219	15	204
<b>Visayas</b>	<b>2,057</b>	<b>2,094</b>	<b>77</b>	<b>2,017</b>
Region VI - Western Visayas	811	582	25	557
Region VII - Central Visayas	928	777	19	758
Region VIII - Eastern Visayas	318	322	12	310
Negros Island Region		413	21	392
<b>Mindanao</b>	<b>1,891</b>	<b>1,946</b>	<b>61</b>	<b>1,885</b>
Region IX - Zamboanga Peninsula	283	292	14	278
Region X - Northern Mindanao	468	484	21	463
Region XI - Davao Region	524	535	12	523
Region XII - SOCCSKSARGEN <sup>1</sup>	313	317	9	308
CARAGA	258	271	5	266
BARMM	45	47	-	47
<b>Overseas</b>	<b>51</b>	<b>51</b>	<b>-</b>	<b>51</b>
Asia-Pacific	19	19	-	19
Europe	5	5	-	5
North America	5	5	-	5
Middle East	22	22	-	22

Source: Bangko Sentral ng Pilipinas

<sup>1</sup> Composed of the provinces of North Cotabato, South Cotabato, Sultan Kudarat and Sarangani, and the cities of General Santos, Koronadal, Tacurong and Kidapawan.

Appendix 4  
**The Philippine Banking System: Compliance of Banks with the Mandatory Agriculture, Fisheries, And Rural Development Financing**  
as of end-periods indicated; in billion pesos; ratio in percent

	Total	Universal and commercial banks	Thrift banks	Rural and cooperative banks	Digital banks
<b>end-June 2025</b>					
Total loanable fund (TLF)	2,308.0	1,944.2	209.1	101.7	52.9
25% of TLF	577.0	486.1	52.3	25.4	13.2
Total compliance <sup>1</sup>	2,405.8	2,177.8	122.1	105.9	-
Percentage of TLF used for compliance	<b>104.2%</b>	<b>112.0%</b>	<b>58.4%</b>	<b>104.1%</b>	<b>0.0%</b>

Source: Bangko Sentral ng Pilipinas

<sup>1</sup> Newly-established banks are exempted from the mandatory agriculture, fisheries, and rural development financing for a period of five years from their commencement of operations pursuant to Section 6 of Republic Act No. 11901

