



Office of the EVP and Chief Financial Officer

Trunk Lines: 8526-3131 to 70/8891-6040 to 70
Local: 4474

May 13, 2025

The Philippine Stock Exchange, Inc.
6/F PSE Tower
28th Street corner 5th Avenue
BGC, Taguig City

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**
Officer-in-Charge, Disclosure Department

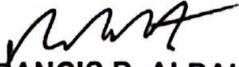
Philippine Dealing & Exchange Corporation
29/F, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**
Head, Issuer Compliance and Disclosure Department

Gentlemen:

In compliance with the reportorial requirements of Section 17 of the Securities Regulation Code (SRC) and Section 177 of the Revised Corporation Code of the Philippines, we provide you the SEC Form 17-Q report of the Philippine National Bank as of and for the period ended March 31, 2025.

Very truly yours,


FRANCIS B. ALBALATE
Executive Vice President &
Chief Financial Officer



Office of the EVP and Chief Financial Officer

Trunk Lines: 8526-3131 to 70/8891-6040 to 70
Local: 4074

CERTIFICATION

I, **FRANCIS B. ALBALATE**, is a duly authorized representative of Philippine National Bank ("PNB"), a universal banking corporation organized and existing under the laws of the Republic of the Philippines under SEC Registration No. AS096-005555, with principal office address at the PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila, on oath state that:

1. On behalf of PNB, I have caused this SEC Form 17-Q Report as of and for the period ended March 31, 2025 to be prepared;
2. I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3. PNB will comply with the requirements set forth in SEC Notice dated May 12, 2021 for a complete and official submission of reports and/or documents through electronic mail; and
4. I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of the filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand on May 13, 2025 in Pasay City, Metro Manila.


FRANCIS B. ALBALATE
 Executive Vice President and
 Chief Financial Officer *dl*

SUBSCRIBED AND SWORN to before me this 13 MAY 2025 in
PASAY CITY, affiant exhibited to me his SSS ID No. 33-1489981-0.

Doc. No. 03
 Page No. 109
 Book No. 1
 Series of 2024.


ATTY. JAMIE U. REAL
 Commission No. 25-32 / Roll No. 68794
 Notary Public in and for Pasay City until December 31, 2026
 9th Floor PNB Financial Center
 Pres. Diosdado Macapagal Blvd., Pasay City
 PTR No. 8838574/Jan. 04, 2025/Pasay City
 IBP Lifetime No. 018651/Dec. 11, 2017/Manila IV
 MCLE Compliance No. VII-0003775

SEC Number AS096-005555
File Number _____

**PHILIPPINE NATIONAL BANK
AND SUBSIDIARIES**

(Company's Full Name)

**PNB Financial Center,
Pres. Diosdado P. Macapagal Boulevard, Pasay City**

(Company's Address)

(632) 8891-6040 to 70

(Telephone Number)

DECEMBER 31, 2024

(Calendar Year Ended)

SEC FORM 17-Q REPORT

Form Type

(Amendment Designation (if applicable))

MARCH 31, 2025

Period Ended Date

LISTED

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION
CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarter ended : March 31, 2025
2. Commission Identification No. : AS096-005555
3. BIR Tax Identification No. : 000-188-209-000
4. Exact name of issuer as specified in its charter : Philippine National Bank
5. Province, country or other jurisdiction of incorporation or organization : Metro Manila, Philippines
6. Industry Classification Code : (SEC Use Only)
7. Address of principal office : PNB Financial Center, Pres. Diosdado P. Macapagal Blvd, Pasay City, 1300
8. Issuer's telephone number, including area code : (632) 8891-60-40 to 70 / (632) 8526-3131 to 70
9. Former name, former address, and former fiscal year, if changed since last report : N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>No. of Shares of Common Stock Outstanding</u>	<u>Amount of Debt Outstanding (Unpaid Subscription)</u>
Common Shares	1,525,764,850	None

11. Are any or all of these securities listed on a Stock Exchange:

Yes [] No []

Stock Exchange : **Philippine Stock Exchange**
Class of Securities : **Common Shares**

12. Indicate by check mark whether the registrant:

- a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11 (a) – 1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes [] No []

- b) has been subject to such filing requirements for the past ninety (90) days.

Yes [] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see Annex A for the accompanying unaudited interim consolidated financial statements.

Item 2. Management’s Discussion and Analysis

Financial Condition as at March 31, 2025 (Unaudited) Compared to December 31, 2024 (Audited)

The Group’s consolidated total assets stood at ₱1.28 trillion as of March 31, 2025, 1.7% or ₱21.7 billion higher compared to ₱1.26 trillion reported as of December 31, 2024. Major changes (+/-5% variance) in assets were registered in the following accounts:

- **Cash and Other Liquid Placements**

<i>(In Thousands)</i>	March 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Cash and Other Cash Items	₱13,838,841	₱20,638,033	(₱6,799,192)	(32.9)
Due from Bangko Sentral ng Pilipinas	49,773,232	55,128,316	(5,355,084)	(9.7)
Due from Other Banks	20,368,856	20,183,894	184,962	0.9
Interbank Loans Receivable	20,820,636	22,787,194	(1,966,558)	(8.6)
Securities Held under Agreements to Resell	96,182,357	103,480,119	(7,297,762)	(7.1)
	₱200,983,922	₱222,217,556	(₱21,233,634)	(9.6)

Total Cash and Other Liquid Placements as of March 31, 2025, stand at ₱201.0 billion, representing a decrease of ₱21.2 billion or 9.6% lower than the ₱222.2 billion reported as of December 31, 2024. Available liquid funds were placed in high yielding investment securities.

