



Republic of the Philippines

Toward a More Inclusive, Resilient, and Prosperous Economy

April 2026



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I. Key Investment Highlights



Firm commitment to reform to support economic recovery and lay the foundation for stronger medium-term growth

- Legislative reforms aim to attract foreign investment, boost competitiveness, and strengthen business environment to spur growth and raise GDP per capita.
- Comprehensive measures aim to address infrastructure and education gaps, accelerate digital transformation and advance credible governance reforms to support recovery and enhance productivity



Despite heightened exposure to external shocks, the country's diversified economic base offers resilience and underpins economic recovery

- Large services sector mitigates exposure to merchandise trade shocks, while efforts to strengthen governance are expected to support gradual recovery in market confidence
- Favourable geostrategic location positions country as regional logistics and trading hub.



Deployment of growth-enhancing public finance reforms

- Comprehensive reforms strengthen the tax system, leading to enhanced revenue mobilization and fiscal sustainability.
- Medium-Term Fiscal Framework guides fiscal consolidation efforts and supports sustainable debt burden.
- General government debt burden is moderate relative to regional and rating peers.



Resilient service receipts and remittance flows, ample buffers, and moderate external debt burden support favourable external position

- Resilient remittances flows and strong services exports support balance of payments.
- Favourable prospects for increased FDI inflows is driven by liberalization reforms.
- Large foreign exchange provide robust buffer against global headwinds.
- Manageable external debt burden lowers vulnerability to external shocks.



Stable and resilient banking system provides reliable support to economic activities

- Well-capitalized and liquid banking system is underpinned by stable deposit base.

II. Medium-Term Game Plan for Sustained Economic Transformation

Charting a More Inclusive and Resilient Economy

Marcos Jr. administration's medium-term macroeconomic and fiscal objectives



GDP Growth

- 5.0% - 6.0% for 2026
- 5.5% - 6.5% for 2027
- 6.0% - 7.0% for 2028-2030

Poverty Rate

- 9.0% by 2028

National Government (NG) Fiscal Balance-to-GDP

- (5.3%) for 2026
- (4.8%) for 2027
- (4.3%) for 2028
- (3.7%) for 2029
- (3.1%) for 2030

NG Debt-to-GDP

- 60.3% by 2028

Country Income Status

- Upper middle-income in near term

II. Medium-Term Game Plan for Sustained Economic Transformation (Cont'd)

Philippine Development Plan (PDP) 2023-2028

8-point agenda for the near term to protect purchasing power and improve socioeconomic development

Protect the purchasing power of families

- Ensure food security
- Reduce transport and logistics cost
- Reduce energy cost

Protect against external shocks and accelerate post-Covid recovery

- Ensure capacity of healthcare in case of surges
- Strengthen social protection
- Support learning recovery

Ensure sound macroeconomic fundamentals

- Improve bureaucratic efficiency and sound fiscal management
- Ensure a resilient and innovative financial sector

Create more jobs

- Promote investments
- Improve infrastructure
- Ensure energy security

Create quality jobs

- Increase employability
- Enhance the digital economy
- Advance R&D and innovation

Create green jobs

- Pursue a green and blue economy
- Establish livable and sustainable communities

Ensure a level playing field

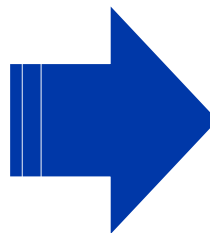
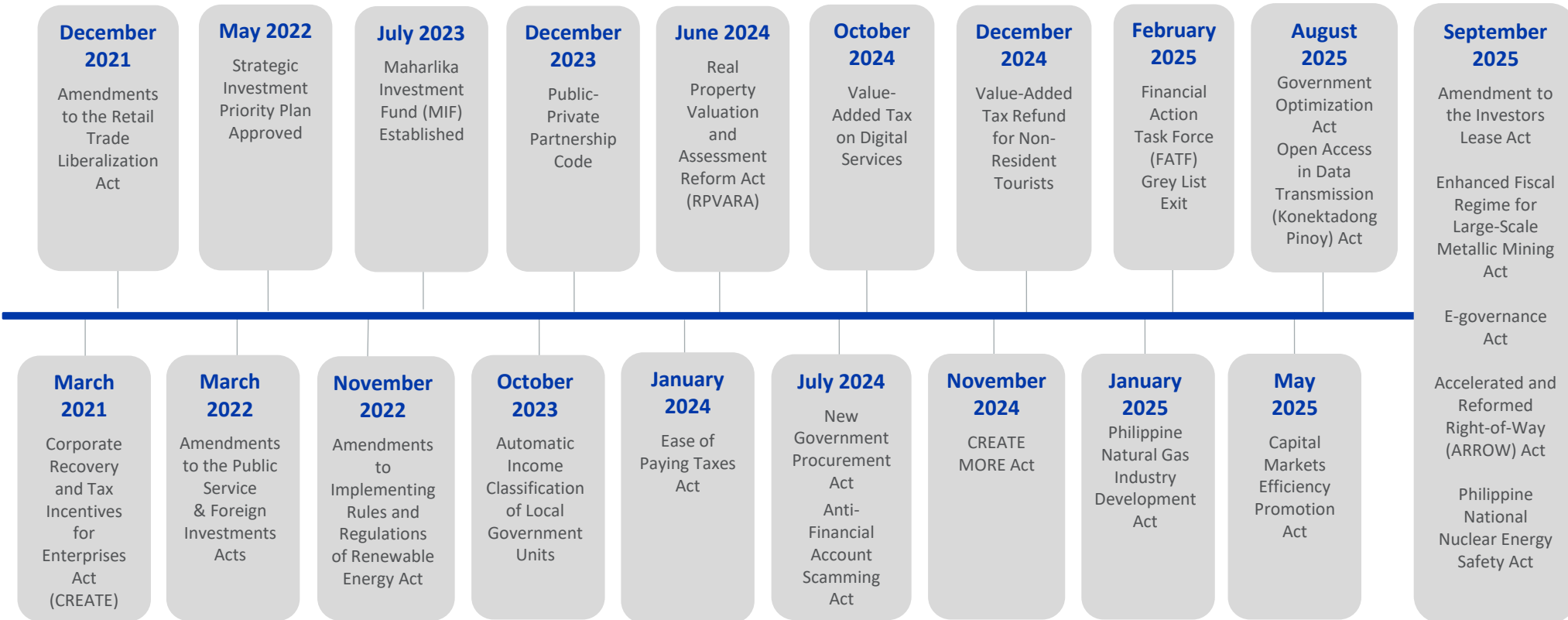
- Strengthen market competition
- Reduce barriers to entry and limits to entrepreneurship

Uphold public order and safety, peace, and security

- Protect and develop conflict-affected communities
- Safeguard from criminality
- Provide protection and safety from natural hazards and security threats
- Uphold and protect territorial integrity and sovereignty

III. Timeline of Recent Major Reforms

To further open up economy, improve business environment, boost revenue mobilization



- Amendments to the Electric Power Industry Reform Act
- Excise Tax on Single-Use Plastic Bag
- Waste-to-Energy Bill
- Masterplan for Infrastructure and National Development
- General Tax Amnesty
- Extension of Estate Tax Amnesty
- Philippine Budgeting Code
- Amendments to the Anti-Money Laundering Act
- Amendments to the Bank Deposits Secrecy Law

IV. Sound Credit Profile

Metric	2020	2021	2022	2023	2024	2025	2026
Credit Rating ▪ Moody's ▪ S&P ▪ Fitch	Baa2/stable BBB+/stable BBB/stable	Baa2/stable BBB+/stable BBB/negative	Baa2/stable BBB+/stable BBB/negative	Baa2/stable BBB+/stable BBB/stable	Baa2/stable BBB+/positive BBB/stable	Baa2/stable BBB+/positive BBB/stable	Baa2/stable BBB+/stable BBB/stable
Real GDP Growth Rate (%), 2018 prices	(9.5)	5.7	7.6	5.5	5.7	4.4	N/A
GDP Per Capita (US\$), PPP concept (current prices)	8,456	9,101	10,406	11,288	12,121	12,842	N/A
Inflation Rate ^{1/} (%), 2018 prices	2.4	3.9	5.8	6.0	3.2	1.7	2.8 (Jan-Mar)
Fiscal Balance/GDP (%)	(7.6)	(8.6)	(7.3)	(6.2)	(5.7)	(5.6)	N/A
Tax Revenue/ GDP (%)	14.0	14.1	14.6	14.1	14.4	14.6	N/A
General Government Debt/GDP (%)^{2/}	48.1	53.4	54.2	53.6	53.9	N/A	N/A
Gross International Reserves (US\$ bn)	110.1	108.8	96.1	103.8	106.3	110.8	107.5 (end-Mar)
Import Cover (months) ^{4/}	12.3	9.7	7.2	7.6	7.3	7.4	7.1
Overseas Filipinos' Cash Remittances (US\$ bn)	29.9	31.4	32.5	33.5	34.5 ^{3/}	35.6 ^{3/}	3.0 ^{3/} (Jan)
Foreign Direct Investments (US\$ bn)	6.8	12.0	9.5	8.9	9.4	7.8 ^{3/}	N/A
Current Account/GDP (%)	3.2	(1.5)	(4.5)	(2.8)	(4.0)	(3.3) ^{3/}	N/A

N/A – Not available

^{1/}Note: Starting 2022, the Philippine Statistics Authority (PSA) adjusted the base year from 2012 to 2018, reflecting the changing household consumption patterns of Filipinos.

^{2/}ROP official compilation of general government debt metrics

^{3/}Preliminary

^{4/}Number of months of average imports of goods and payment of services and primary income that can be financed by . Starting 2005, data are based on IMF's Balance of Payments and International Investment Position Manual, 6th Ed concept.

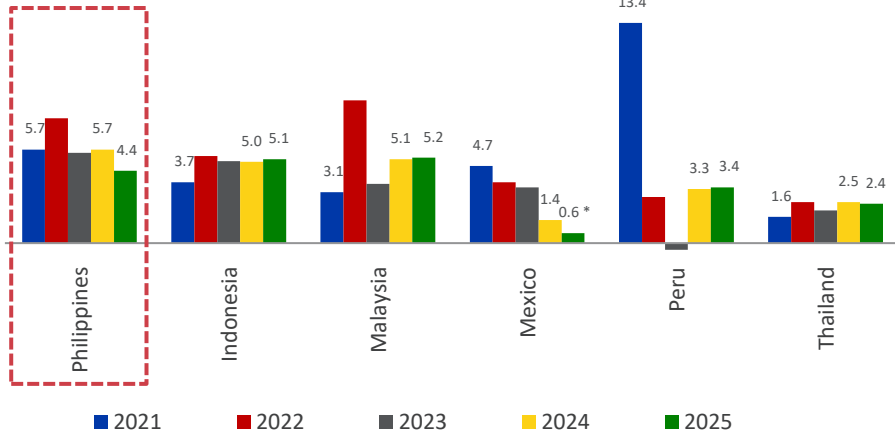
Source: PSA, Bangko Sentral ng Pilipinas' (BSP) Selected Economic and Financial Indicators, DOF, Bureau of Treasury (BTR), N/A: Not Available

IV. Sound Credit Profile (Cont'd)

Competitive Even Among Higher-Rated Peers

One of the highest growth performance among peers

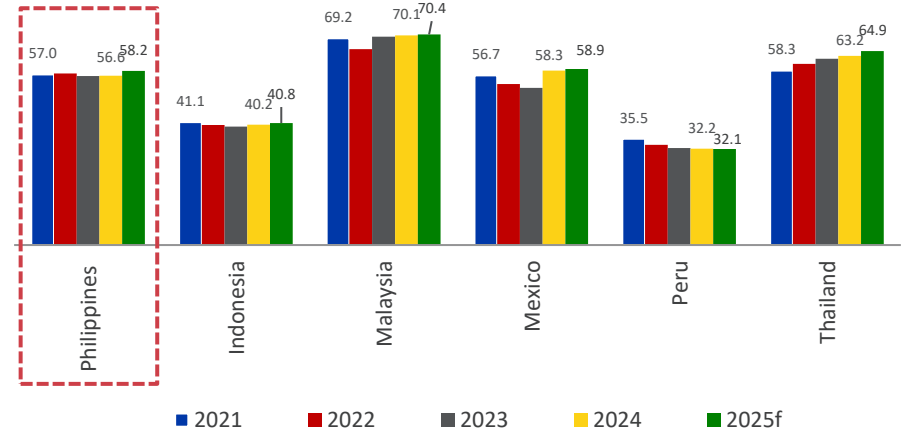
GDP growth (%)¹



*Note: 2025 GDP for Mexico is still IMF forecast. Philippines, Indonesia, Malaysia, Peru and Thailand 2025 GDP are actual

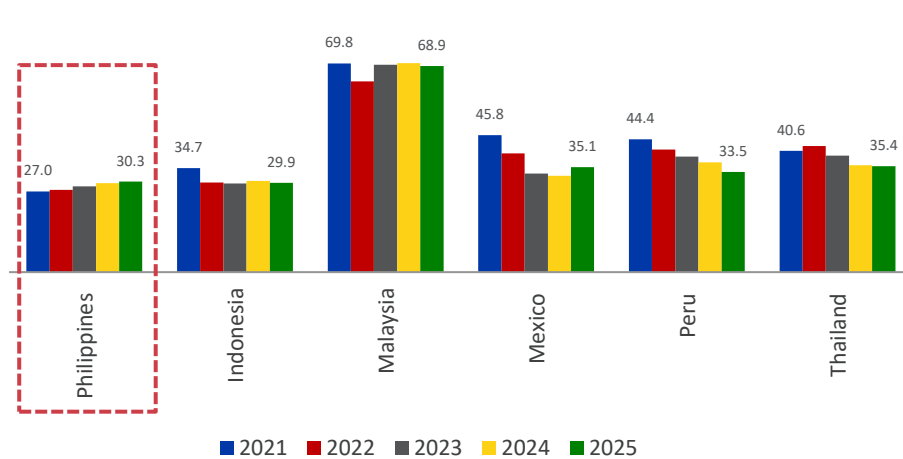
Debt burden remains manageable

General government gross debt (% of GDP)³



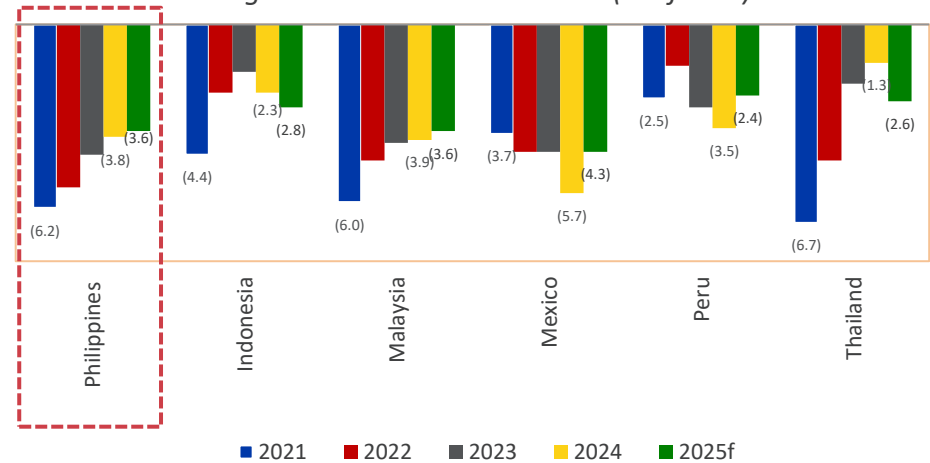
One of the lowest external debt ratio among peers

External debt (% of GDP)