## Appendix 5

## Trust Operations (Philippine Banks and Non-Bank Financial Institutions): Financial Highlights and Growth Rates

as of end-periods indicated; in billion pesos; growth rate in percent

Financial Highlights	end-December			end-June	
	2022	2023	2024	2024	2025
<b>Total Assets</b>	<b>5,345.9</b>	<b>6,215.1</b>	<b>7,372.2</b>	<b>6,609.4</b>	<b>7,958.7</b>
Cash and due from banks	0.4	0.4	0.4	0.4	0.7
Deposits in banks, gross	1,181.0	1,389.3	1,831.4	1,422.6	1,691.2
Allowance for credit losses	-	0.7	0.4	0.3	0.2
Deposits in banks, net	1,181.0	1,388.6	1,831.0	1,422.3	1,690.9
Financial assets, gross (net of amortization)	3,559.7	4,150.2	4,841.5	4,360.0	5,434.0
Accumulated market gains/losses	(28.1)	(3.7)	5.9	(5.5)	3.7
Allowance for credit losses	0.5	0.3	0.3	0.3	0.5
Financial assets, net	3,531.2	4,146.1	4,847.2	4,354.2	5,437.2
Loans, gross	134.2	137.4	128.5	140.5	123.5
Allowance for probable losses	6.4	9.0	6.5	5.7	5.1
Loans, net	127.8	128.4	122.0	134.9	118.4
Equity investments, gross	5.4	0.0	-	2.9	-
Allowance for probable losses	2.5	-	-	-	-
Equity investments, net	2.9	0.0	-	2.9	-
ROPA, net	0.2	0.3	0.3	0.3	0.3
Other assets	502.4	551.3	571.3	694.4	711.3
<b>Total Accountabilities</b>	<b>5,345.9</b>	<b>6,215.1</b>	<b>7,372.2</b>	<b>6,609.4</b>	<b>7,958.7</b>
Wealth/asset/fund management accounts (Trust)	2,043.4	2,040.2	2,348.2	2,137.9	2,502.0
Unit investment trust fund (UITF)	940.7	841.2	1,020.8	865.9	1,107.9
Employee benefit	465.9	523.1	578.7	540.0	603.3
Pre-need	125.3	133.9	145.9	138.8	153.3
Other institutional trust accounts	49.0	54.2	85.0	91.3	92.8
Personal trust	399.9	398.5	413.9	400.9	433.8
Personal retirement fund	0.1	0.1	0.1	0.1	0.1
Other individual trust accounts	62.5	89.3	103.8	100.9	110.9
Wealth/asset/fund management accounts (Agency)	2,708.6	3,465.9	4,217.5	3,612.6	4,463.6
Employee benefit	59.0	61.9	65.5	64.6	67.5
Pre-need	0.7	0.6	0.6	0.6	0.6
Other institutional agency accounts	1,405.5	1,797.8	2,112.8	1,806.0	2,303.6
Personal retirement fund	0.0	0.0	0.0	0.0	0.0
Other individual agency accounts	1,243.3	1,605.7	2,038.6	1,741.4	2,091.8
Other fiduciary services	593.2	652.3	746.8	798.5	935.1
UITF	14.5	15.3	18.4	17.0	18.0
Court trusts	1.2	0.1	0.1	0.1	0.2
Corporate fiduciary trust	44.1	63.3	72.7	65.1	73.7
Escrow	45.2	65.1	67.1	75.0	69.7
Custodianship	438.5	449.6	485.8	581.1	673.7
Safekeeping	0.0	0.2	0.2	0.2	0.2
Others	49.6	58.6	102.5	59.9	99.6
Advisory/consultancy	0.0	0.0	0.0	0.0	0.0
Special purpose trust	0.8	56.6	59.6	60.4	58.1
<b>Year-on-Year Growth</b>					
<b>Total Assets</b>	<b>5.7%</b>	<b>16.3%</b>	<b>18.6%</b>	<b>12.9%</b>	<b>20.4%</b>
Cash and due from banks	13.9%	8.1%	(2.6%)	(9.5%)	53.0%
Deposits in banks, gross	8.7%	17.6%	31.8%	6.8%	18.9%
Financial assets, gross (net of amortization)	2.8%	16.6%	16.7%	12.9%	24.6%
Loans, gross	13.1%	2.3%	(6.5%)	2.3%	(12.1%)
Equity investments, gross	(2.4%)	(100.0%)	(100.0%)	595,582.7%	(100.0%)
ROPA, net	245.5%	25.5%	0.3%	13.0%	(9.9%)
Other assets	37.6%	9.7%	3.6%	30.1%	2.4%
<b>Total Accountabilities</b>	<b>5.7%</b>	<b>16.3%</b>	<b>18.6%</b>	<b>12.9%</b>	<b>20.4%</b>
Wealth/asset/fund management accounts (Trust)	(14.7%)	(0.2%)	15.1%	6.4%	17.0%
UITF	(27.9%)	(10.6%)	21.4%	5.7%	27.9%
Employee benefit	1.2%	12.3%	10.6%	6.6%	11.7%
Pre-need	(2.1%)	6.9%	9.0%	6.8%	10.5%
Other institutional trust accounts	8.8%	10.6%	56.7%	76.7%	1.6%
Personal trust	(4.9%)	(0.3%)	3.9%	(5.7%)	8.2%
Personal retirement fund	(30.9%)	(22.7%)	6.9%	(11.6%)	13.8%
Other individual trust accounts	73.6%	42.8%	16.2%	31.1%	9.9%
Wealth/asset/fund management accounts (Agency)	22.7%	28.0%	21.7%	13.7%	23.6%
Employee benefit	4.9%	4.9%	5.8%	10.5%	4.6%
Pre-need	(3.7%)	(19.9%)	6.6%	(6.3%)	4.8%
Other institutional agency accounts	18.2%	27.9%	17.5%	11.7%	27.6%
Personal retirement fund	(8.1%)	147.4%	3.1%	162.1%	(4.4%)
Other individual agency accounts	29.4%	29.1%	27.0%	15.9%	20.1%
Other fiduciary services	30.3%	10.0%	14.5%	20.0%	17.1%
Advisory/consultancy	0.0%	(5.1%)	(10.8%)	0.0%	(13.5%)
Special purpose trust	26.3%	6,884.7%	5.3%	4,441.9%	(3.8%)