Please refer to the interim consolidated statements of cash flows for more information relating to cash and cash equivalents.

- **Trading and Investment Securities**

<i>(In Thousands)</i>	March 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	₱26,044,425	₱17,920,985	₱8,123,440	45.3
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	226,571,844	211,742,783	14,829,061	7.0
Investment Securities at Amortized Cost	112,206,137	112,422,382	(216,245)	(0.2)
	₱364,822,406	₱342,086,150	₱22,736,256	6.6

Trading and Investment Securities, which accounted for 28.5% of the Group’s total assets as of March 31, 2025 compared to 27.2% as of December 31, 2024, increased by ₱22.7 billion or 6.6%. This growth was primarily due to net purchases of financial assets at FVTPL and at FVOCI.

- **Intangible Assets**

<i>(In Thousands)</i>	March 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Intangible Assets	₱1,174,869	₱1,084,955	₱89,914	8.3

Intangible Assets rose by ₱0.1 billion or 8.3%, reaching ₱1.2 billion as of March 31, 2025 from ₱1.1 billion as of December 31, 2024. The increase was mainly attributed to higher software costs during the period.

- **Other Assets**

<i>(In Thousands)</i>	March 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Other Assets	₱8,629,994	₱8,150,629	₱479,365	5.9

Other Assets grew by ₱0.5 billion or 5.9% to ₱8.6 billion as of March 31, 2025 from ₱8.2 billion as of December 31, 2024, mainly due to increases in creditable withholding taxes and deferred charges.

The Group's consolidated total liabilities were at ₱1.06 trillion as of March 31, 2025, 1.9% or ₱19.7 billion higher than the ₱1.04 trillion reported as of December 31, 2024. Major changes (+/-5% variance) in liability accounts were as follows:

- **Deposit Liabilities**

<i>(In Thousands)</i>	March 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Demand	₱230,002,439	₱244,369,119	(₱14,366,680)	(5.9)
Savings	591,702,640	575,335,527	16,367,113	2.8
Time	161,946,121	147,368,732	14,577,389	9.9
Long-Term Negotiable Certificates of Deposit	4,600,665	4,598,770	1,895	0.0
Deposit Liabilities	₱988,251,865	₱971,672,148	₱16,579,717	1.7

Deposit Liabilities at ₱988.3 billion and ₱971.7 billion, which represent 93.2% and 93.3% of the Group's total liabilities as of March 31, 2025 and December 31, 2024, respectively, are higher by ₱16.6 billion or 1.7% mainly due to increase in Savings Deposits by ₱16.4 billion or 2.8% and Time Deposits by ₱14.6 billion or 9.9%, partially offset by decrease in Demand Deposits by ₱14.4 billion or 5.9%.

- **Financial Liabilities at FVTPL**

<i>(In Thousands)</i>	March 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Financial Liabilities at FVTPL	₱1,239,712	₱924,053	₱315,659	34.2

Financial Liabilities at FVTPL of ₱1.2 billion as at March 31, 2025 is ₱0.3 billion higher than the 2024 year-end balance of ₱0.9 billion mainly from increases in the position and fair values of stand-alone forwards.

- **Other Liabilities**

<i>(In Thousands)</i>	March 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Income Tax Payable	₱786,432	₱159,233	₱627,199	393.9
Other Liabilities	₱19,920,219	₱18,106,056	₱1,814,163	10.0

Income Tax Payable increased by ₱0.6 billion or 393.9% from ₱0.2 billion as of December 31, 2024 to ₱0.8 billion as of March 31, 2025 mainly because creditable withholding taxes in 2025 have yet to be applied against income taxes due as of March 31, 2025.

As of March 31, 2025, Other Liabilities stood at ₱19.9 billion, up from ₱18.1 billion as of December 31, 2024. The increase was primarily driven by dividends payable arising from the declaration of cash dividends on February 28, 2025.

The Group's consolidated total equity was composed of the following:

<i>(In Thousands)</i>	March 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Capital Stock	₱61,030,594	₱61,030,594	₱–	–
Capital Paid in Excess of Par Value	32,116,560	32,116,560	–	–
Surplus Reserves	5,121,235	4,967,037	154,198	3.1
Surplus	115,458,142	113,663,851	1,794,291	1.6
Net Unrealized Gains on Financial Assets at FVOCI	809,832	142,134	667,698	469.8
Remeasurement Losses on Retirement Plan	(2,653,443)	(2,655,218)	1,775	(0.1)
Accumulated Translation Adjustment	1,800,465	2,357,844	(557,379)	(23.6)
Other Equity Reserves	1,189,003	1,189,003	–	–
Share in Aggregate Reserves on Life Insurance Policies	13,533	21,209	(7,676)	(36.2)
Other Equity Adjustment	13,959	13,959	–	–
	214,899,880	212,846,973	2,052,907	1.0
Non-Controlling Interests	3,771,097	3,781,968	(10,871)	(0.3)
	₱218,670,977	₱216,628,941	₱2,042,036	0.9

Total Equity increased to ₱218.7 billion as of March 31, 2025 from ₱216.6 billion as of December 31, 2024, reflecting an increase of ₱2.0 billion or 0.9%. The growth was primarily driven by the ₱6.1 billion consolidated net income reported during the period, along with a ₱0.7 billion increase in Net Unrealized Gains on Financial Assets at FVOCI. These increases were offset by the declaration of ₱4.1 billion dividend and a ₱0.6 billion decline in Accumulated Translation Adjustment.