Sound fiscal position post-pandemic

General government overall balance (% of GDP)²



f/ Forecast

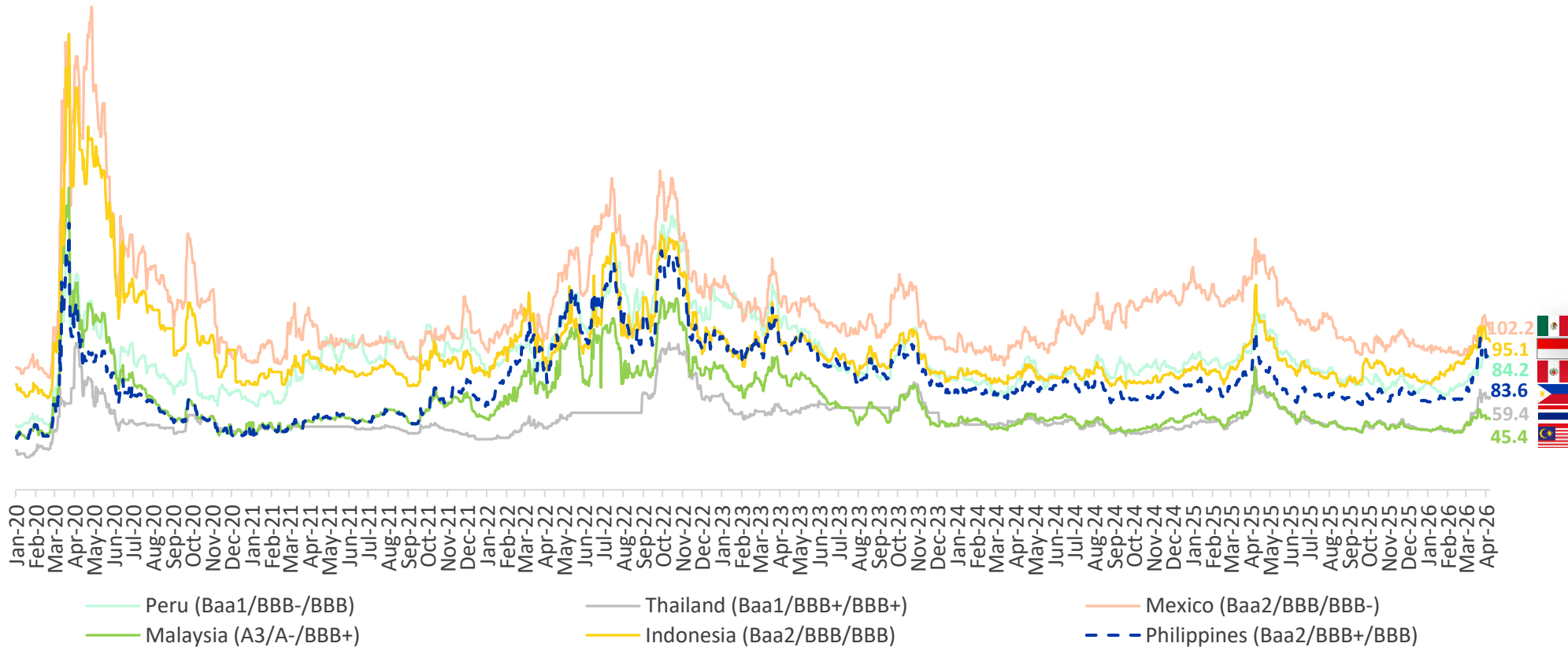
Source: ¹IMF World Economic Outlook (WEO) January 2026, ²IMF WEO October 2025, IMF Fiscal Monitor October 2025, Bloomberg, CEIC, BSP, PSA

Note: ³IMF estimates of gross general government debt

IV. Sound Credit Profile (Cont'd)

Philippines CDS Spreads Relatively Narrower Compared to Other Rating Peers

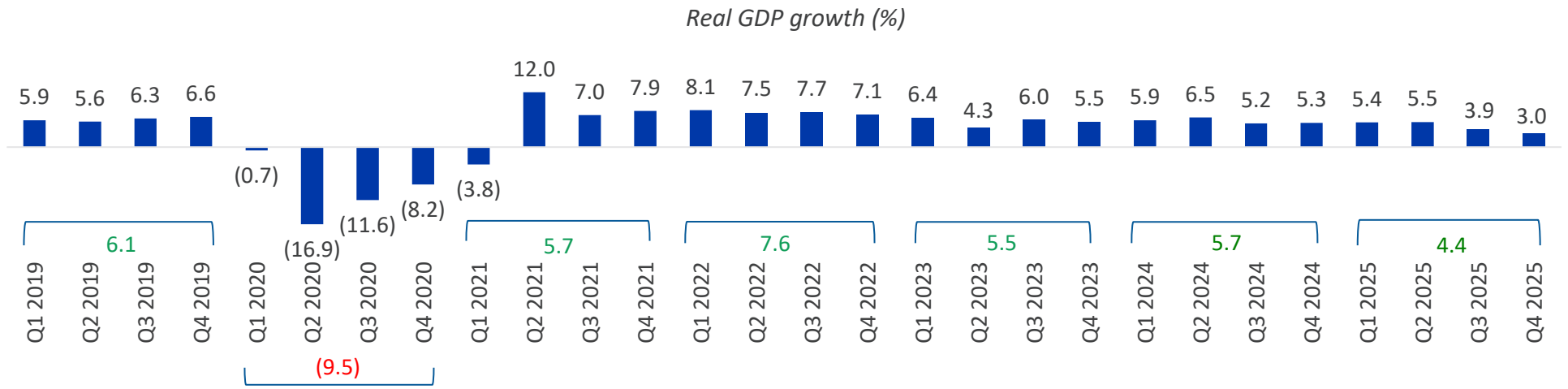
5-year sovereign credit default swap (CDS) spreads (in basis points)^{1/}



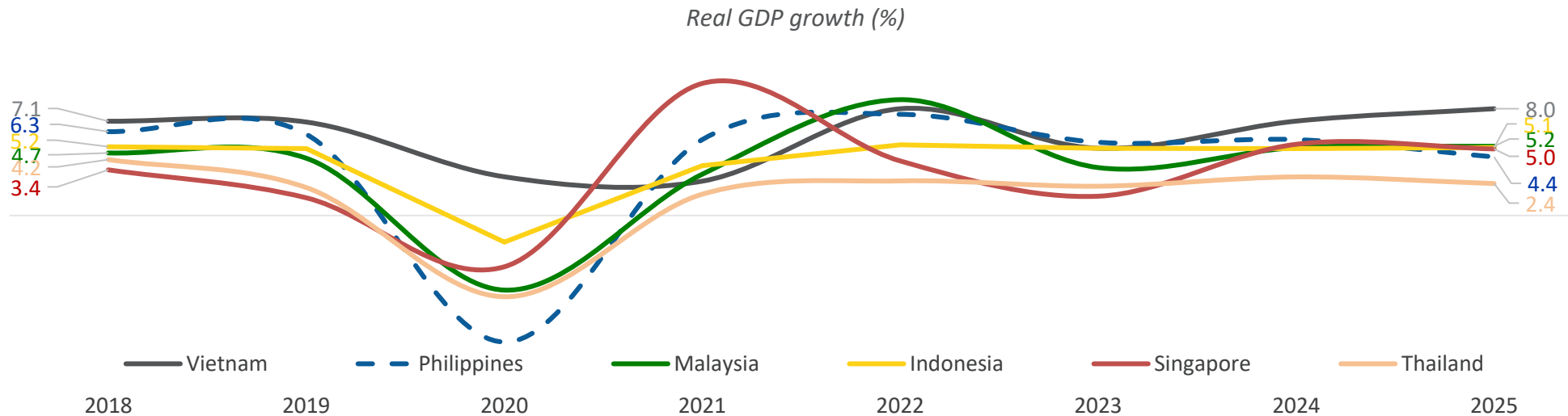
1/ Data as of 7 Apr 2026
 Rating: Moody's/S&P/Fitch
 Source: Bloomberg

V. Sustained Robust Growth and Reform Momentum

Resilient growth amidst domestic and external challenges; moderation in 2025 reflects healthy reset to strengthen governance reforms and institutions



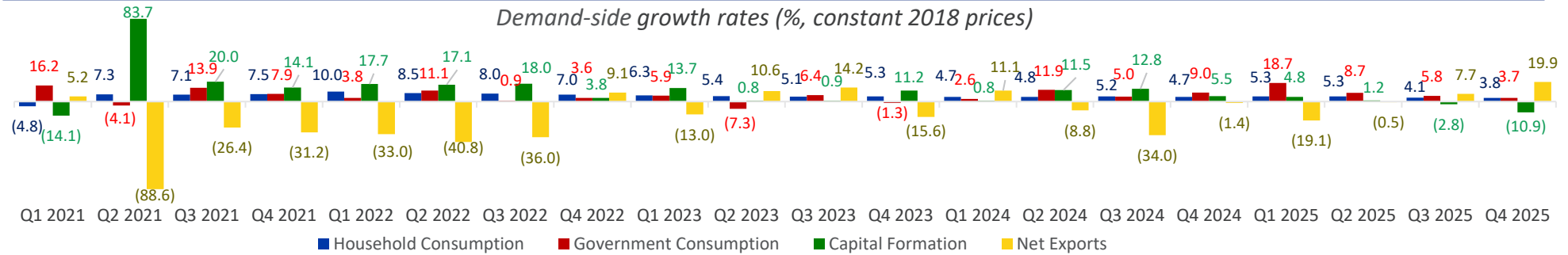
Philippine GDP growth moderated in 2025 reflecting healthy recalibration; economy remained on solid footing supported by strong fundamentals



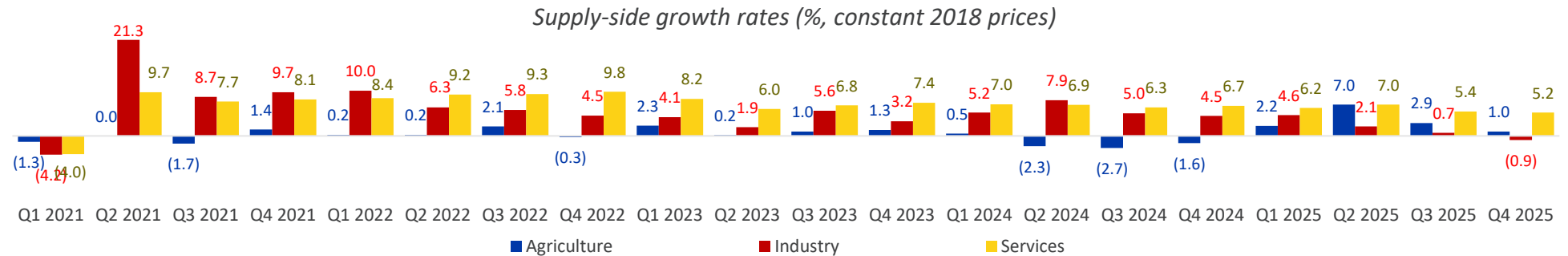
Source: PSA, DEPDev, Bloomberg
 Note: GDP figures use 2018 as base year

V. Sustained Robust Growth and Reform Momentum (Cont'd)

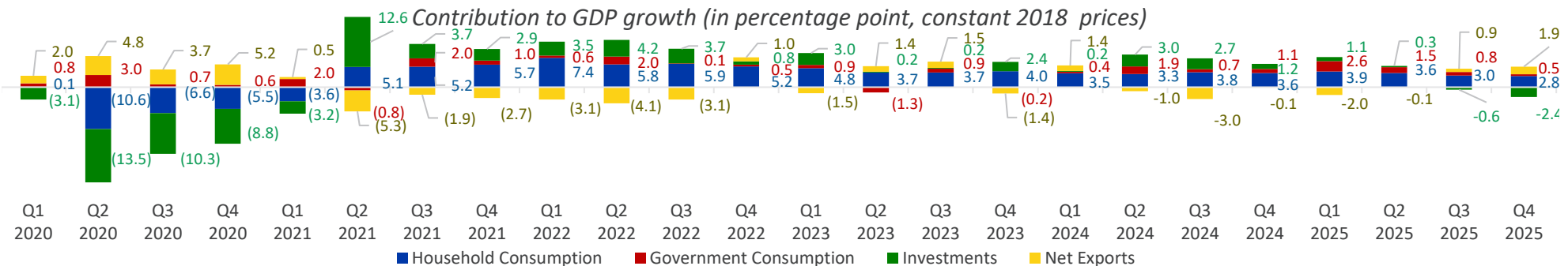
Sustained growth of household and government consumption amid weather disruptions dampening economic activity and stricter governance measures on infrastructure projects



Services sector remained key pillar of growth; investments in agriculture strengthen resilience and boost productivity



Household consumption and investments underpinned economic growth post-pandemic, although capital formation has softened in late 2025

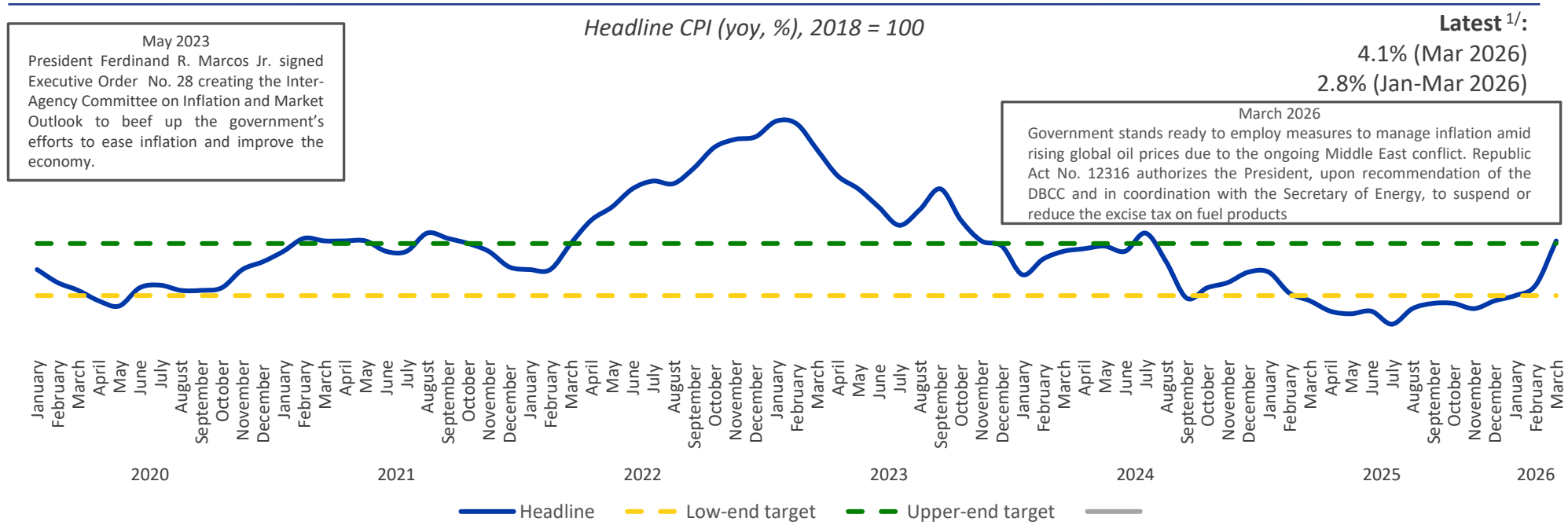


Source: DEPDDev, PSA

Note: Numbers may not add up due to rounding; PSA Adopted Supply and Use Tables (SUT) in the compilation process to attain zero SD for the annual estimates and 1% or less for the quarterly estimates

V. Sustained Robust Growth and Reform Momentum (Cont'd)

Manageable inflation environment



- Ahead of the monetary-policy meeting in April 2026, the BSP is closely monitoring the impact of the Middle East conflict on inflation and the economy.
- March 2026: Inflation rose to 4.1% from 2.4% in February, this brings year-to-date inflation to 2.8%. Increase mainly due to domestic petroleum prices, which surged as the ongoing Middle East conflict. Food inflation accounted for most of increase, specifically, vegetables, fish, and seafood due to weather-related disruptions and implementation of the closed fishing season. Rice prices continued to decline, though at a slower pace, reflecting tighter supply conditions due to import restrictions imposed and ongoing lean season.
- March 2026: BSP maintained the Target Reverse Repurchase Rate at 4.25%. Outlook for inflation would breach the 4.0% tolerance range in 2026 but move back in 2027. Inflation expectations, however, remain well-anchored. Upside risks to inflation are largely supply-driven.

<i>Central Projections based on Monetary Board Meeting</i>		
	<i>19-Feb-2026</i>	<i>26-Mar-2026</i>
2026	3.6	5.1
2027	3.2	3.8

^{1/} preliminary data as of March 2026

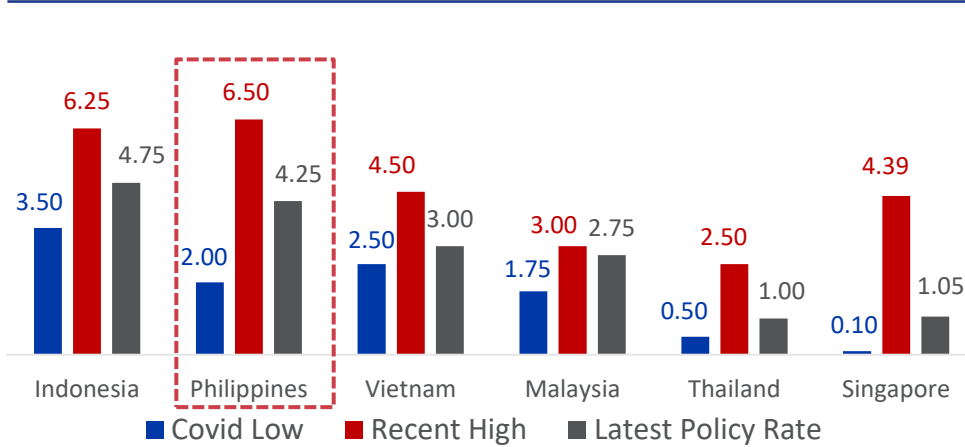
Source: BSP, PSA

Note: Starting 2022, the PSA adjusted the base year from 2012 to 2018, reflecting the changing household consumption patterns of Filipinos.