Source: Bangko Sentral ng Pilipinas

Note: Figures may not add up due to rounding-off

0.0 denotes below P0.05 billion

Appendix 6  
**Trust Operations (Philippine Banks and Non-Bank Financial Institutions): Selected Performance Indicators**  
as of end-periods indicated; ratio in percent

	end-December			end-June	
	2022	2023	2024	2024	2025
<b>Asset Quality</b>					
NPL ratio	1.7%	2.0%	1.9%	1.9%	1.8%
NPL coverage ratio	285.4%	327.3%	262.6%	211.3%	226.1%
NPA to gross assets	0.05%	0.05%	0.04%	0.05%	0.03%
NPA coverage ratio	255.7%	292.1%	231.6%	189.0%	200.7%
<b>Liquidity</b>					
Cash and due from banks to total accountabilities	0.01%	0.01%	0.01%	0.01%	0.01%
Liquid assets to total accountabilities	66.6%	66.8%	65.7%	65.97%	68.3%
Loans, gross to total accountabilities	2.5%	2.2%	1.7%	2.1%	1.6%

Source: Bangko Sentral ng Pilipinas

Appendix 7  
**Foreign Currency Deposit Unit Operations: Financial Highlights and Growth Rates**  
as of end-periods indicated; in million US dollars; growth rate in percent

Financial Highlights	end-December			end-June	
	2022	2023	2024	2024	2025
<b>Balance Sheet</b>					
<b>Total Assets</b> <sup>1</sup>	<b>61,920.0</b>	<b>67,836.2</b>	<b>72,400.7</b>	<b>70,558.3</b>	<b>79,396.3</b>
Cash and due from banks	5,577.6	5,405.3	5,705.2	4,729.5	4,648.6
Financial assets, gross	28,557.3	28,237.8	31,050.1	28,974.5	32,887.3
Allowance for credit losses	47.7	52.6	44.6	45.8	44.0
Accumulated market gains/losses	(903.6)	(475.1)	(528.8)	(511.4)	(362.7)
Financial assets, net	27,606.0	27,710.0	30,476.7	28,417.3	32,480.7
Interbank loans receivable (IBL), net	4,464.9	3,900.5	4,013.3	3,220.2	5,165.4
Loans, gross (exclusive of IBL)	17,243.1	16,472.4	17,144.8	17,275.6	17,815.9
Allowance for probable losses <sup>2</sup>	357.7	367.5	408.0	371.4	388.1
Loans, net (exclusive of IBL)	16,885.5	16,104.9	16,736.9	16,904.2	17,427.7
ROPA, net	21.9	17.7	3.9	15.2	0.0
Other assets, net	7,364.2	14,697.8	15,464.7	17,271.9	19,673.9
<b>Total Liabilities</b>	<b>61,533.2</b>	<b>67,124.6</b>	<b>71,839.9</b>	<b>70,206.5</b>	<b>78,779.5</b>
Financial liabilities held for trading	111.1	115.3	132.1	166.1	105.1
Deposit liabilities	47,852.7	54,416.1	55,458.4	55,155.3	60,668.5
Due to other banks	741.5	538.4	769.8	546.0	655.1
Bills payable	5,654.3	7,437.3	10,529.0	7,890.3	11,867.4
Bonds payable, net	4,972.2	2,761.5	3,899.0	4,937.2	4,893.0
Other liabilities	385.2	493.5	636.0	555.1	566.4
Due to head office, branches, agencies, foreign currency deposit unit (FCDU), regular banking unit (RBU), net <sup>3</sup>	1,816.3	1,362.5	415.7	956.4	23.9
<b>Total Capital Accounts</b>	<b>386.8</b>	<b>711.6</b>	<b>560.8</b>	<b>351.8</b>	<b>616.9</b>
<b>Income Statement</b>					
Total operating income	1,141.5	1,188.0	1,016.5	481.1	566.2
Net interest income <sup>4</sup>	981.9	1,037.3	778.7	364.6	491.3
Non-interest income	159.6	150.6	237.7	116.5	74.9
Non-interest expenses	165.4	173.5	181.3	86.3	96.8
<b>Net Profit or Loss</b>	<b>1,074.9</b>	<b>931.4</b>	<b>724.0</b>	<b>356.9</b>	<b>437.6</b>
<b>Year-on-Year Growth</b>					
<b>Total Assets</b>	<b>7.1%</b>	<b>9.6%</b>	<b>6.7%</b>	<b>14.0%</b>	<b>12.5%</b>
Cash and due from banks	(14.8%)	(3.1%)	5.5%	7.0%	(1.7%)
Financial assets, gross	0.9%	(1.1%)	10.0%	2.9%	13.5%
Loans, gross (exclusive of IBL)	4.8%	(4.5%)	4.1%	(2.4%)	3.1%
<b>Total Liabilities</b>	<b>8.3%</b>	<b>9.1%</b>	<b>7.0%</b>	<b>14.0%</b>	<b>12.2%</b>
Financial liabilities held for trading	26.4%	3.8%	14.6%	24.4%	(36.7%)
Deposit liabilities	3.8%	13.7%	1.9%	12.6%	10.0%
Due to other banks	6.1%	(27.4%)	43.0%	(8.4%)	20.0%
Bills payable	76.1%	31.5%	41.6%	19.7%	50.4%
Other liabilities	(25.5%)	28.1%	28.9%	11.5%	2.0%
<b>Total Capital Accounts</b>	<b>(61.5%)</b>	<b>84.0%</b>	<b>(21.2%)</b>	<b>7.7%</b>	<b>75.3%</b>
Total operating income	(10.6%)	4.1%	(14.4%)	(24.4%)	17.7%
Net interest income <sup>4</sup>	18.9%	5.7%	(24.9%)	(35.9%)	34.7%
Non-interest income	(64.7%)	(5.6%)	57.8%	73.7%	(35.7%)
Non-interest expenses	(10.8%)	5.0%	4.5%	(4.1%)	12.1%
<b>Net Profit/(Loss)</b>	<b>33.0%</b>	<b>(13.3%)</b>	<b>(22.3%)</b>	<b>(29.0%)</b>	<b>22.6%</b>