Results of Operation for the Three Months Ended March 31, 2025 (Unaudited) Compared to Same Period Ended March 31, 2024 (Unaudited)

For the three months ended March 31, 2025, the Group recorded a consolidated net income of ₱6.1 billion, up by 15% year-on-year. The increase was driven mainly by strong net interest income on loans and investments securities, higher fee income and other non-interest income. Lower credit provisions also contributed to the improved performance, compared to the same period in 2024.

The higher net income in 2025 is primarily due to the following:

- **Net Interest Income**

<i>(In Thousands)</i>	March 31		Increase/ (Decrease)	%
	2025	2024		
Interest income	₱17,166,237	₱16,083,540	₱1,082,697	6.7
Interest expense	4,451,528	4,390,282	61,246	1.4
	₱12,714,709	₱11,693,258	₱1,021,451	8.7

Net interest income for the quarter ended March 31, 2025, amounted to ₱12.7 billion, representing an increase of ₱1.0 billion or 8.7% compared to the ₱11.7 billion recorded in the same period last year. The growth was primarily fueled by higher yields and increased volumes of trading and investment securities as well as loans and receivables. However, this was offset by the rise in interest cost of deposit liabilities.

- **Net Service Fees and Commission Income**

<i>(In Thousands)</i>	March 31		Increase/ (Decrease)	%
	2025	2024		
Service fees and commission income	₱1,866,380	₱1,524,904	₱341,476	22.4
Service fees and commission expense	441,842	342,071	99,771	29.2
	₱1,424,538	₱1,182,833	₱241,705	20.4

Net service fees and commission income increased by ₱0.2 billion or 20.4% to ₱1.4 billion compared to the same period last year. This increase was primarily driven by higher bancassurance, credit card, and loan-related fees.

- **Other Operating Income**

<i>(In Thousands)</i>	March 31		Increase/ (Decrease)	%
	2025	2024		
Net gains on sale or exchange of assets	₱911,905	₱250,629	₱661,276	263.8
Foreign exchange gains - net	639,980	337,350	302,630	89.7
Trading and investment securities gains - net	222,287	184,977	37,310	20.2
Equity in net earnings of an associate	50,116	140,878	(90,762)	(64.4)
Miscellaneous	106,073	274,032	(167,959)	(61.3)
	₱1,930,361	₱1,187,866	₱742,495	62.5

Other income increased by ₱0.7 billion or 62.5% reaching ₱1.9 billion for the quarter compared to ₱1.2 billion for the same period last year. This increase was mainly due to higher gains on sale or exchange of assets and foreign exchange gains, partially offset by decreases in equity in net earnings of an associate and miscellaneous income.

- **Operating Expenses**

<i>(In Thousands)</i>	March 31		Increase/ (Decrease)	%
	2025	2024		
Compensation and fringe benefits	₱3,017,088	₱2,801,257	₱215,831	7.7
Taxes and licenses	1,626,225	1,394,872	231,353	16.6
Depreciation and Amortization	831,179	858,285	(27,106)	(3.2)
Occupancy and equipment-related costs	289,035	199,048	89,987	45.2
Miscellaneous	2,304,042	2,089,046	214,996	10.3
	₱8,067,569	₱7,342,508	₱725,061	9.9

Total operating expenses for the quarter ended March 31, 2025 amounted to ₱8.1 billion, reflecting an increase of ₱0.7 billion or 9.9% compared to the same period last year. The increase was primarily attributable to higher Compensation and fringe benefits, Taxes and licenses, Occupancy and equipment-related costs and Miscellaneous expenses. These were partially offset by lower depreciation and amortization for the period.

- **Provision for Impairment, Credit and Other Losses**

<i>(In Thousands)</i>	March 31		Increase/ (Decrease)	%
	2025	2024		
Provision for impairment, credit and other losses	₱277,108	₱619,756	(₱342,648)	(55.3)

Provision for impairment, credit and other losses declined to ₱0.3 billion for the period ended March 31, 2025, down significantly from the ₱0.6 billion booked in the same period last year. This reduction reflects an improvement in the credit quality of the Group's loan portfolio resulting from enhanced credit underwriting and sound credit management practices.

The Group's total consolidated comprehensive income was composed of the following:

<i>(In Thousands)</i>	March 31		Increase/ (Decrease)	%
	2025	2024		
Net income	₱6,089,953	₱5,306,324	₱783,629	14.8
Other comprehensive income, net of tax	166,740	171,994	(5,254)	(3.1)
	₱6,256,693	₱5,478,318	₱778,375	14.2

Total comprehensive income for the three months ended March 31, 2025 amounted to ₱6.3 billion, with an increase of ₱0.8 billion compared to the same period last year, primarily due to the corresponding increase in net income during the period.