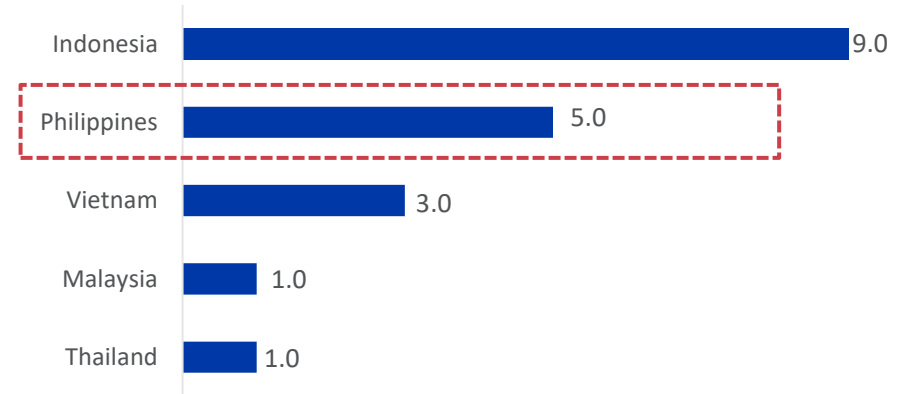
V. Sustained Robust Growth and Reform Momentum (Cont'd)

Monetary Policy Easing Cycle Nearing its End

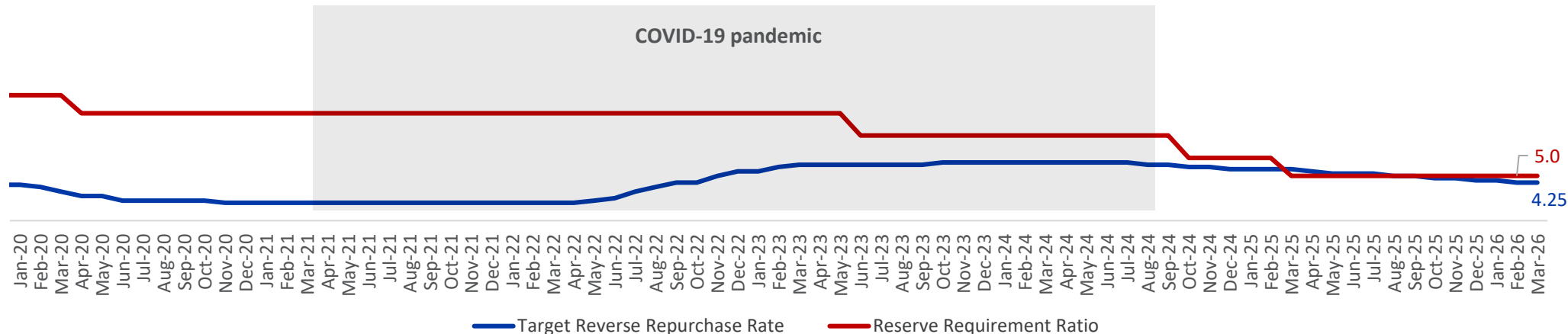
Central Bank Policy Rates (%)



Reserve Requirement Ratio (%)^{1/}



Target Reverse Repurchase Rate and Reserve Requirement Ratio (%)



1/ On 21 February 2025, BSP announced a 200-bps reduction of the RRR for Universal and Commercial Banks to 5.0% from 7.0%.; effective date 28 March 2025

Source: BSP, CEIC, Central Bank Websites

V. Sustained Robust Growth and Reform Momentum (Cont'd)

Deepening Capital Markets to Improve Monetary Policy Transmission, Improve Price Discovery, and Increase Market Liquidity

Transparent and reliable financial market benchmarks

Use of BSP's ON RRP rate as overnight reference rate (ORR)

Launch of enhanced Interest Rate Swap market

- Creates benchmark yield curve to help banks and other lenders price loans at various maturities for long-term capital allocation
- 16 banks have committed to be market makers

Goal: inclusion of Philippine Government Bond in various indices

September 2025: JP Morgan placed PH on positive watchlist for Government Bond Index for Emerging Markets (GBI-EM)

Enhance foreign investor participation in peso-denominated government bonds market, boost market liquidity

More efficient transmission of monetary policy

BSP adoption of Global Master Repurchase Agreement (GMRA)-based RRP

- Expected to increase trading between banks and improve financial benchmarks

Expansion for BSP counterparties

- More types of investors, including trust entities and other domestic institutions such as pension funds, to participate in the primary auction and secondary market trading of BSP Securities

Issuances and Taxation

Debt Issuance Strategy

- Concentrate issuances on key benchmark tenors and consolidate outstanding ISINs

Taxation Framework

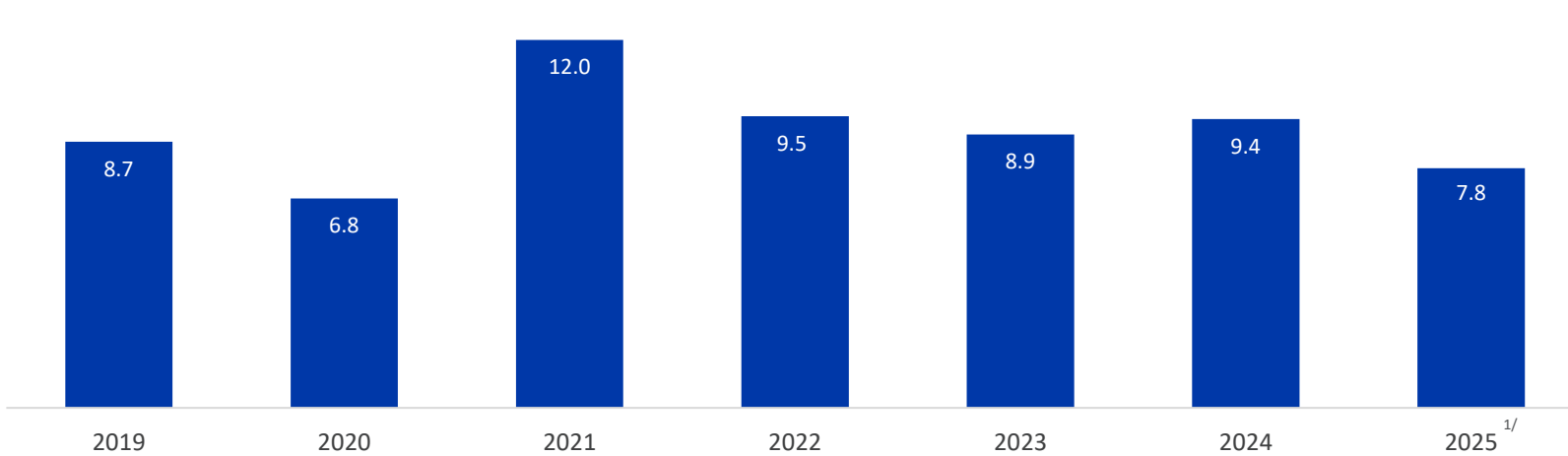
- **Capital Markets Efficiency Promotion Act (RA 12214, S. 2025)** to streamline taxation, reduce transaction costs, and increase market participation in both capital markets and collective investment schemes
 - Projected revenue: over PHP25bn from 2025 to 2030
- **Streamlined tax implementation under National Registry of Scripless Securities (NRoSS)**
 - Foreign investors can open securities account ahead of future government securities purchases
 - Eliminates need for issuer (BTr) to submit confirmation of the propriety of withholding tax applied on income
 - Leverages tracking feature of NRoSS, eliminates need for tax reclaims in cases where treaty rates are not applied

V. Sustained Robust Growth and Reform Momentum (Cont'd)

Sustained Investment Flows

Continued inflows indicate confidence in long-term growth prospects

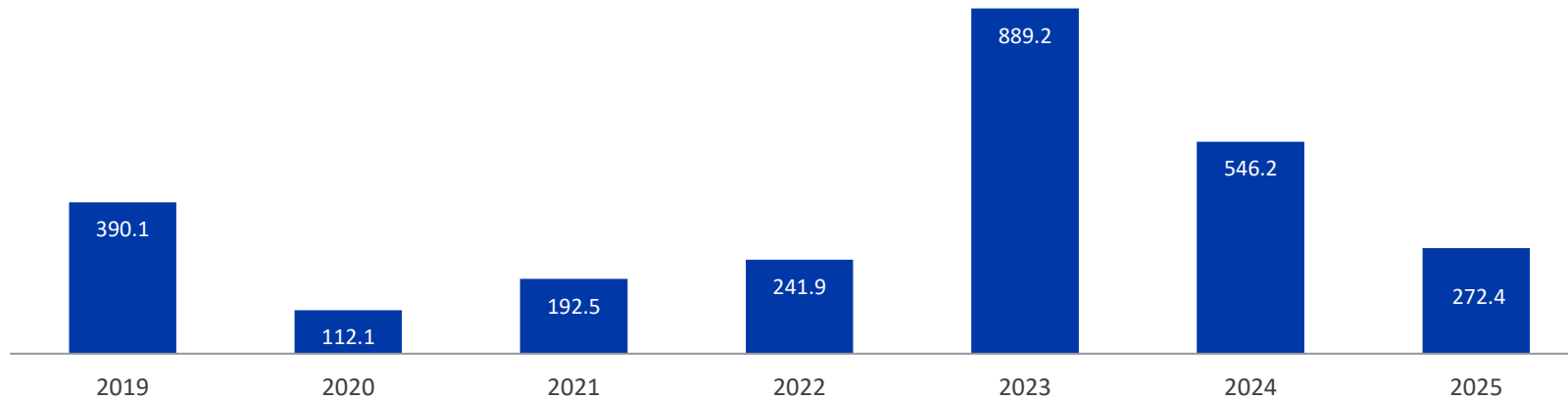
Net FDI (US\$ bn)



For the full year of 2025, equity capital placements were sourced primarily from Japan, the United States, Singapore, and South Korea, and were channeled largely into the manufacturing, wholesale and retail trade, and financial and insurance industries.

Improved investment climate continues to attract foreign investors

Foreign investment approvals (PHP bn)



Countries with the highest investment pledges in 2025 (PHP bn)

Singapore	92.8
Netherlands	36.0
Japan	34.0

Investment approved by the Philippines' Investment Promotion Agencies – Board of Investments (BOI), Clark Development Corporation (CDC), Philippine Economic Zone Authority (PEZA), Subic Bay Metropolitan Authority (SBMA), Authority of the Freeport Area of Bataan (AFAB), BOI-Bangsamoro Autonomous Region of Muslim Mindanao (BOI-BARMM), and Cagayan Economic Zone Authority (CEZA), Poro Point Management Corporation (PPMC), Tourism Infrastructure Enterprise Zone Authority (TIEZA), Bases and Conversion Development Authority (BCDA), Clark International Airport Corporation (CIAC), John Hay Management Corporation (JHMC), and Zamboanga City Special Economic Zone Authority (ZCSEZA).




Source: BSP, PSA

^{1/} Preliminary data

V. Sustained Robust Growth and Reform Momentum (Cont'd)

Liberalized Economic Sectors Offer Greater Opportunities to Foreign Investments

Amendments to Foreign Investments Act (Republic Act (RA) No. 11647)

<p>Key Amendment:</p> <p>100% ownership of micro and small domestic enterprises with paid-in equity capital of at least US\$100,000 to less than US\$200,000, provided one of the following:</p>			<p>Other salient provisions:</p> <p>Allow for more foreign participation in the country's industries</p>
<p><i>Involves advanced technology*</i></p> 	<p><i>Startups or startup enablers*</i></p> 	<p><i>Majority of the direct employees are Filipinos; number of Filipino direct hires is at least 15 as certified by Department of Labor and Employment (DOLE)</i></p> 	<p><i>Inter-Agency Investment Promotion Coordination Committee tasked to integrate all promotion and facilitation efforts to encourage foreign investments in the country</i></p>
			<p><i>Comprehensive and strategic Foreign Investment Promotion and Marketing Plan for medium and long term</i></p>
			<p><i>Updated database tool to promote investment and business-matching in local supply chain</i></p>
			<p><i>Skills Development Program designed to transfer technology or skills by designating at least two understudies per foreign national employed</i></p>

*as certified by Department of Information and Communications Technology (DICT) or Department of Trade and Industry (DTI) or Department of Science and Technology (DOST)
Source: Official Gazette

V. Sustained Robust Growth and Reform Momentum (Cont'd)

Liberalized Economic Sectors Offer Greater Opportunities to Foreign Investments

Amended Public Service Act

100% foreign ownership of:



Telecommunications



Airports



Railways



Shipping



Expressways

Up to 40% allowed:



Distribution of electricity



Transmission of electricity



Petroleum and petroleum products transmission or distribution systems



Water pipeline distribution systems and wastewater pipeline systems



Seaports



Public utility vehicles

Amended Retail Trade Liberalization Law

Lowers minimum paid-up capital to PHP25mn (US\$423,729); removes the required net worth, number of branches, track record conditions

Assistance to small manufacturers by providing PH goods and services access to global stores



Designation of a store space as Filipino section

Utilization of locally sourced raw materials in the production of goods



Implementation of other arrangements that will promote locally manufactured products

Use of locally made packaging materials, such as bags, boxes, or containers



Amended Implementing Rules and Regulations (IRR) of Renewable Energy (RE) Act

100% foreign ownership in exploration, development, and utilization of:



Hydro



Ocean/Tidal



Solar



Wind

- Department of Justice's legal opinion issued in 2022: above RE sources not subject to 40% foreign equity limitation
- Subsequently, IRR amended via Department of Energy (DOE) Circular 2022-11-0034

V. Sustained Robust Growth and Reform Momentum (Cont'd)

Modernizing Industries and Expanding Growth to Regions

Scalable investments

2022 Strategic Investment Priority Plan

Tier I



Covid-19 qualified activities



Strategic services



Mass housing



Agriculture, fishery, forestry



Innovation drivers



Environment



Export activities



Manufacturing



Activities in support of government programs



Infrastructure and logistics



Healthcare



Inclusive business models



Energy



Special laws

Tier II



Green ecosystems



Defense-related activities



Industrial value-chain gaps



Health-related activities



Food security-related activities

Tier III



Research and development



Innovation support facilities



Highly technical manufacturing and production of innovative products and services

V. Sustained Robust Growth and Reform Momentum (Cont'd)

Modernizing Industries and Expanding Growth to Regions

Attracting investors and strengthening competitiveness

Tax incentives package under CREATE MORE

Available Fiscal Incentives	For Domestic Market Enterprises (DME)	For Registered Export Enterprise (REE)
Income tax holiday (ITH)	4-7 years , depending on location and sectoral tiering	
Special Corporate Income Tax (SCIT) of 5% of gross income (in lieu of national and local fees and charges)	Not applicable	Maximum of 17 years for IPA-approved projects or 27 years for FIRB-approved projects.
Enhanced Deduction Regime (EDR) ¹ (subject to reduced CIT rate of 20% based on net taxable income)	Maximum of 17 years for IPA-approved projects or 27 years for FIRB approved projects. EDR may be granted immediately at start of commercial operations	In no case shall EDR be granted simultaneously with SCIT. SCIT or EDR may be granted immediately at the start of commercial operations.
Duty exemption on importation ²	Time-bound (for the entire registration period reckoned from the dater of registration)	
VAT exemption on importation and VAT zero-rating on local purchases ³	Only available to high-value DMEs ⁴	Effective perpetual (for entire registration period as an RBE) After expiration of income tax-based incentives, exporter shall be subject to provisions of Sections 106, 108, and 109 for VAT purposes
Maximum of 2% Registered Business Enterprise (RBE) local tax (in lieu of local taxes, fees, and charges under the Local Government Code of 1991)	During period of availment of ITH and EDR, subject to enactment of local ordinance	During period of availment of ITH and EDR, subject to enactment of local ordinance

¹ For export and domestic market enterprises, enhanced deductions include depreciation allowance, labor expense, research and development expense, training expense, domestic inputs, power expense, reinvestment allowance and enhanced net operating loss carry-over

² Only applies to importation of capital equipment, raw materials, spare parts and accessories, directly attributable to registered project activity of RBEs, including goods used for administrative purposes.

³ Only applies to goods and services directly attributable to registered project activity of an REE or registered high-value DME, including expenses incidental thereto.