Source: Bangko Sentral ng Pilipinas

<sup>1</sup> Adjusted to net off the account "Due from Head Office" with "Due to Head Office" of branches of foreign banks

<sup>2</sup> Inclusive of general loan loss provision

<sup>3</sup> Net of due from head office, branches, agencies (Philippine branches of foreign banks) and due from FCDU/RBU

<sup>4</sup> Net of interest expenses and provision for losses on accrued interest income from financial assets

Appendix 8  
**Foreign Currency Deposit Unit Operations: Selected Performance Indicators**  
as of end-periods indicated; ratios in percent

	end-December			end-June	
	2022	2023	2024	2024	2025
<b>Liquidity</b>					
Liquid assets to deposits <sup>1</sup> (excludes ROPs)	47.2%	40.4%	44.7%	40.8%	42.0%
Liquid assets to deposits <sup>1</sup> (incl. of ROPs)	69.3%	60.9%	65.2%	60.1%	61.2%
Loans, gross to deposits	45.4%	37.4%	38.2%	37.2%	37.9%
<b>Asset Quality</b>					
NPL ratio <sup>2</sup>	1.1%	0.9%	2.1%	1.3%	2.3%
NPL coverage ratio <sup>2</sup>	196.4%	246.2%	112.8%	171.4%	95.1%
NPA to gross assets <sup>2</sup>	0.3%	0.3%	0.5%	0.3%	0.5%
NPA coverage ratio <sup>2</sup>	165.9%	202.0%	110.0%	151.7%	95.1%
<b>Profitability</b>					
Cost-to-income ratio	14.5%	14.6%	17.8%	16.4%	17.4%
RoA	1.8%	1.4%	1.0%	1.2%	1.0%
Net interest margin	1.7%	1.9%	1.4%	1.6%	1.6%

Source: Bangko Sentral ng Pilipinas

<sup>1</sup> Liquid assets refers to cash and due from banks plus financial assets, net of amortization (net of financial assets in equity securities and allowance for credit losses)

<sup>2</sup> Exclusive of IBLs