PART II – OTHER INFORMATION

Key Performance Indicators and Selected Financial Ratios

	For the Three Months Ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Statement of Income		
Return on Average Equity ^{1/}	11.3%	11.0%
Return on Average Assets ^{2/}	1.9%	1.8%
Net Interest Margin ^{3/}	4.6%	4.4%
Cost Efficiency Ratio ^{4/}	50.2%	52.2%
Basic Earnings Per Share	₱3.97	₱3.45
Interest Coverage ^{5/}	2.7x	2.4x

^{1/} Annualized net income (except for one-off transactions which are not annualized) divided by average total equity for the period indicated

^{2/} Annualized net income (except for one-off transactions which are not annualized) divided by average total assets for the period indicated

^{3/} Annualized net interest income divided by average interest-earning assets for the period indicated

^{4/} Ratio of total operating expenses to total operating income

^{5/} Earnings before interest expense and provision for income tax divided by interest expense

	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)	December 31, 2024 (Audited)
Statement of Financial Position			
Capital Ratios:			
Capital Adequacy Ratio	19.8%	18.4%	20.1%
Common Equity Tier 1 Ratio	19.0%	17.6%	19.2%
Non-Performing Loans Ratios:			
Net of allowance	1.7%	2.3%	1.8%
Gross of allowance	5.5%	6.0%	5.7%
NPL coverage	87.6%	83.8%	84.8%
Current Ratio	67.3%	70.9%	71.4%
Liquid Assets-to-Total Assets	27.5%	28.7%	29.1%
Liquid Assets-to-Liquid Liabilities	34.4%	35.5%	36.4%
Debt-to-Equity	4.9x	5.1x	4.8x
Assets-to-Equity	5.9x	6.1x	5.8x
Book Value per Share	₱140.8	₱126.5	₱139.5

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

PHILIPPINE NATIONAL BANK



EDWIN R. BAUTISTA
President and Chief Executive Officer



FRANCIS B. ALBALATE
Executive Vice President and Chief Financial Officer

ANNEX A

Philippine National Bank and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
as at March 31, 2025 and
for the three-months ended
March 31, 2025 and 2024

*(With Comparative Audited Consolidated Statement of Financial Position
as at December 31, 2024)*

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2025****(With Comparative Audited Figures as at December 31, 2024)****(In Thousands)**

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS		
Cash and Other Cash Items	₱13,838,841	₱20,638,033
Due from Bangko Sentral ng Pilipinas (Note 6)	49,773,232	55,128,316
Due from Other Banks (Note 19)	20,368,856	20,183,894
Interbank Loans Receivable (Notes 19 and 21)	20,820,636	22,787,194
Securities Held Under Agreements to Resell	96,182,357	103,480,119
Trading and Investment Securities		
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 7)	26,044,425	17,920,985
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Notes 7 and 19)	226,571,844	211,742,783
Investment Securities at Amortized Cost (Note 7)	112,206,137	112,422,382
Loans and Receivables (Note 8)	655,896,562	636,819,625
Property and Equipment (Note 9)	10,177,664	10,195,539
Investment in an Associate	3,477,024	3,446,613
Investment Properties (Note 10)	16,508,569	15,964,267
Deferred Tax Assets (Note 17)	7,447,983	7,460,676
Intangible Assets (Note 11)	1,174,869	1,084,955
Goodwill (Note 11)	10,184,843	10,184,843
Other Assets (Note 12)	8,629,994	8,150,629
TOTAL ASSETS	₱1,279,303,836	₱1,257,610,853
LIABILITIES AND EQUITY		
LIABILITIES		
Deposit Liabilities (Notes 14 and 19)		
Demand	₱230,002,439	₱244,369,119
Savings	591,702,640	575,335,527
Time	161,946,121	147,368,732
Long Term Negotiable Certificates of Deposit	4,600,665	4,598,770
	988,251,865	971,672,148
Financial Liabilities at FVTPL	1,239,712	924,053
Bills and Acceptances Payable (Notes 19 and 21)	20,681,823	20,208,451
Bonds Payable (Notes 14, 19 and 21)	17,117,300	17,304,421
Lease Liabilities (Notes 19 and 21)	3,776,370	3,808,997
Accrued Taxes, Interest and Other Expenses (Note 19)	8,859,138	8,798,553
Income Tax Payable	786,432	159,233
Other Liabilities (Note 12)	19,920,219	18,106,056
TOTAL LIABILITIES	1,060,632,859	1,040,981,912

(Forward)

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		
Capital Stock (Note 15)	₱61,030,594	₱61,030,594
Capital Paid in Excess of Par Value	32,116,560	32,116,560
Surplus Reserves (Notes 8 and 15)	5,121,235	4,967,037
Surplus	115,458,142	113,663,851
Net Unrealized Gains on Financial Assets at FVOCI (Note 7)	809,832	142,134
Remeasurement Losses on Retirement Plan	(2,653,443)	(2,655,218)
Accumulated Translation Adjustment	1,800,465	2,357,844
Other Equity Reserves	1,189,003	1,189,003
Share in Aggregate Reserves on Life Insurance Policies	13,533	21,209
Other Equity Adjustment	13,959	13,959
	214,899,880	212,846,973
NON-CONTROLLING INTERESTS	3,771,097	3,781,968
TOTAL EQUITY	218,670,977	216,628,941
TOTAL LIABILITIES AND EQUITY	₱1,279,303,836	₱1,257,610,853

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Earnings Per Share)
(Unaudited)