⁴ High-value DMEs refer to registered DMEs with an investment capital exceeding PHP15bn and are engaged in sectors considered import-substituting, or with export sales in immediately preceding year of at least US\$100mn

V. Sustained Robust Growth and Reform Momentum (Cont'd)

Modernizing Industries and Expanding Growth to Regions

Attracting investors and strengthening competitiveness

Tax incentives package under CREATE MORE

For Registered Export Enterprise

Approving Authority	IPA-approved (P15bn and below)			FIRB-approved (Exceeding P15bn)		
Location/Industry Tiers	Tier I	Tier II	Tier III	Tier I	Tier II	Tier III
National Capital Region (NCR)	4 ITH + 10 SCIT/EDR or 14 SCIT/EDR	5 ITH + 10 SCIT/EDR or 15 SCIT/EDR	6 ITH + 10 SCIT/EDR or 16 SCIT/EDR	4 ITH + 20 SCIT/EDR or 24 SCIT/EDR	5 ITH + 20 SCIT/EDR or 25 SCIT/EDR	6 ITH + 20 SCIT/EDR or 26 SCIT/EDR
Metropolitan areas or areas contiguous and adjacent to NCR	5 ITH + 10 SCIT/EDR or 15 SCIT/EDR	6 ITH + 10 SCIT/EDR or 16 SCIT/EDR	7 ITH + 10 SCIT/EDR or 17 SCIT/EDR	5 ITH + 20 SCIT/EDR or 25 SCIT/EDR	6 ITH + 20 SCIT/EDR or 26 SCIT/EDR	7 ITH + 20 SCIT/EDR or 27 SCIT/EDR
All other areas	6 ITH + 10 SCIT/EDR or 16 SCIT/EDR	7 ITH + 10 SCIT/EDR or 17 SCIT/EDR	7 ITH + 10 SCIT/EDR or 17 SCIT/EDR	6 ITH + 20 SCIT/EDR or 26 SCIT/EDR	7 ITH + 20 SCIT/EDR or 27 SCIT/EDR	7 ITH + 20 SCIT/EDR or 27 SCIT/EDR

For Registered Domestic Market Enterprise

Approving Authority	IPA-approved (P15bn and below)			FIRB-approved (Exceeding P15bn)		
Location/Industry Tiers	Tier I	Tier II	Tier III	Tier I	Tier II	Tier III
NCR	4 ITH + 10 EDR or 14 EDR	5 ITH + 10 EDR or 15 EDR	6 ITH + 10 EDR or 16 EDR	4 ITH + 20 EDR or 24 EDR	5 ITH + 20 EDR or 25 EDR	6 ITH + 20 EDR or 26 EDR
Metropolitan areas or areas contiguous and adjacent to NCR	5 ITH + 10 EDR or 15 EDR	6 ITH + 10 EDR or 16 EDR	7 ITH + 10 EDR or 17 EDR	5 ITH + 20 EDR or 25 EDR	6 ITH + 20 EDR or 26 EDR	7 ITH + 20 EDR or 27 EDR
All other areas	6 ITH + 10 EDR or 16 EDR	7 ITH + 10 EDR or 17 EDR	7 ITH + 10 EDR or 17 EDR	6 ITH + 20 EDR or 26 EDR	7 ITH + 20 EDR or 27 EDR	7 ITH + 20 EDR or 27 EDR

V. Sustained Robust Growth and Reform Momentum (Cont'd)

Major Tax Reforms Fund Economic Recovery Programs and Attract Investments

CREATE MORE Act (RA 12066, S. 2024)

CREATE Act (RA 11534, S. 2021)

Ease of Doing Business: Simplifies local taxation and clarifies the process for VAT and duty incentives; establishes a dedicated unit to support end-to-end tax compliance of RBEs; expands support for non-registered exporters and high-value domestic market enterprises

Improves Tax Regime: For the Enhanced Deductions Regime, lowers corporate income tax to 20% from 25%; doubles power expense deductions; allows 50% additional deductions for reinvestment allowance for the tourism industry; adds a 50% deduction for tourism and trade fairs; net operating loss carry-over deductions within 5 years; extends maximum period of incentives to 27 years

Efficient Approval Process: Increases investment capital approval threshold for investment promotion agencies to PHP15bn from PHP1bn, requiring only larger projects to go through FIRB

Largest fiscal stimulus for enterprises in the country's history

Provides an estimated US\$2bn of tax relief annually to corporate sector to sustain employment or use for investments

Provides hefty corporate income tax rate cuts

Tax cut for MSMEs (from 30% to 20%) and for all other corporations (from 30% to 25%)

Provides more flexibility in the grant of fiscal and non-fiscal incentives

Rationalizes fiscal incentives, creating an enhanced incentive package that is performance-based, time-bound, targeted, and transparent

Projects granted with tax incentives by the Fiscal Incentives Review Board (FIRB)

68 projects as of June 2025 with total investment capital amounting to PHP254.1bn*

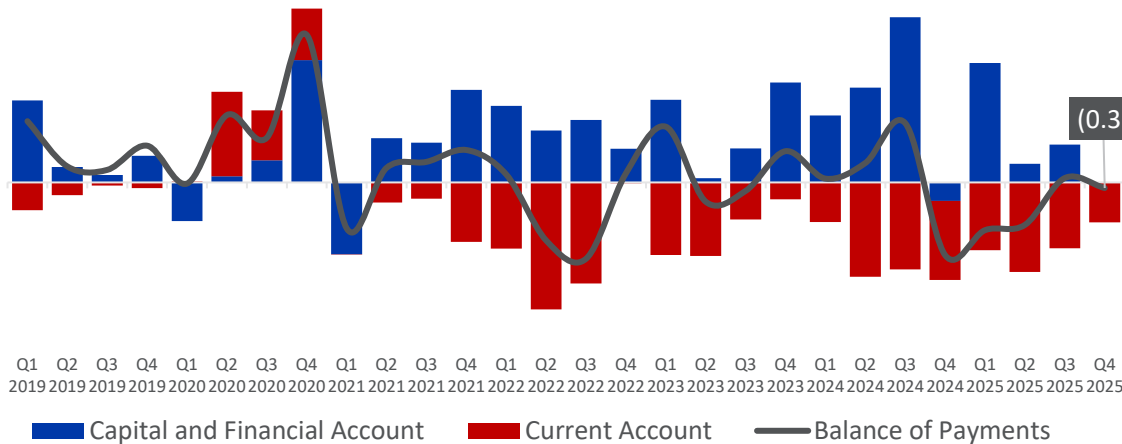
- Mass housing
- Operations of a subway project
- Operations of a domestic roll-on/roll-off vessel
- Connectivity facilities for high-speed broadband services
- Industrial zone operation
- Telecommunications and telecom infrastructure
- Liquefied Natural Gas (LNG) storage and a regasification facility
- Data center expansion
- Manufacturing of semiconductors
- Hotel accommodation
- General hospital
- Electric vehicle charging stations
- Manufacturing of cement, steel bars, semiconductors, motor vehicles, trailers and semi-trailers, solar wafer cells, wire harness of automobile projects
- Manufacturing and assembly of reducer gears for robotic application and home appliances
- Production of canned meat products, dressed chicken, personal care products

VI. Favorable External Position

Manageable Balance of Payments Position

Balance of Payments

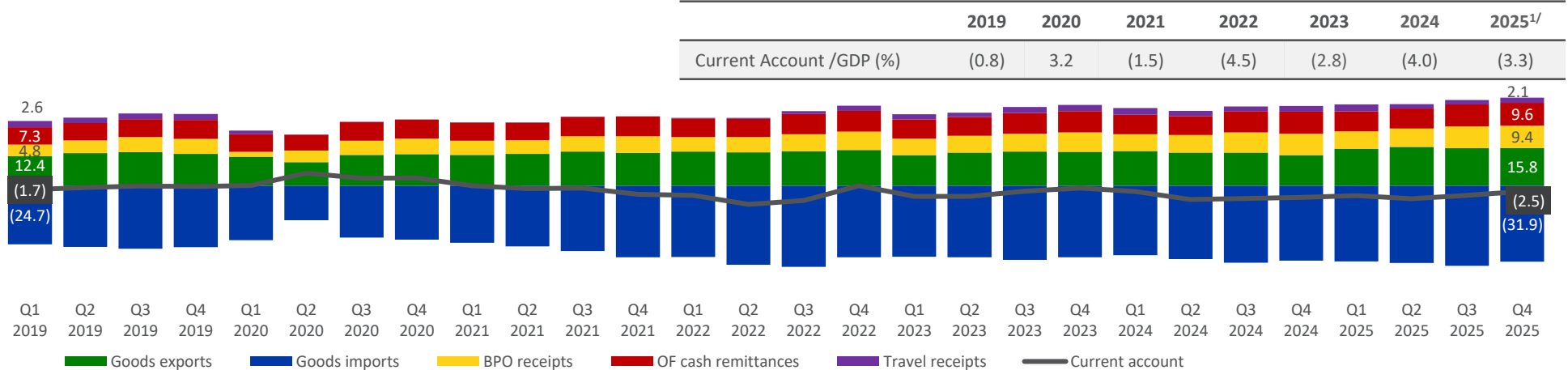
Balance of payments components (US\$ bn)



	2019	2020	2021	2022	2023	2024	2025 ^{1/}
Capital and Financial Account	8.2	7.0	6.5	13.9	13.7	19.1	11.0
Current Account	(3.0)	11.6	(5.9)	(18.3)	(12.4)	(18.6)	(16.3)
Overall Balance of Payments Position	7.8	16.0	1.3	(7.3)	3.7	0.6	(5.7)

Current Account

Current account components (US\$ bn)



	2019	2020	2021	2022	2023	2024	2025 ^{1/}
Current Account /GDP (%)	(0.8)	3.2	(1.5)	(4.5)	(2.8)	(4.0)	(3.3)

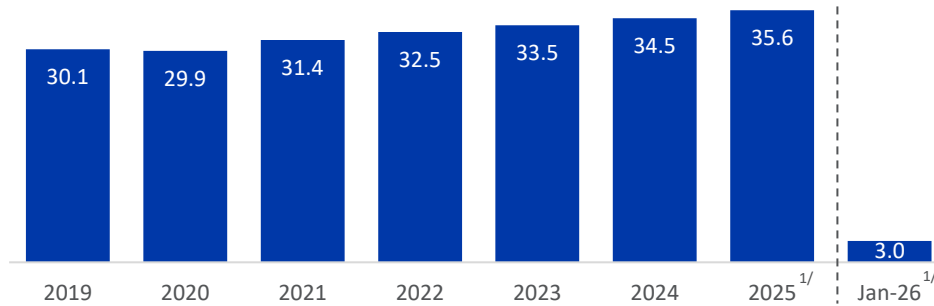
^{1/} Preliminary
Source: BSP

VI. Favorable External Position (Cont'd)

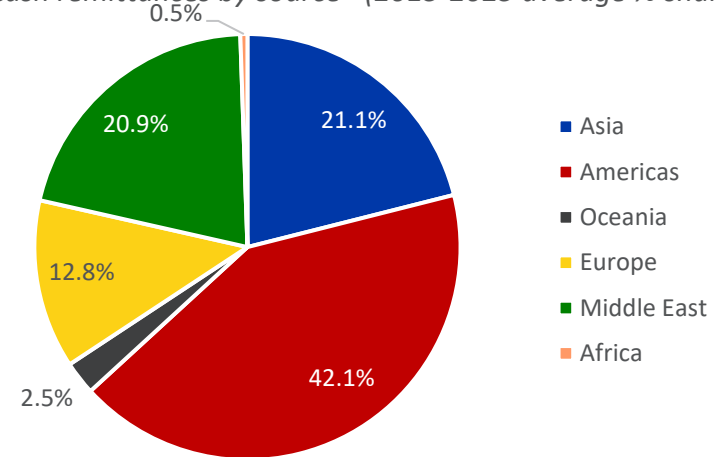
Structural Current Account Inflows Support the Balance of Payments

Remittance flows remain resilient

Overseas Filipinos' (OF) cash remittances (US\$ bn)



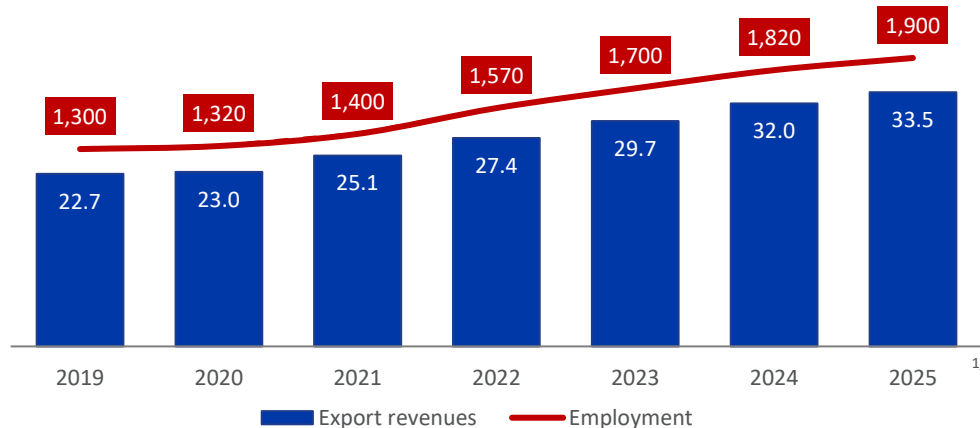
OFs' cash remittances by source* (2015-2025 average % share to total)



*Note: Remittances through correspondent banks are mostly located in the U.S. On the other hand, remittances coursed through money couriers cannot be disaggregated into their actual country source and are lodged under the country where the main offices are located, which, in many cases are in the U.S.

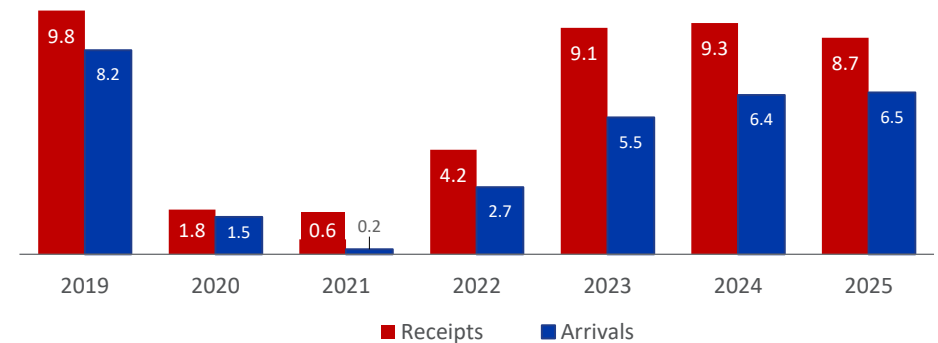
BPO remains a strong driver of employment, export revenues

BPO employment ('000s) and export revenues (US\$ bn)



Tourism industry posts strong rebound post-pandemic

International visitor receipts (US\$ bn) and arrivals (mn)



Note: BPO revenues are lodged under technical, trade-related, and other business services and computer services (BOP concept); 2025 FY BPO employment data forecast is from IT and Business Process Association of the Philippines (IBPAP)
1/preliminary

Source: BSP, DOT, IBPAP

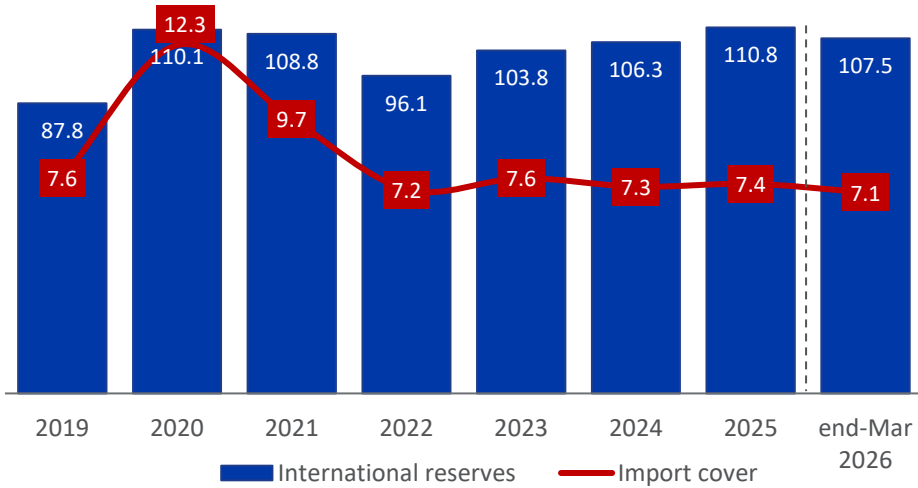
Note: Travel exports (visitor receipts) are recorded under the Trade in Services account of the Balance of Payments statistics published by the Bangko Sentral ng Pilipinas (BSP), while data on visitor arrivals are sourced from the Department of Tourism (DOT).