	For the Three Months Ended	
	March 31	
	2025	2024
INTEREST INCOME ON		
Loans and receivables (Notes 8 and 19)	₱10,905,987	₱10,605,723
Investment securities at amortized cost and financial assets at FVOCI (Note 7)	4,358,911	3,863,375
Interbank loans receivable and securities held under agreements to resell	1,328,477	1,044,322
Deposits with banks and others (Notes 6 and 19)	370,575	463,407
Financial assets at FVTPL (Note 7)	202,287	106,713
	17,166,237	16,083,540
INTEREST EXPENSE ON		
Deposit liabilities (Notes 14 and 19)	4,102,861	3,968,260
Bonds payable (Notes 14 and 19)	213,697	357,358
Bills payable and other borrowings (Note 19)	134,970	64,664
	4,451,528	4,390,282
NET INTEREST INCOME	12,714,709	11,693,258
Service fees and commission income (Notes 16 and 19)	1,866,380	1,524,904
Service fees and commission expense	441,842	342,071
NET SERVICE FEES AND COMMISSION INCOME	1,424,538	1,182,833
OTHER INCOME		
Net gains on sale or exchange of assets (Notes 9 and 10)	911,905	250,629
Foreign exchange gains - net	639,980	337,350
Trading and investment securities gains - net (Note 7)	222,287	184,977
Equity in net earnings of an associate	50,116	140,878
Miscellaneous	106,073	274,032
TOTAL OTHER INCOME	1,930,361	1,187,866
TOTAL OPERATING INCOME	16,069,608	14,063,957
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 13)	277,108	619,756
OPERATING EXPENSES		
Compensation and fringe benefits	3,017,088	2,801,257
Taxes and licenses	1,626,225	1,394,872
Depreciation and amortization	831,179	858,285
Occupancy and equipment-related costs	289,035	199,048
Miscellaneous (Note 16)	2,304,042	2,089,046
TOTAL OPERATING EXPENSES	8,067,569	7,342,508
INCOME BEFORE INCOME TAX	7,724,931	6,101,693
PROVISION FOR INCOME TAX (Note 17)	1,634,978	795,369
NET INCOME	₱6,089,953	₱5,306,324
ATTRIBUTABLE TO:		
Equity Holders of the Parent Company (Note 18)	₱6,058,551	₱5,263,152
Non-controlling Interests	31,402	43,172
NET INCOME	₱6,089,953	₱5,306,324
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 18)	₱3.97	₱3.45

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)
(Unaudited)

	For the Three Months Ended	
	March 31	
	2025	2024
NET INCOME	₱6,089,953	₱5,306,324
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Items that recycle to profit or loss in subsequent periods:</i>		
Net change in unrealized gains (losses) on debt securities at FVOCI, net of tax	490,430	(68,331)
Share in changes in net unrealized gains (losses) on financial assets at FVOCI of an associate	(13,805)	362,392
	476,625	294,061
Accumulated translation adjustment	(596,106)	(128,389)
	(119,481)	165,672
<i>Items that do not recycle to profit or loss in subsequent periods:</i>		
Net change in unrealized gains on equity securities at FVOCI	292,122	–
Share in the changes in aggregate reserves (losses) on life insurance policies	(7,676)	14,498
Remeasurement gains (losses) on retirement plan	1,775	(8,176)
	286,221	6,322
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	166,740	171,994
TOTAL COMPREHENSIVE INCOME	₱6,256,693	₱5,478,318
ATTRIBUTABLE TO:		
Equity Holders of the Parent Company	₱6,264,018	₱5,387,529
Non-controlling Interests	(7,325)	90,789
	₱6,256,693	₱5,478,318

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands)
(Unaudited)

For the Three Months Ended March 31, 2025													
Equity Attributable to Equity Holders of the Parent Company													
	Capital Stock (Note 15)	Capital Paid in Excess of Par Value	Surplus Reserves (Notes 8 and 15)	Surplus	Net Unrealized Gains on Financial Assets at FVOCI (Note 7)	Remeasurement Losses on Retirement Plan	Accumulated Translation Adjustment	Other Equity Reserves	Share in Aggregate Reserves (loss) on Life Insurance Policies	Other Equity Adjustment	Total	Non- Controlling Interests	Total Equity
Balance at January 1, 2025	₱61,030,594	₱32,116,560	₱4,967,037	₱113,663,851	₱142,134	(₱2,655,218)	₱2,357,844	₱1,189,003	₱21,209	₱13,959	₱212,846,973	₱3,781,968	₱216,628,941
Total comprehensive income (loss) for the period	-	-	-	6,058,551	768,747	1,775	(557,379)	-	(7,676)	-	6,264,018	(7,325)	6,256,693
Dividends by subsidiaries to non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,546)	(3,546)
Sale and redemption of FVOCI equity securities	-	-	-	101,049	(101,049)	-	-	-	-	-	-	-	-
Declaration of cash dividends	-	-	-	(4,211,111)	-	-	-	-	-	-	(4,211,111)	-	(4,211,111)
Reversal of general loan loss reserves under BSP Circular 1011	-	-	154,198	(154,198)	-	-	-	-	-	-	-	-	-
Balance at March 31, 2025	₱61,030,594	₱32,116,560	₱5,121,235	₱115,458,142	₱809,832	(₱2,653,443)	₱1,800,465	₱1,189,003	₱13,533	₱13,959	₱214,899,880	₱3,771,097	₱218,670,977

For the Three Months Ended March 31, 2024													
Equity Attributable to Equity Holders of the Parent Company													
	Capital Stock (Note 15)	Capital Paid in Excess of Par Value	Surplus Reserves (Notes 8 and 15)	Surplus	Net Unrealized Losses on Financial Assets at FVOCI (Note 7)	Remeasurement Losses on Retirement Plan	Accumulated Translation Adjustment	Other Equity Reserves	Share in Aggregate Reserves (Losses) on Life Insurance Policies	Other Equity Adjustment	Total	Non- Controlling Interests	Total Equity
Balance at January 1, 2024	₱61,030,594	₱32,116,560	₱4,677,930	₱91,979,317	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱248,830	₱24,246	₱13,959	₱187,639,909	₱3,508,745	₱191,148,654
Total comprehensive income (loss) for the period	-	-	-	5,263,152	294,061	(6,547)	(177,635)	-	14,498	-	5,387,529	90,789	5,478,318
Dividends by subsidiaries to non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,546)	(3,546)
Reversal of general loan loss reserves under BSP Circular 1011	-	-	(98,072)	98,072	-	-	-	-	-	-	-	-	-
Balance at March 31, 2024	₱61,030,594	₱32,116,560	₱4,579,858	₱97,340,541	(₱1,428,592)	(₱2,735,089)	₱1,822,033	₱248,830	₱38,744	₱13,959	₱193,027,438	₱3,595,988	₱196,623,426

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	For the Three Months Ended	
	March 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱7,724,931	₱6,101,693
Adjustments for:		
Amortization of discount, net on investment securities	(1,555,607)	(425,672)
Net gains on sale or exchange of assets (Notes 9 and 10)	(911,905)	(250,629)
Depreciation and amortization	831,179	858,285
Provision for impairment, credit and other losses (Note 13)	277,108	619,756
Net gains on financial assets at FVTPL (Note 7)	(204,625)	(177,990)
Unrealized foreign exchange losses on bonds, bills and acceptances payable	154,292	342,931
Equity in net earnings of an associate	(50,116)	(140,878)
Net gains on sale of debt financial assets at FVOCI and investment securities at amortized cost (Note 7)	(17,662)	(6,987)
Amortization of transaction costs on borrowings	2,666	18,749
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Interbank loans receivable	1,900,304	2,260,847
Financial assets at FVTPL	(7,918,815)	(10,800,930)
Loans and receivables	(19,826,732)	6,035,231
Other assets	(1,355,872)	(1,364,383)
Increase (decrease) in:		
Financial liabilities at FVTPL	315,659	185,109
Deposit liabilities	16,577,823	(11,584,578)
Accrued taxes, interest and other expenses	101,534	(909,762)
Other liabilities	(2,377,885)	(984,985)
Net cash used in operations	(6,333,723)	(10,224,193)
Income taxes paid	(1,006,653)	(1,383,155)
Net cash used in operating activities	(7,340,376)	(11,607,348)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturities of:		
Financial assets at FVOCI	171,870,446	201,824,950
Investment securities at amortized cost	9,424,457	14,924,025
Investment properties	892,922	198,487
Property and equipment	30,317	40,614
Acquisitions of:		
Financial assets at FVOCI	(184,367,029)	(190,428,181)
Investment securities at amortized cost	(9,173,304)	(10,815,091)
Software cost (Note 11)	(376,548)	(367,100)
Property and equipment (Note 9)	(93,392)	(71,894)
Net cash provided by (used in) investing activities	(11,792,131)	15,305,810

(Forward)

**For the Three Months Ended
March 31**

	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bills and acceptances payable (Note 21)	₱28,175,421	₱46,619,452
Settlement of bills and acceptances payable (Note 21)	(28,063,545)	(53,829,858)
Payment of principal portion of lease liabilities (Note 21)	(312,699)	(26,024)
Net cash used in financing activities	(200,823)	(7,236,430)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,333,330)	(3,537,968)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
Cash and other cash items	20,638,033	21,151,391
Due from Bangko Sentral ng Pilipinas	55,128,316	95,410,350
Due from other banks	20,183,894	21,243,856
Interbank loans receivable (Note 21)	19,861,641	30,955,769
Securities held under agreements to resell	103,480,119	69,694,538
	219,292,003	238,455,904
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash and other cash items	13,838,841	17,519,786
Due from Bangko Sentral ng Pilipinas	49,773,232	83,474,208
Due from other banks	20,368,856	18,903,351
Interbank loans receivable (Note 21)	19,795,387	32,455,937
Securities held under agreements to resell	96,182,357	82,564,654
	₱199,958,673	₱234,917,936
OPERATIONAL CASH FLOWS FROM INTEREST		
Interest received	₱15,614,288	₱14,749,986
Interest paid	4,329,969	4,580,266

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousand Pesos Except When Otherwise Indicated)

1. Corporate Information

Philippine National Bank (PNB or the Parent Company) is a universal bank established in the Philippines in 1916. On June 21, 1989, PNB's shares were listed with the Philippine Stock Exchange (PSE). As of March 31, 2025 and December 31, 2024, the shares of PNB are held by the following:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
LT Group, Inc. (LTG) (indirect ownership through its various holding companies)	59.83%	59.83%
PCD Nominee Corporation*	14.35%	14.35%
Other stockholders owning less than 10% each	25.82%	25.82%
	100.00%	100.00%

* Acts as a trustee-nominee for PNB shares lodged under the PCD system

PNB's immediate parent company, LTG, and ultimate parent company, Tangent Holdings Corporation, are also incorporated in the Philippines.

The Parent Company provides a full range of banking and other financial services, which include deposit-taking, lending, bills discounting, trade finance, foreign exchange dealings, investment banking, treasury operations, fund transfers, remittance and trust services, through its 631 domestic branches as of March 31, 2025 and December 31, 2024. As of the same dates, the Parent Company has 70 and 71 overseas branches, representative offices, remittance centers and subsidiaries, respectively, in 17 jurisdictions in Asia, North America and Europe, respectively.