VI. Favorable External Position (Cont'd)

Adequate Buffers Against External Headwinds

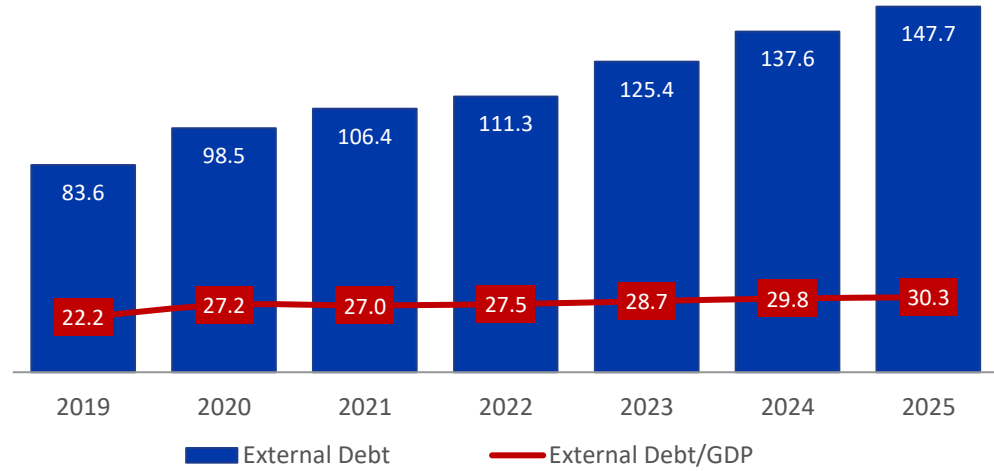
Robust foreign exchange reserves

International (US\$ bn) and months of import cover



Prudently managed external debt

External debt (US\$ bn) and external debt/GDP (%)

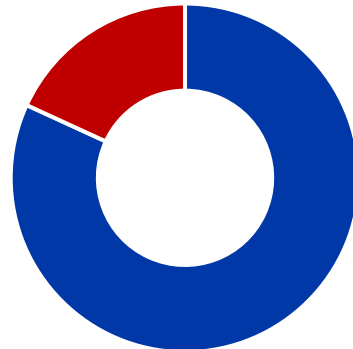


Favorable external debt profile

(As of 31 December 2025)

External debt by remaining maturity

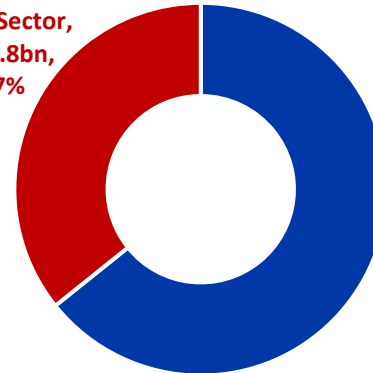
Short-term
US\$26.8bn,
18.1%



Medium and long-term,
US\$120.9bn,
81.9%

External debt by borrower

Private Sector,
US\$52.8bn,
35.7%



Public Sector,
US\$94.9bn,
64.3%

VI. Favorable External Position (Cont'd)

Opportunities for Regional Trade, Investment to Support External Accounts

Philippines: A strategic point of access to key markets

Natural gateway to the East-Asian economies

Critical entry point to over **680mn people** in the ASEAN Market

Reachable **within 3-4 hours** by plane within most countries in Asia

Situated at the crossroads of international shipping and air lanes

Foreign Trade Agreements (FTA)



UAE^{1/}: Eliminate tariffs on key products such as agricultural goods, electronics, and processed foods



Canada-GSP^{2/}: Exporters benefit from zero or reduced tariffs on a wide range of products, e.g., agricultural, manufacturing, etc.



EU-GSP+: Duty-free and reduced tariff access to the European market for over 6,200 products; only SEA country with GSP+



ASEAN Free Trade Area: lower intra-regional tariffs of 0-5%



Asia Pacific: China, Japan, India, Australia, New Zealand, and Hong Kong



European Free Trade Association: Switzerland, Norway, Iceland, and Liechtenstein



UK DCTS^{3/}: Duty-free or reduced tariffs on eligible export goods; 0% import tariffs on 92% of all products



Korea: Expands market for agricultural products, seafood, and electronic goods

For more information on FTAs, you may visit Department of Trade and Industry's FTA integrated platform:
<https://philippineftas.dti.gov.ph/>



Regional Comprehensive Economic Partnership (RCEP)

Ratified by the Philippines on 21 February 2023
Entered into force on 02 June 2023

Philippine Institute for Development Studies research found that Philippines and Vietnam are the top gainers of RCEP deal

Expected to open markets for 92% of Philippines' products

Improves export competitiveness of key products, such as agricultural products, automotive parts, and garments

Improves levels of market access; provides a specific chapter for MSMEs; includes simplified and business-friendly customs procedure for trade; enhances cooperation on e-commerce

Provides a platform to encourage more investments and service providers in vital sectors, e.g., manufacturing, creative sectors, financial services, research and development, IT-BPO, and energy, among others

1/ Philippines and the UAE signed the Comprehensive Economic Partnership Agreement (CEPA) on 13 January 2026 and is currently for ratification

2/ Generalized System of Preferences

3/ Developing Countries Trading Scheme

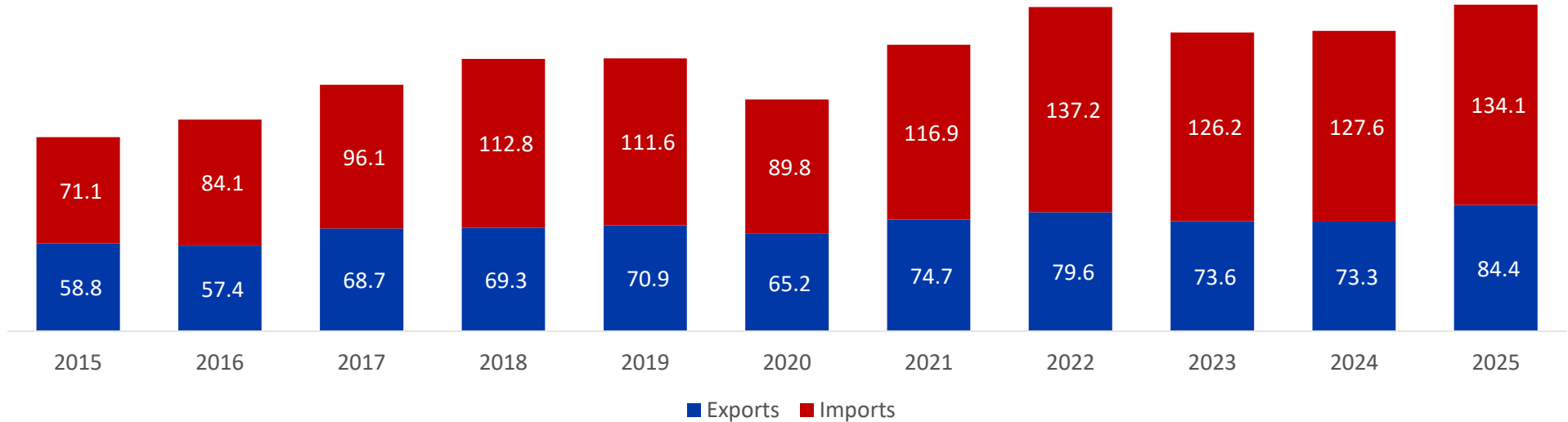
Source: DTI, BSP

VI. Favorable External Position (Cont'd)

Strategic Ties Keep Trade Channels Open and Exports Resilient

Philippine exports thrive driven by sustained global demand despite tariff challenges

Annual total trade (US\$ bn)



US Supreme Court Ruling on Tariffs Imposed under the International Emergency Economic Powers Act (IEEPA)

- US Supreme Court ruling narrowing the use of the International Emergency Economic Powers Act (IEEPA), alongside the pivot to Section 122 of the US Trade Act, effectively lowers applied US tariffs on Philippine exports from 19% to 10%. This improves the Philippines' near-term competitive position while preserving policy flexibility, with Section 122 also providing tariff exemptions for key exports.
- While other countries, such as Vietnam and Indonesia, extended broad tariff free access to US goods, the convergence of applied US tariffs across partners under Section 122 reduces the relative gains from such wide-ranging concessions. In contrast, the Philippines' calibrated approach—granting tariff free access only to select US goods—preserves domestic industry protection and places the country in a relatively stronger position than peers.

Note: US Trade Representative Greer indicated last February 2026 that they are preparing another Presidential proclamation to raise the temporary tariffs to 15% "where appropriate"

VI. Favorable External Position (Cont'd)

Managing Geopolitical Risks and Opportunities

Philippines: well-positioned to navigate global trade and geopolitical uncertainties



- Robust services sector, limited reliance on commodity exports, and diverse trade partnerships shield Philippines from impacts of US tariffs and external shocks.
- Comprehensive measures (e.g., PPP Code, Amendments to IRR of RE Act, Capital Markets Efficiency Promotion Act, Ease of Paying Taxes Law, CREATE MORE Act, Accelerated and Reformed Right-of-Way Act) to further develop infrastructure (including power), manufacturing, and education to boost growth, productivity and inclusivity.

**Economic
Diversification
and Reform**



- Philippines – crucial ally to United States in APAC, with historically close political and cultural ties. 2026 marks the 80th anniversary of diplomatic relations between Philippines and the United States and 75th anniversary of the Mutual Defense Treaty (MDT). Alliance remains robust and benefits from continuing positive momentum in security, defense, and economic cooperation.
- Recent milestones: President Marcos Jr.'s July 2025 Washington visit reaffirmed the “ironclad” alliance and secured \$21bn in US investment pledges, US Presidential Trade and Investment Mission, launch of Luzon Economic Corridor (LEC) under Partnership for Global Infrastructure and Investment, and Indo-Pacific Economic Framework Investment Accelerator.
- China and Philippines’ Bilateral Consultation Mechanism - framework for regular meetings and peaceful dialogue to constructively manage disputes in West Philippine Sea and strengthen bilateral relations. In February 2026, DFA Assistant Secretary Alferez met with Asian Affairs Director-General Liu Jinsong and Boundary and Ocean Affairs Director-General Hou Yangqi to explore avenues for advancing mutually beneficial cooperation.

**Bilateral
Engagements
with U.S. and
China**



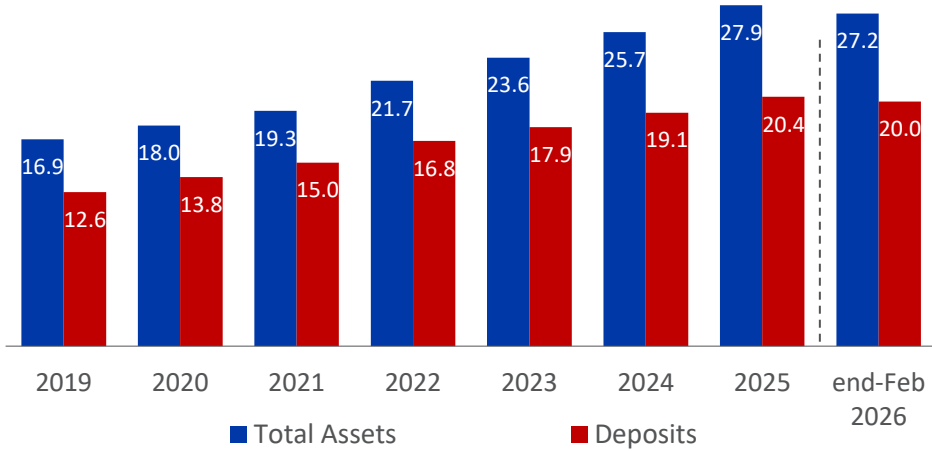
- As Association of Southeast Asian Nations (ASEAN) member, Philippines engages regional partners on economic and national security issues. The Philippines is the Chair of the 2026 ASEAN Summit.
- Key agreements (e.g., ASEAN Trade in Goods Agreement, ASEAN Framework Agreement on Services, and ASEAN Comprehensive Investment Agreement) continue to facilitate free flow of goods, services, and investment within region.

**Multilateral
Diplomacy**

VII. Sound and Stable Banking System

Strong asset expansion funded mostly by deposits

Total assets and deposit levels (PHP tn) of U/KBs



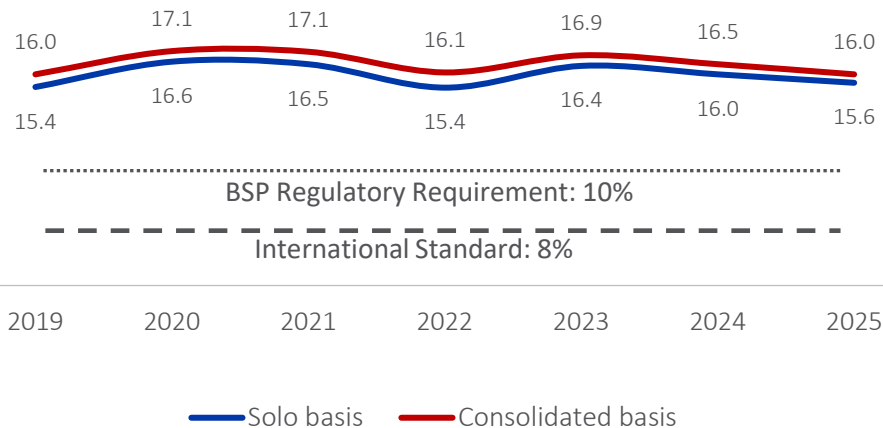
Steady loan demand; manageable asset quality

Total loans outstanding, gross of BSP RRP agreements (PHP tn) and non-performing loans (NPL) ratio (%) of U/KBs



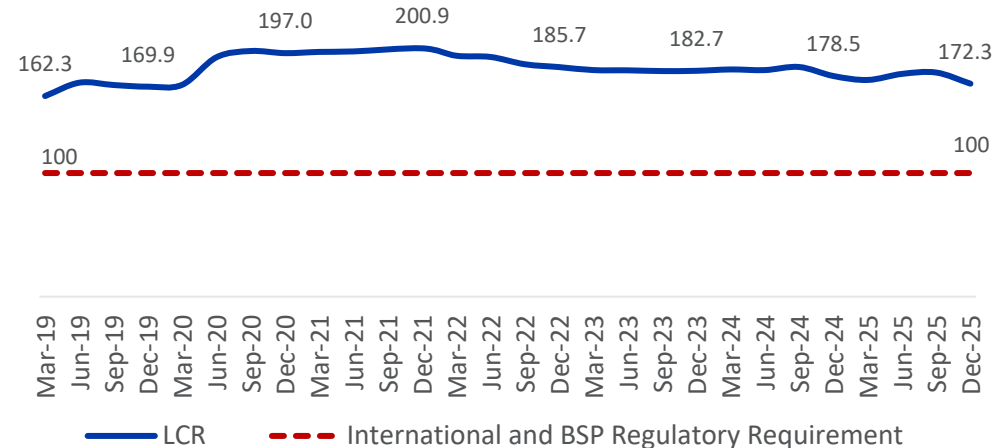
Strong capitalization well above international norms

Capital adequacy ratio (%) of U/KBs



Strong liquidity position to fund requirements during shocks

Liquidity coverage ratio (LCR) (%) of U/KBs on solo basis



Source: BSP
Note: U/KBs – Universal and Commercial Bank

VII. Sound and Stable Banking System (Cont'd)

Exit from FATF's grey list underscores commitment to combat money laundering and terrorism financing

Expected benefits

- Facilitate faster processing of cross-border transactions, reduce compliance barriers, and enhance financial transparency
- Support businesses, strengthen country's position as attractive FDI destination, and benefit Filipinos, particularly overseas Filipinos

Action plan items related to the Bangko Sentral ng Pilipinas (BSP) and BSP-supervised financial institutions (BSFIs)



- Implementation of new registration requirements for money or value transfer services and application of sanctions to unregistered and illegal money remittance operators
- Enhancement of the effectiveness of the targeted financial sanctions framework for both terrorism financing and proliferation financing of weapons of mass destruction

Committed compliance with Anti-Money Laundering (AML)/Counter-Terrorism Financing/Counter-Proliferation Financing of Weapons of Mass Destruction (CTPF) standards



- Scale-up risk-based AML/CTPF supervision
- Strong engagement and collaboration with industry associations and BSFIs

European Parliament approved removal of the Philippines from European Union's list of countries with high money laundering and terrorism financing risk

Priority legislation to strengthen gains, expand coverage and compliance with global anti-money laundering/counter-terrorism financing standards

- Amendments to the Anti-Money Laundering Act filed in Congress

VII. Sound and Stable Banking System (Cont'd)

Islamic finance strengthens access to financial services, provides alternative banking and finance options

Enabling laws unlock greater financial inclusion for inclusive growth

- RA 11054, Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)
- IRR of Article XIII, Sections 32 and 34 of RA 11054, Joint Circular on the Establishment of the Shari'ah Supervisory Board in BARMM
- RA 11211, An Act Amending RA 7653, The New Central Bank Act
- RA 11439, An Act Providing for the Regulation and Organization of Islamic Banks
- RA 11840, An Act Amending RA 3591, The Philippine Deposit Insurance (PDIC) Charter

Complementary framework provides enabling regulatory environment and level playing field