The subsidiaries of the Parent Company are engaged in a number of diversified financial and related businesses such as remittance, banking, leasing, stock brokerage, foreign exchange trading and/or related services. The Parent Company and the subsidiaries are collectively referred hereinto as the Group.

The principal place of business of the Parent Company is at PNB Financial Center, President Diosdado Macapagal Boulevard, Pasay City, Metro Manila, Philippines.

2. Preparation of the Interim Financial Statements

2.1 Basis of Preparation of the Unaudited Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of the Group as of March 31, 2025 and for the three months ended March 31, 2025 and 2024 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2024 prepared under the Philippine Financial Reporting Standards (PFRS).

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements of the Group are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of the following amended standards, which became effective beginning January 1, 2025. Unless otherwise indicated, the adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- **PFRS 17, *Insurance Contracts***
PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

On December 15, 2021, the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the International Accounting Standards Board (IASB).

- **Amendments to PAS 21, *Lack of exchangeability***
The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

2.3 Significant Judgments and Assumptions

The significant judgments and assumptions made in the unaudited interim condensed consolidated financial statements of the Group are consistent with the most recent annual financial statements issued.

2.4 Seasonality or Cyclicity of Interim Operations

Seasonality or cyclicity of interim operations is not applicable to the Group's type of business.

3. Financial Risk Management

3.1 Enterprise Risk Management Framework

The Parent Company's Board of Directors (BOD), through the Risk Oversight Committee (ROC), exercises oversight and provides guidance to our experienced Senior Management Team who, through the Management Risk Committee (MRC), works closely with the business lines in managing risk. There is a rich risk culture, which seamlessly flows through not only within the Bank, but also across the Group subsidiaries.

The BOD has delegated specific responsibilities to various board committees, which are integral to PNB's risk governance framework and allow executive management, through Management Committees, to evaluate the risks inherent in the business and to manage them effectively. On the other hand, executive officers are assigned to various Management Committees that provide the leadership and execution of the vision and policies approved by the BOD. Business strategies are driven, for most part by the day-to-day directions decided by these Management Committees with approvals and notation by the various Board Committees.

The PNB Board ROC is created by the PNB Board of Directors to assist the board to oversee the risk profile and approve enterprise risk management framework of PNB. It is mandated to advise on the risk appetite, approve frameworks, policies, plans, programs and processes for managing risk.

The risk management policy includes:

- a comprehensive risk management approach;
- a detailed structure of limits, guidelines and other parameters used to govern risk-taking;
- a clear delineation of lines of responsibilities for managing risk;
- an adequate system for measuring risk;
- effective internal controls and a comprehensive monitoring and risk-reporting process; and
- adherence to standards and regulations.

The approach to managing risk is outlined in PNB's Enterprise Risk Management Framework (ERMF), which creates the context for setting policies and standards, and establishing the right practices throughout the PNB Group. It defines the risk management processes and sets out the activities, tools, and organizational structure to ensure material risks are identified, measured, monitored and managed.

The Management Risk Committee (MRC) is a forum ensuring that PNB's ERMF is operationalized and that senior management has an enterprise level view and awareness of all key risks that the Bank is facing and must deal with. It will be a forum for dialogue amongst the businesses, operations and control functions with respect to risk issues that arise from the conduct of business, changes to laws and regulations, and the general business environment.

Mainly composed of the Bank's Sector and Group Heads, the MRC will be responsible for reviewing and monitoring enterprise level risks and assessing risk responses proposed or taken by the relevant risk owner, and for providing inputs to the ERMF process. The Committee shall periodically assess that the Bank's risk appetite statements are aligned with the business strategy and the overall objectives.

The Enterprise Risk Management Group (ERMG) is primarily responsible for the monitoring of risk management functions to ensure that a robust risk-oriented organization is maintained. ERMG is independent from the business lines and is organized into the following:

- Credit Risk Management;
- Market, Liquidity and Interest Rate Risk Management;
- Operational and Fraud Risk Management;

- Integrated Risk Management covering Trust Risk, ICAAP, Model Risk, Environmental & Social Risk and Subsidiaries & Overseas Branches Risk;
- IT/IS Project Risk Management & Governance, Cyber Security Operations; and,
- Data Privacy.

Each Division is tasked to monitor the implementation of the processes and procedures that support the policies for risk management applicable to PNB. These board approved policies clearly establish the types of risks to be managed, define the risk organizational structure, and provide appropriate training necessary to manage and control risks. The policies also provide for the validation, audits and compliance testing to measure the effectiveness and suitability of the risk management structure.

ERMG also performs as the Secretariat to both MRC and ROC which meets monthly to discuss the most recent risk profile of the Bank according to the material risks defined in the Bank's Internal Capital Adequacy Assessment Process (ICAAP) document.

Further, each risk division engages with all levels of the Bank's business and support groups, including domestic and overseas branches and offices and domestic and foreign subsidiaries. This ensures that the risk management and monitoring are embedded at origination.

The PNB ERMF banks on a dynamic process that supports the development and implementation of the overall Bank strategy. The process revolves around methodically addressing risks associated with the business lines of PNB. The ERMF, with regular reviews and updates, has served the Bank well and has been resilient through economic cycles. The organization has placed a strong reliance on this risk governance framework with the three-line model of The Institute of Internal Auditors (IIA).