- Guidelines on Establishment of Islamic Banks (IBs) and Islamic Banking Units (IBUs), Circular No. 1069, Series of 2019
- Shari'ah Governance Framework for IBs and IBUs, Circular No. 1070, Series of 2019
- Implementation of Tax Neutrality, Bureau of Internal Revenue Regulations, Series of 2020-2024
- Guidelines on Management of Liquidity Risk by IBs and IBUs, Circular No. 1116, Series of 2021
- Guidelines for Reporting Islamic Banking and Finance Transactions/Arrangements, Circular No. 1139, Series of 2022
- Modified Minimum Capitalization of Conventional Banks with IBU, Circular No. 1173, Series of 2023
- Consolidated Guidelines for Takaful Window Operation, Insurance Commission Circular Letter, Series of 2024
- Insurance Coverage for Islamic Deposits, Philippine Deposit Insurance Commission Bulletin, Series of 2024
- Issuance and Disclosure of Sukuk Bonds, Securities and Exchange Commission Exposure Draft, Series of 2024
- Amended rules clarifying that IBUs are not subject to separate capital requirements; commercial banks with IBUs will follow capital requirements that apply to their bank category



Islamic Finance Opportunities

- Three (3) Islamic banking players and three (3) Takaful operators operating in accordance with Shari'ah principles
- Successful Sovereign Sukuk issuance
- Promotes financial inclusion for all Filipinos
- Targets unbanked regions

VIII. Strong Foundation for Digital Payments

Enabling Environment for Safe, Efficient, and Reliable Payment Systems

- RA 11127, National Payment Systems Act
- RA 11211, Amendments to the New Central Bank Act empowers BSP to oversee payment and settlement systems
- RA 12010, Anti-Financial Account Scamming Act combats financial cybercrimes

Regulatory Approach

- *Guidelines on the Establishment of Digital Banks, Circular No. 1105; Currently six digital banks in operation, with a regulatory cap of ten licensed digital banks*
- *Adoption of Payment System Oversight Framework, risk-based oversight approach over payment systems and financial market infrastructures*
- *Regulatory Sandbox Framework, which fosters an enabling environment for responsible innovation on inclusive digital financial ecosystem*
- *Amendments to Guidelines on Settlement of Electronic payments under the National Retail Payment System Framework, Circular No. 1196*
- *Regulatory Framework for Merchant Payment Acceptance Activities, Circular No. 1198*
- *Harmonization with Internationally Accepted ISO 20022 Standard for Retail Payment System, Circular No. 1223*
- *Open Finance Framework, Circular No. 1122; Promotes inclusive-oriented innovations by enabling users to access and share their financial data*

Digital Payments Transformation Roadmap steers from a cash-heavy to a cash-lite economy

Digital Payments Streams

- *QR Ph, Paleng-QR Ph Plus, E-Gov Facility, Bills Pay, Request to Pay, Direct Debit, PESONet, InstaPay, Automated Fare Collection System*

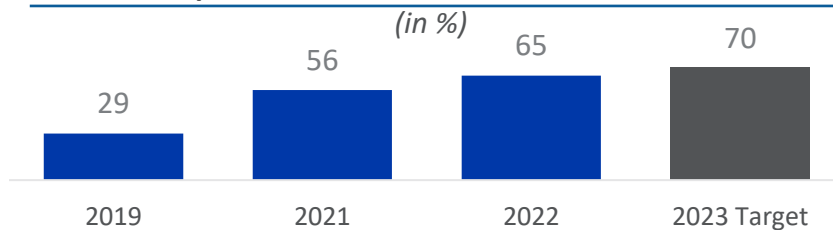
Digital Finance Infrastructure

- *National ID System – PhilSys, PhilPaSSplus, Open Finance, Regulatory Sandbox*

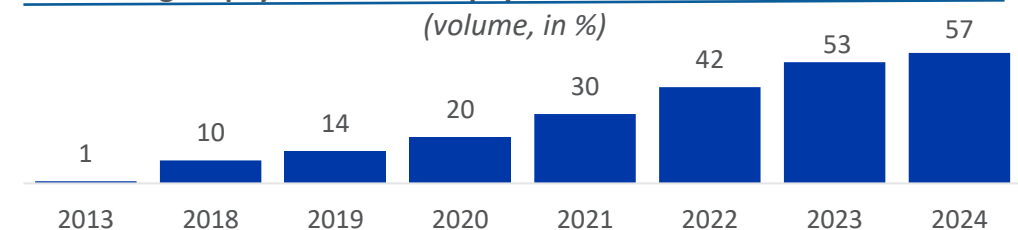
Digital Governance Standards

- *Open Finance and Application Programming Interfaces Standards, Adoption of ISO 20022 Standards, Cybersecurity Policies, Use of Data Policy*

Share of Filipino Adults with Transaction/ Formal Accounts



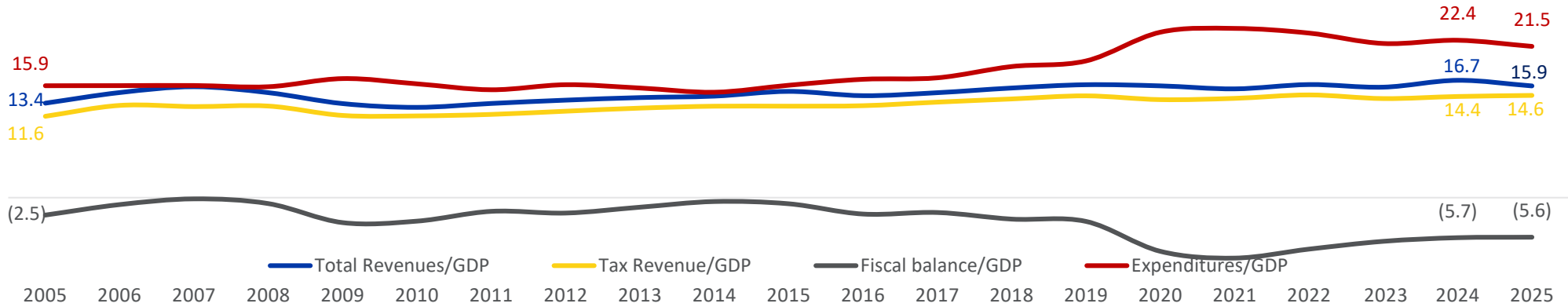
Share of digital payments to total payments exceed 52-54% target for 2024



IX. Sound Government Finances

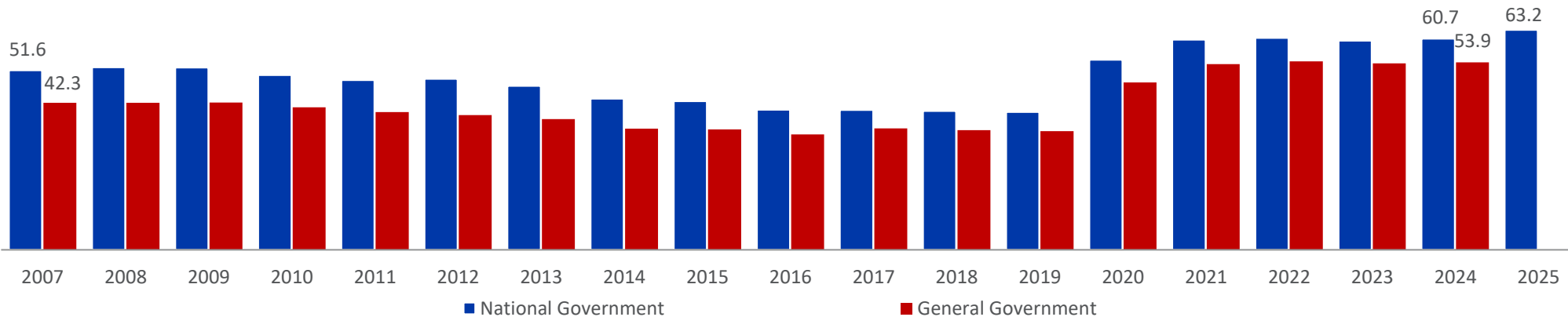
Long history of prudent fiscal management strengthens government's financial position

National government (NG) expenditure, revenue, tax revenue, and deficit (% of GDP, current)



Debt remains manageable, fiscally viable through prudent and strategic debt management

Government debt (% of GDP, current)



Source: DOF, BTR

IX. Sound Government Finances (Cont'd)

Enhanced tax collection efficiency due to implementation of comprehensive tax and administration reforms is a pillar for recovery

	Actual						Program				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Particulars	(PHP bn)										
Revenues	2,856.0	3,005.5	3,545.5	3,824.1	4,419.0	4,453.4	4,823.7	5,122.1	5,568.3	6,075.2	6,633.5
<i>% of GDP</i>	15.9	15.5	16.1	15.7	16.7	15.9	15.8	15.6	15.7	15.8	16.0
Tax Revenues	2,507.2	2,745.7	3,220.3	3,429.3	3,800.7	4,077.1	N/A	N/A	N/A	N/A	N/A
<i>% of GDP</i>	14.0	14.1	14.6	14.1	14.4	14.6	N/A	N/A	N/A	N/A	N/A
Non-tax Revenues	348.7	259.9	325.7	394.8	618.3	376.3	N/A	N/A	N/A	N/A	N/A
<i>% of GDP</i>	2.0	1.4	1.5	1.6	2.3	1.3	N/A	N/A	N/A	N/A	N/A
Expenditures	4,227.4	4,675.6	5,159.6	5,336.2	5,925.4	6,030.3	6,434.8	6,711.5	7,108.9	7,510.8	7,939.3
<i>% of GDP</i>	23.5	24.1	23.4	21.9	22.4	21.5	21.1	20.5	20.0	19.6	19.1
Surplus/(Deficit)	(1,371.4)	(1,670.1)	(1,614.1)	(1,512.1)	(1,506.4)	(1,576.8)	(1,567.8)	(1,589.4)	(1,540.6)	(1,435.5)	(1,305.8)
<i>% of GDP</i>	(7.6)	(8.6)	(7.3)	(6.2)	(5.7)	(5.6)	(5.3)	(4.8)	(4.3)	(3.7)	(3.1)

- Beyond revenue mobilization, the country's fiscal consolidation strategy prioritizes maximizing the impact of public spending by ensuring it is efficient and highly targeted. This commitment is reinforced through the rigorous implementation of the New Government Procurement Act and the Government Optimization Act.
- The Philippines to leverage on strong track record of revenue improvement and prudent expenditure management to return to fiscal consolidation (i.e., reduce deficit and debt stock accumulation) in the medium-term.

IX. Sound Government Finances (Cont'd)

Strong Investor Confidence in ROP's Issuances Even During Tighter Global Financial Conditions

Highlights of Transaction^{1/}



US\$3.0bn

January 2023



Triple-tranche Global Bonds, including a 25Y sustainability notes marking the Republic's 4th G3 ESG bond offering

- US\$500mn priced at T+105bps (4.625%) Notes due 2028
- US\$1.25bn priced at T+145bps (5.000%) Note due 2033
- US\$1.25bn sustainability bonds priced at 5.500% Notes due 2048



US\$1bn

November 2023



US\$1bn maiden 5.5Y dollar Sukuk, utilizing real estate assets under Ijara and Wakala, together with Commodity Murabaha aspect

- Priced at T+80bps with a profit rate of 5.045%
- Certificates due 2029



US\$2.0bn

May 2024



Dual-tranche Global Bonds, including a 25Y sustainability notes marking the Republic's 5th G3 ESG bond offering

- US\$1bn priced at T+80bps Notes due 2034
- US\$1bn sustainability bonds priced at 5.600% Notes due 2049



US\$2.5bn

August 2024



Triple-tranche Global Bonds, with 5.5Y, 10.5Y and 25Y issued under ROP's Sustainable Finance Framework, marking the Republic's 6th G3 ESG bond offering

- US\$500mn priced at T+75bps Notes due 2030
- US\$1.1bn priced at T+95bps Notes due 2035
- US\$900mn priced at 5.175% Notes due 2049



US\$2.25bn, EUR 1bn

January 2025



Triple-tranche Global Bonds, including US\$2.25Y and EUR 1Y issued under ROP's Sustainable Finance Framework, marking the Republic's 7th G3 ESG bond offering and inaugural EUR sustainability bond.

- EUR1bn priced at MS+125bps Notes due 2032
- US\$1.25bn priced at T+90bps Notes due 2035
- US\$1bn priced at 5.9% Notes due 2050



US\$2.75bn

January 2026

Triple-tranche Global Bonds, largest deal in over three years.

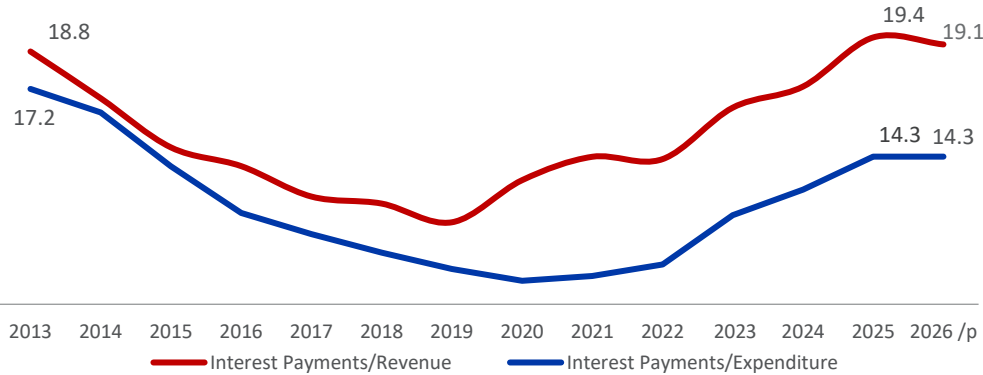
- US\$0.5bn priced at T+50bps Notes due 2031
- US\$1.5bn priced at T+80bps Notes due 2036
- US\$0.75bn price at 5.75% Notes due 2051

IX. Sound Government Finances (Cont'd)

Sustainable Debt Profile Supported by Diversified Sources of Financing

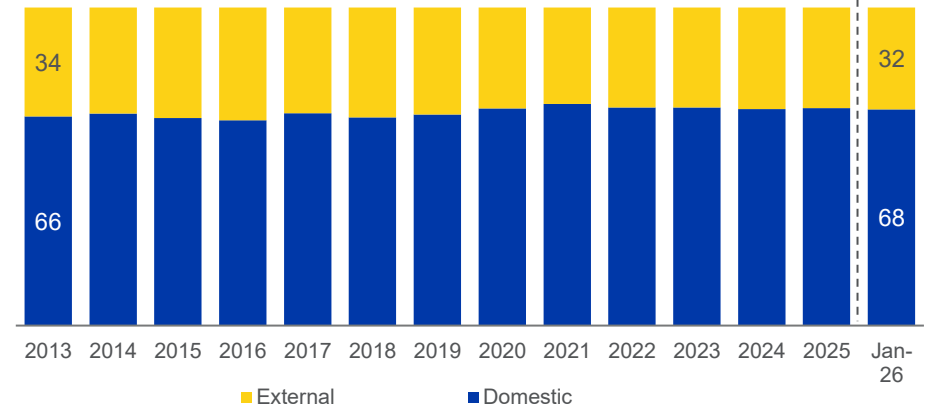
Debt affordability remains near target

Interest payments / NG revenue (%) and interest payments / NG expenditure (%)



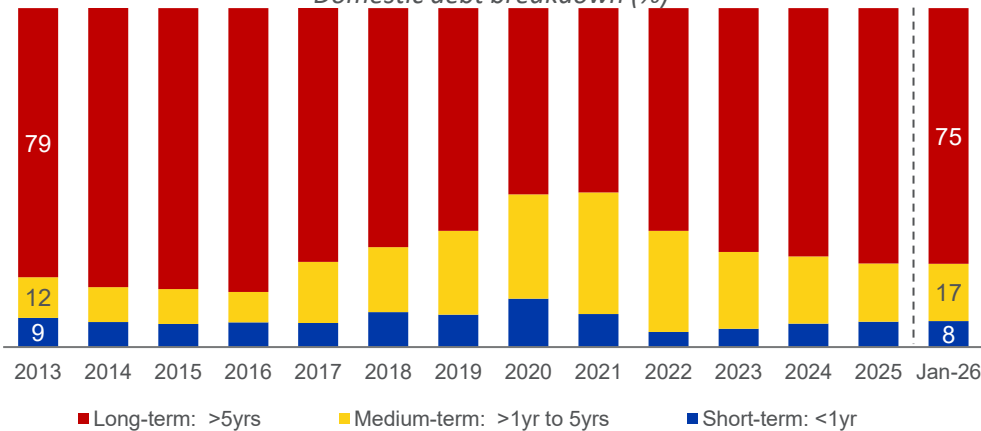
Ample domestic liquidity allows ROP to rely on domestic market to fund majority of its requirements while minimizing FX risks

Total debt breakdown (%)*

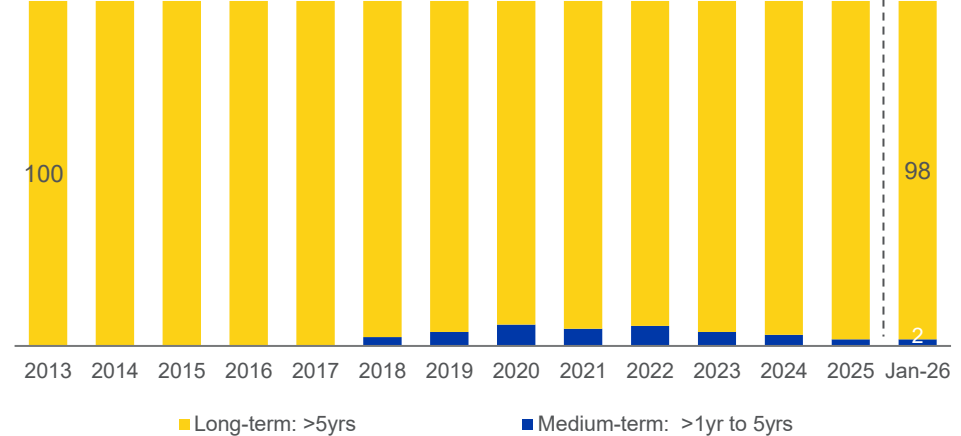


Long-dated debt profile reduces refinancing risk

Domestic debt breakdown (%)*



External debt breakdown (%)*



Source: BTr, BESF 2026
 *National Government Outstanding Debt
 p/ projection

IX. Sound Government Finances (Cont'd)

Strong Bias for Domestic Sources of Financing to Minimize FX Risks

Strategic Financing Program

Particulars	2020	2021	2022	2023	2024	2025 ^{a/}
	(PHP bn)					
Gross Borrowing	2,741.1	2,579.2	2,163.5	2,193.3	2,564.5	2,653.8
External	742.4	568.7	520.1	559.0	641.2	543.2
<i>Program Loans</i>	<i>375.2</i>	<i>166.1</i>	<i>136.6</i>	<i>204.3</i>	<i>271.3</i>	<i>213.1</i>
<i>Project Loans</i>	<i>49.1</i>	<i>110.2</i>	<i>120.7</i>	<i>135.9</i>	<i>113.6</i>	<i>138.2</i>
<i>Bonds and other inflows</i>	<i>318.1</i>	<i>292.3</i>	<i>262.8</i>	<i>219.0</i>	<i>256.2</i>	<i>192.0</i>
Domestic	1,998.7	2,010.6	1,643.4	1,634.2	1,923.3	2,110.6
<i>Treasury Bills</i>	<i>463.3</i>	<i>(153.3)</i>	<i>(385.8)</i>	<i>119.5</i>	<i>224.3</i>	<i>156.3</i>
<i>Fixed Rate T-bonds</i>	<i>1,535.4</i>	<i>2,163.9</i>	<i>2,029.2</i>	<i>1,514.7</i>	<i>1699.0</i>	<i>1,954.3</i>
Financing Mix (Domestic: External)	73:27	78:22	76:24	75:25	75:25	80:20

Note: Figures may not add up due to rounding off

^{a/} Based on BTr actual data reported in the revised version of Cash Operations Report as of 03 March 2026

Source: BTr, DBM BESF 2026

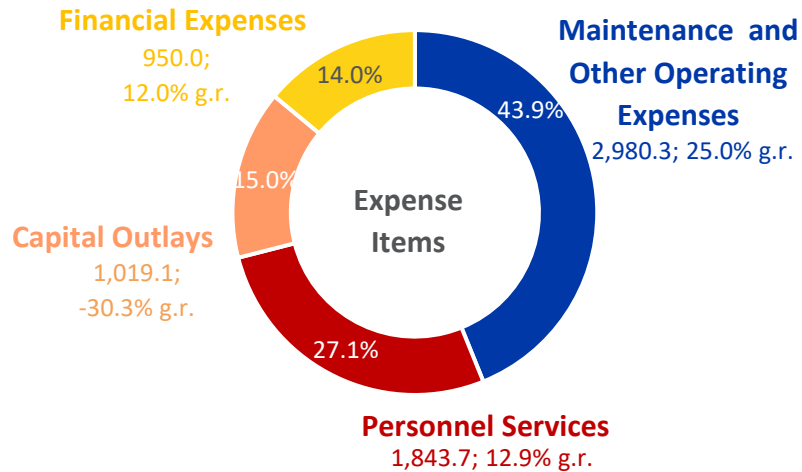
IX. Sound Government Finances (Cont'd)

2026 National Budget

Funding growth through prudent fiscal management

PHP6.793tn^{1/} National Budget supporting PDP medium-term fiscal and economic targets is 7.4% higher than 2025 budget.

2026 General Appropriations Act (GAA) by Expense Class, PHP bn, % Share and growth rate (in %)

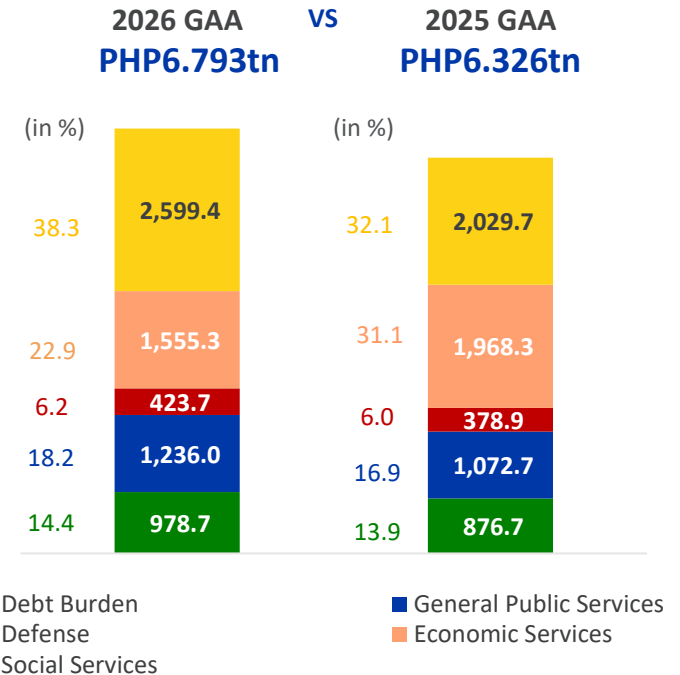


Note: g.r. is y-o-y growth rate
Figures may not add up due to rounding off

2026 Priority Sectors in PHP bn

Education	1,345
Public Works	530.9
Health	448.1
Interior and Local Government	310.5
Defense	310.0
Agriculture	297.1
Social Welfare	270.2
Transportation	141.0
Labor and Employment	73.6
Judiciary	70.6

2025 GAA by Sector, PHP bn and % share

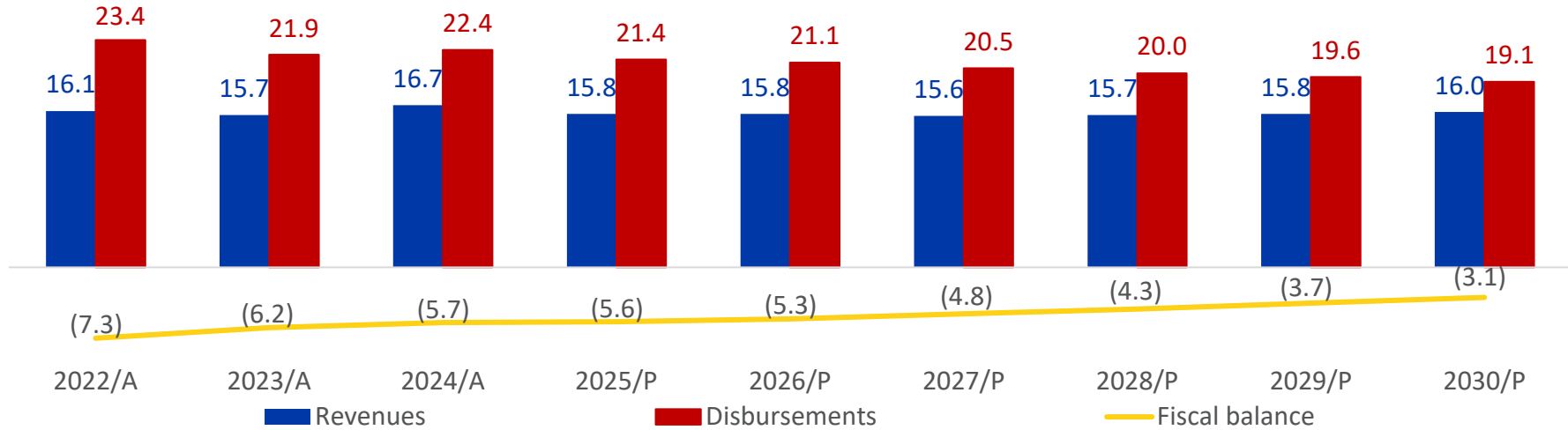


1/ based on signed GAA on 5 January 2026
Source: DBM, PNA

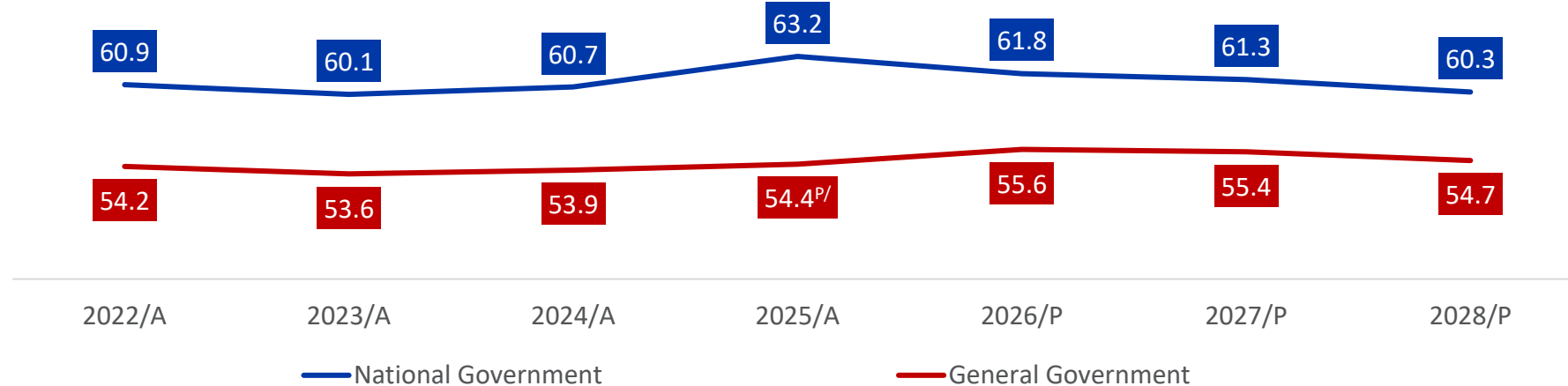
IX. Sound Government Finances (Cont'd)

Growth-Enhancing Fiscal Consolidation Plan

Medium-Term Fiscal Framework (% of GDP)



Debt (% of GDP)

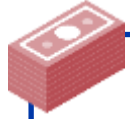


Source: PDP 2023-2028 Midterm Update August 2025. Ad Referendum by the DBCC in August 2025, Approved Macroeconomic Assumptions during the 192nd DBCC Meeting in December 2025, BTr, DOF presentation in Public Hearing of the Committee on Finance - Briefing by DBCC on the Proposed Fiscal Year 2026 National Expenditure Program on 1 September 2025
A/ Actual; P/Program

IX. Sound Government Finances (Cont'd)

Medium-Term Fiscal Framework and Priority Measures for a Fair and Efficient Tax System

Serves as blueprint to guide the consolidation process:



Reduce the fiscal deficit



Promote fiscal sustainability



Enable robust economic growth

Enacted Reforms to boost revenue, foster pro-business environment, and spur investments for inclusive growth

2024: *Ease of Paying Taxes Act (RA 11976)*

Promotes efficient tax administration through digitalization

2024: *VAT on Digital Service Providers (RA 12023)*

Ensures equitable tax treatment on all digital businesses

2024: *RPVARA (RA 12001)*

Equitable and efficient real property valuation, empowering local government units to be financially self-sufficient

2024: *CREATE MORE (RA 12066)*

Enhances ease of doing business, clarifies VAT rules, provides more attractive tax incentives, strengthens governance

2025: *Capital Markets Efficiency Promotion Act (RA 12214)*

Makes investment more accessible and affordable for Filipinos

2025: *Enhanced Fiscal Regime for Large-Scale Metallic Mining Act (RA 12253)*

Safeguards the environment while transforming natural resources into key driver for sustainable growth

Pipeline of select reforms¹

- Excise Tax on Single-Use Plastics
- Extension of Estate Tax Amnesty
- General Tax Amnesty

RA 12316 grants temporary emergency power to the President to suspend or reduce excise taxes on petroleum once global oil prices reach a set threshold during national or global emergencies

¹ Part of 44 priority measures for the 20th Congress identified by Legislative-Executive Development Advisory Council (LEDAC)
Source: DOF

IX. Sound Government Finances (Cont'd)

Maharlika Investment Fund (MIF) (RA 11954)

- Uses government financial assets to support infrastructure development, create jobs, attract investments, drive technological transformation, enhance connectivity, and promote energy, water and food security, and poverty reduction, while ensuring sustainable development
- Promotes investments in key sectors; aims optimal absolute return on investments (ROI) and financial gains through profitability, liquidity, security of investments
- Promotes efficient intergenerational management of wealth
- Funds sourced from Maharlika Investment Corporation (MIC), which governs and manages MIF to generate ROI

MIC invests in key sectors for long-term development

- PHP19.7bn for a 20% stake in Synergy Grid and Development Philippines Inc., which owns 40% of National Grid Corporation of the Philippines
- US\$76.4mn bridge loan to Makilala Mining Co to develop copper-gold project in Kalinga province
- Acquired equity stake and board seat in Asian Terminals Inc. to anchor national logistics security¹

Allowable Investments

1. Cash, foreign currencies, metals, and other tradeable commodities
2. Fixed income instruments issued by sovereigns, quasi-sovereigns, and supranationals
3. Domestic and foreign corporate bonds
4. Listed or unlisted equities, whether common, preferred, or hybrids
5. Islamic investments, such as Sukuk bonds
6. Joint Ventures or Co-Investments; Mergers and Acquisitions
7. Mutual and Exchange-traded Funds invested in underlying assets
8. Real estate and infrastructure projects toward national priorities
9. Programs and projects on health, education, research and innovation
10. Loans and guarantees to, or participation into joint ventures or consortiums with Filipino and foreign investors
11. Investments with sustainable and development impact aligned with investment policy

Governance

- Governed by Board of Directors (BOD) with 9 members²
- Advisory Body on policy formulation³

Safeguards

- Financial reporting in accordance with International Financial Reporting Standards and principles; compliance with Santiago Principles
- Audit Committee: Board members to oversee internal and external audits
- Internal audit independent from MIC management
- External audit by internationally recognized auditing firm
- Examination and audit by Commission on Audit
- Joint Congressional Oversight Committee, composed of 7 members each from House of Representatives and Senate

Other Salient Features

- Who may invest in MIF: Government financial institutions (GFIs) and Government-Owned or -Controlled Corporations (GOCCs)*, reputable private and state-owned financial institutions and corporations
- What sectors can MIF investment in: infrastructure; oil, gas, and power; agroforestry industrial urbanization; mineral processing; tourism; transportation; and aerospace and aviation

¹/The Tender Offer resulted in the acquisition of 177,612,478 ATI common shares, with 101,189,675 shares allocated to MIC and 76,422,803 allocated to ATI as part of its share buyback program.

²/ Nine members: Finance Secretary as Chairperson in an ex-officio capacity; President and Chief Executive Officer (CEO) of the MIC as Vice-Chairperson; President and CEO of Land Bank of the Philippines (LBP); President and CEO of the Development Bank of the Philippines DBP; Two (2) Regular Directors; and Three (3) Independent Directors from private sector

³/ Advisory body: DBM Secretary; DEPDev Secretary; and Treasurer of the Philippines

*except those that manage pension and welfare funds

Source: MIC, Senate, House of Representatives, DOF

X. Infrastructure Program

Building on a Stronger Policy and Institutional Foundation for Infrastructure Development

“Build Better More” program to help ensure country’s sustainable, robust, and inclusive growth, underpinned by reforms that strengthen infrastructure implementation



2,539 Infrastructure programs/activities/projects (PAPs)^{1/} (PHP13.8tn/US\$234.2bn)

209 Infrastructure flagship projects ^{2/} (IFP) (PHP10.6tn/US\$179.7bn)

Executive Order No. 59, s. 2024 was issued to expedite permitting process and implementation of IFPs.

IFP by Sector

- 140 Physical Connectivity
- 32 Water Resources
- 9 Agriculture
- 5 Health
- 6 Digital Connectivity
- 3 Power and Energy
- 2 Education
- 2 Housing
- 9 Other Infra
- 1 Tourism

Status of IFP Implementation

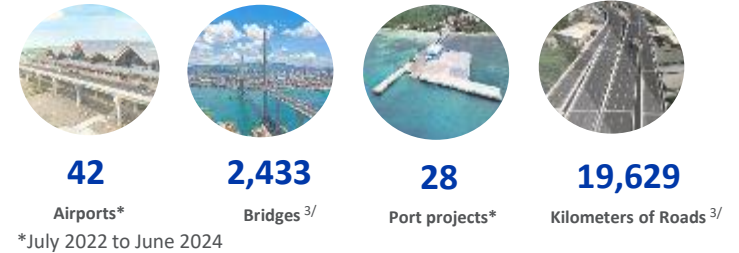
- 9 completed
- 81 ongoing implementation
- 27 approved for implementation
- 4 awaiting government approval
- 88 ongoing project preparation or pre-project preparation

Pursuing quality infrastructure development

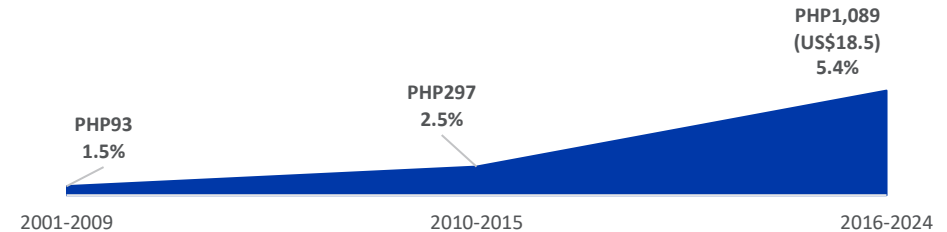
- Strengthening project monitoring by geo-tagging and mapping of infra projects through DBM’s Digital Information for Monitoring and Evaluation (DIME) (<https://www.dime.gov.ph/>)
- Integrating digital solutions through an AI-driven transparency portal for public works (<https://transparency.dpwh.gov.ph/>)
- Safeguarding procurement integrity by enhancing detection of anti-competitive behavior in cooperation with the Philippine Competition Commission

Tangible results to upgrade country’s infrastructure network

No. of completed projects from July 2022 to May 2025

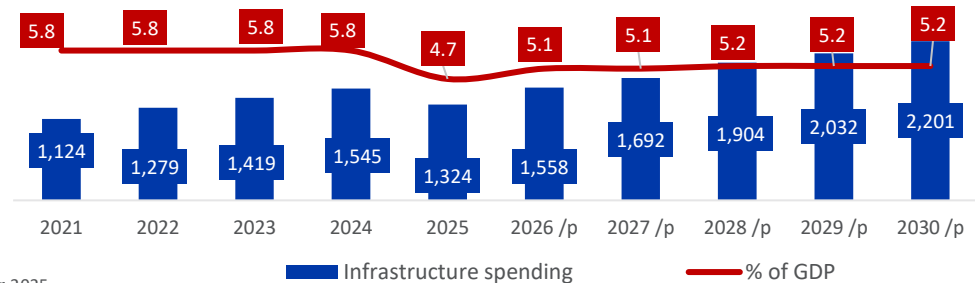


Infrastructure spending ^{4/} (average in PHP bn, % of GDP)



Infrastructure Spending to reach US\$37.3bn by 2030 ^{5/}

Actual and projections^{6/} (PHP bn, % of GDP)



^{1/}Based on Chapter 12 of the PIP 2023-2028 as of March 2025

^{2/}As of December 2025: <https://depdev.gov.ph/infrastructure-flagship-projects/>

^{3/} Constructed, maintained, rehabilitated, widened and upgraded. For Roads, 1km = 2 lane kms.

^{4/}Infrastructure figures for 2001-2018 are obligation-based; 2019 onwards are cash-based.

^{5/}Disbursement basis, the government transitioned to cash-based budgeting starting FY 2019

^{6/} Medium-Term Fiscal Program approved by the DBCC during the 191st meeting on June 23, 2025, and extended projections for FYs 2029-2030 were approved by the DBCC via an Ad Referendum on August 27, 2025.

US\$ amount computed based on the 2026 median (PHP59/US\$1) of the US\$/PHP projection based on 192nd DBCC Meeting in December 2025

Source: DEPDev, DBM, DPWH, DOTr, Philippine Information Agency (PIA)

p/ projection

X. Infrastructure Program (Cont'd)

Building on a Stronger Foundation

Select rolling big-ticket projects



North South Commuter Railway (PNR North 1, PNR North 2, PNR South Commuter) – PHP873.6bn (US\$14.8bn)
147-km railway system designed to enhance connectivity across key economic centers. Expected to serve 800,000 passengers per day on its first year
Target year of completion: Beyond 2028
Status: Ongoing



Panay-Guimaras-Negros Inter-Island Link Bridge – PHP187.5bn (US\$3.2bn)
33.09-km total length of 2 sea-crossing bridges to connect Panay Island, Guimaras Island, and Negros Island in Western Visayas (Region VI and Negros Island Region). Construction to begin in 2025; completion by 2028.
Target year of completion: Beyond 2028
Status: Approved for implementation



Daang Maharlika (N1) Improvement- PHP251.2bn (US\$4.3bn)
Widening, reconstruction, rehabilitation, and upgrading of road sections and bridges along 3,082-km Daang Maharlika Highway (N1).
Target year of completion: Beyond 2028
Status: Ongoing



New Manila International Airport (Bulacan international Airport) - PHP735.6bn (US\$12.5bn)
Construction and operation and maintenance of new modern airport in Bulacan with a design capacity of 200 million passengers per year.
Target year of completion: 2028
Status: Ongoing



Ninoy Aquino International Airport PPP Project- PHP170.6bn (US\$2.9bn)
Improve operations and maintenance, upgrade of existing facilities, enhancement of services.
Target year of completion: Beyond 2028
Status: Ongoing

Metro Manila Subway Project Phase 1 – PHP488.5bn (US\$8.3bn)
33.0-km new underground mass transit with 17 stations traversing Valenzuela and NAIA (airport).
Target year of completion: Beyond 2028
Status: Ongoing

X. Infrastructure Program (Cont'd)

Forging Stronger Partnerships with Private Sector

RA 11966 – Public-Private Partnership (PPP) Code of the Philippines

“Public-Private Partnerships or PPPs hold great potential for that (infrastructure projects) expansion, for infrastructure development, and for innovation.” – President Ferdinand Marcos Jr.

Key Reforms

- Update project approval thresholds for Build-Operate-Transfer projects, which were last set 29 years ago, while allowing Economy and Development Council’s (EDC) Investment Coordination Committee to review, evaluate, and update.
 - Streamlined the approval process for public-private partnerships projects to 120 calendar days, from the previous timeline that could stretch to 18 months.
 - Projects costing PHP15bn/US\$254.2mn and above (previously above PHP300mn/US\$5.1mn) will need EDC’s approval
- Unsolicited proposals are allowed in list of PPP projects without new concept or technology requirement, subject to reimbursement of government’s development costs.
- Uphold and retain local autonomy while providing mechanisms to ensure harmonized investment programming between local government units and the NG.

Access RA 11966 through the QR code below:



Material Adverse Government Action (MAGA) refers to any act of government which the Private Partner has no knowledge of, or could not be reasonably expected to have had knowledge of, prior to effectivity of the contract, and that occurs after effectivity of contract, other than an act which is authorized or permitted under the contract, which (1) specifically discriminates against the sector, industry, or project, and (2) has a significant negative effect on the ability of the Private Partner to comply with any of its obligations under the approved PPP contract. MAGA may include unanticipated regulatory risks - Section 3, Item V

Reform to accelerate implementation of infrastructure projects

RA12289 - ARROW Act to further improve process of acquiring land for government infrastructure projects

- Expanded modes of acquisition
- Facilitate acquisition of untitled lands
- Improved guidelines for negotiated sale
- Streamlined expropriation proceedings
- Advance appropriations for ROW acquisition

X. Infrastructure Program (Cont'd)

Forging Stronger Partnerships with the Private Sector

Broader private sector participation

Status of PPP projects as of 27 February 2026

PPP Projects under Implementation

71 Solicited Projects
PHP849.86bn (US\$14.4bn)

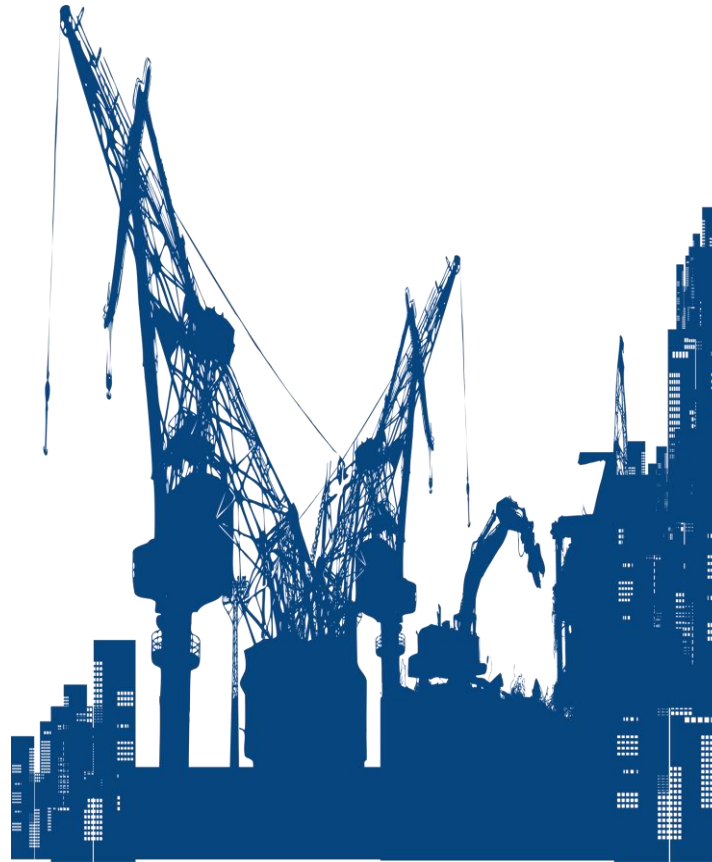
202 Unsolicited Projects
PHP2.1tn (US\$36.1bn)

4 Projects for verification
PHP2.8bn (US\$0.05bn)

11 Not applicable
PHP588.16bn (US\$10.0bn)

North-South Commuter Railway (NSCR) Operations and Maintenance (O&M) Public-Private Partnership (PPP) Project

- O&M package for a 147-km flagship mass transit project
- Estimated project value: PHP229 bn
- Bidding process currently underway
- Robust interest from foreign investors



PPP Projects in the Pipeline

191 Solicited Projects
PHP1.6tn
(US\$27.9bn)

56 Unsolicited Projects
PHP1.3tn
(US\$22.6bn)

Concluded PPP Projects

43 Solicited Projects
PHP405.19bn
(US\$6.9bn)

8 Unsolicited Projects
PHP66.38bn
(US\$1.1bn)

1 Project for verification

Notes:

1. List includes only those projects where the PPP Center is involved in either the development, appraisal, procurement, or implementation, and those projects not belonging to the former but which the PPP Center is monitoring.
2. PPP Projects in the Pipeline refers to projects under procurement, competitive challenge, negotiation, approval, development, conceptualization, and initial evaluation by IA.

Source: PPP Center

US\$ amount computed based on the 2026 median (PHP59/US\$1) of the US\$/PHP projection based on 192nd DBCC Meeting in December 2025

XI. Outlook

Sound fundamentals anchor strong economic growth prospects

Particulars	2024	2025	2026	2027	2028	2029	2030
	Actual		DBCC Projections ^{1/}				
Real GDP Growth (%)	5.7	4.4	5.0 – 6.0	5.5 – 6.5	6.0 – 7.0	6.0 – 7.0	6.0 – 7.0
Inflation Rate (%)	3.2	1.7	2.0 – 4.0	2.0 – 4.0	2.0 – 4.0	N/A	N/A
			BSP BOP Forecast ^{2/}				
Current Account Balance (% of GDP)	(4.0)	(3.3)	(4.0)	(4.0)	N/A	N/A	N/A
Growth of Goods Exports (%)	(0.4)	15.2	3.0	4.0	N/A	N/A	N/A
Growth of Goods Imports (%)	2.2	5.0	6.0	5.0	N/A	N/A	N/A
BPO Revenues, Growth Rate (%)	7.7	4.8	4.0	4.0	N/A	N/A	N/A
OF Cash Remittances, Growth Rate (%)	3.0	3.5	3.0	3.0	N/A	N/A	N/A
Net Foreign Direct Investments (US\$ bn)	9.4	7.8	7.5	8.0	N/A	N/A	N/A
Travel Receipts (US\$ bn)	9.3	8.7	8.8	9.0	N/A	N/A	N/A

Government strategies to sustain long-term growth

- Restore confidence through concrete resolution of corruption issues and enhance transparency and accountability
- Accelerate completion of infrastructure projects
- Accelerate development of partnerships with other countries through economic cooperation and trade
- Intensify disaster resilience and climate-change adaptation
- Strengthen good governance, utilize science and technology in planning, investment programming, budgeting, implementation, monitoring and evaluation
- Actively engage stakeholders, including local government units, business sector, non-government organizations, and civil society organizations

Improve agriculture's resilience and productivity

- Accelerate production support and financial assistance to disaster-affected farmers and fishermen
- Increase investments in climate-resilient farm inputs, technologies, and infrastructure
- Fully implement Rice Competitiveness Enhancement Fund, Agricultural Competitiveness Enhancement Fund, and Sagip Saka Act

Revitalize tourism sector

- Ensure readiness and efficiency of major international airports
- Expand capacity-building initiatives for hospitality services workers and other tourism-oriented personnel

Attract investments in electronics and automotive industries

- Provide clear policy direction through the Philippine Semiconductor and Electronics Industry Roadmap
- Explore funding arrangements to establish semiconductor front-end wafer laboratory
- Finalize Electric Vehicle Incentive Strategy

Enhance workforce technological skills and improve digital connectivity

- Integrate AI in basic education through Project Accelerating Governance and Adaptive Pedagogy through Artificial Intelligence, prioritize digital upskilling programs
- Accelerate National Digital Connectivity Plan

^{1/}Approved Macroeconomic Assumptions during the 192nd Development Budget Coordination Committee (DBCC) Meeting in December 2025

^{2/}As of March 2026

Source: BSP, DEPED, PSA

XII. Seasoned Technocrats and Professionals to Steer Economic Transformation

Members of the Marcos Jr. Administration's Economic Team



Frederick D. Go
Secretary
Finance

Former Chairman, Vice-Chairman, President, CEO, and/or Director of 6 listed companies and over 100 private companies. Previously served as Special Assistant to the President for Investment and Economic Affairs



Dr. Eli M. Remolona, Jr.
Governor
Bangko Sentral ng Pilipinas

Former Regional Head of the Bank for International Settlements and with extensive work experience at Federal Reserve Bank of New York



Dr. Arsenio M. Balisacan
Secretary
Economic, Planning and
Development

Former Anti-trust Chief, Socioeconomic Planning Secretary under B. Aquino administration



Rolando U. Toledo
Acting Secretary
Budget and Management

Former DBM Undersecretary for Budget Preparation and Execution (BPE) Group; held key leadership positions across the DBM for almost four decades



Ma. Cristina Aldeguer-Roque
Secretary
Trade and Industry

Former DTI Undersecretary for the MSME Development Group; seasoned entrepreneur



XIII. Investor Relations Group

Promoting the Philippine Economy at Home and Abroad

The IRG undertakes a range of initiatives to build awareness among domestic and international investment audiences on the Government's economic reform program, promote specific investment opportunities in the Philippines, and facilitate information exchange and dialogue between the Government's key economic policy decision-makers and domestic/international investors. These initiatives include:

- Regular Economic Briefings to update the business community, media, and industry organizations on the country's economic performance
- Investor Roadshows to bring the Government's resilient economic performance record, commitment to sound economic management, and responsible reform to members of the international financial community
- Media Briefings to raise awareness on the Government's progress in economic reforms and plans for ongoing reforms
- Government Policy Roadshows to increase the business community's understanding of government policy measures to generate support for the policy implementation process
- Investor Teleconferences to provide timely updates on key economic performance indicators
- E-mail service to keep investors and other investors abreast of data releases on a regular basis
- An English Language Microsite, <https://www.bsp.gov.ph/Pages/IRO.aspx>, to provide a wide range of easily accessible information about the Philippines' economic performance and the government's economic policies

For further information, please contact us via the details below. As we strive for accuracy, please notify us if there are errors.

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Deputy Director

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