The first line roles are the lines of business who are directly involved in managing risks. This entails the proactive self-identification of risks as well as the design and implementation of appropriate controls. Within the business lines, a culture of open communication is key to sustainable risk-return thinking. Discussions about new products, existing and new positions, and other issues must be broad and not just limited to meeting financial targets. Data and information availability are a must to ensure that front office and top management undertake relevant and timely decisions with respect to risk taking. Finally, limits and other basic controls must be respected. For example, limit setting and limit monitoring shall be done within prescribed policies and procedures, front-liners who manage clients and handle cash shall be subject to mandatory leaves, and segregation of duties should be clear and enforced.

The second line roles are the support units who provide expertise and insight to the first line in managing risks. For the Bank, second line roles include the Enterprise Risk Management Group (ERMG) and Global Compliance Group (GCG): ERMG implements the risk management framework and assists risk owners in reporting adequate risk-related information to the ROC. GCG ensures that a strong compliance program is in place, effectively monitored, and aligned with the risks of the Bank's individual business processes. The second line roles may also recommend implementation of action plans, corrective actions or service recovery in managing the risk impact and prevent recurrence. ERMG reports to the ROC, while GCG reports to the BACC.

The third line role is the internal audit function which provides independent and objective assurance and advise on the adequacy and effectiveness of Bank's control, governance and risk management processes. It reports its findings to Management and the Board Audit & Compliance Committee to promote and facilitate continuous improvement. Internal audit's independence from the responsibilities of management is critical to its objectivity, authority, and credibility. It is established through accountability to the governing body, unfettered access to people, resources and data needed to complete its work; and freedom from bias or interference in the planning and delivery of audit services.

All roles, when working together, collectively contribute to the creation and protection of value when they are aligned with each other and with the prioritized interests of the Bank and its stakeholders. Alignment of activities is achieved through communication, cooperation, and collaboration. This ensures the reliability, coherence, and transparency of information needed for risk-based decision making.

The risk management system and the directors' criteria for assessing its effectiveness are revisited on an annual basis and limit settings are discussed with the business units and presented to the ROC for endorsement for final BOD Approval.

In line with the integration of the BSP required ICAAP and risk management processes, PNB currently monitors 11 Material Risks (3 for Pillar 1 and 8 for Pillar 2). These material risks are as follows:

Pillar 1 Risks:

1. Credit Risk (includes Counterparty and Country Risks)
2. Market Risk
3. Operational Risk

Pillar 2 Risks:

1. Credit Concentration Risk
2. Human Resource Risk
3. Information Security/ Cyber Security / Data Privacy Risk
4. Information Technology Risk
5. Interest Rate Risk in Banking Book (IRRBB)
6. Liquidity Risk
7. Reputational Risk
8. Strategic Business Risk

Pillar 1 Risk Weighted Assets are computed based on the guidelines set forth in BSP Circular No. 538, Series of 2006 using the Standard Approach for Credit and Market Risks and Basic Indicator Approach for Operational Risks. Discussions that follow below are for Pillar 1 Risks with specific discussions relating to Pillar 2 risks mentioned above.

3.2 Risk Categories and Definitions

Under our ERM framework, all risk-taking business units, including domestic and foreign subsidiaries, shall perform comprehensive assessment of all material risks. This is accomplished annually, and more often, as needed. The process includes:

- Determining the most significant risks based on the business impact;
- Quantifying the potential losses of each of these significant risks;
- Providing various risk mitigation and control measures to manage these identified risks; and
- Consolidating computed potential losses for capital computation.

The identification of risks is based on what is considered by the Bank as material after undergoing an evaluation process. These key risks, namely, credit, market, operational, credit concentration, human resource, information security/ cyber security/ data privacy, information technology, interest rate, liquidity, reputational, and strategic business risks, are not only monitored under their separate and distinct components but also monitored across all interrelated business risks.

The Bank broadly classifies and defines risks into the following categories and manage the risks according to their characteristics. These are monitored accordingly under the enterprise ICAAP 2025 program:

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
Credit Risk (including Credit Concentration Risks and Counterparty Risks)	<p>Credit risk is the risk to earnings or capital that arises from an obligor/s, customer/s or counterparty's failure to perform and meet the terms of its contract.</p> <p>Credit concentration risk arises from excessive exposures to individual counterparties, groups of related counterparties and groups of counterparties with similar characteristics (e.g., counterparties in specific geographical locations, economic or industry sector). Its potential loss implications are large enough relative to a bank's capital, total assets, or overall risk level, to threaten a financial institution's health or ability to maintain its core operations. It is inherent in a bank's assets, liabilities or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. The potential for loss reflects the size of the position and the extent of loss given a particular adverse circumstance (BSP MORB Sec 301.6, Series of 2009; BCBS)</p>	<ul style="list-style-type: none"> ▪ Loan Portfolio Analysis ▪ Credit Dashboards (Bankwide, Consumer, Overseas and Subsidiaries, ROPA and SCR) ▪ Credit Review ▪ Credit Model Validation 	<p><u>Enterprise-wide Tools</u></p> <ul style="list-style-type: none"> ▪ Internal risk rating for corporate accounts ▪ Credit Scoring for consumer loans ▪ Credit limits (statutory/regulatory & internal limits) ▪ Manual of Signing Authority (MSA) ▪ Updated & responsive credit policies ▪ Performance vs. target ▪ Pre-approval review of loan recommendations ▪ Post-approval review of booked loans ▪ Expanded Real Estate Exposure Reporting ▪ Uniform Stress Test BSP Report <p><u>ERMG Tools</u></p> <ul style="list-style-type: none"> ▪ Trend Analysis (Portfolio / Past Due and NPL Levels) ▪ Stress testing/Rapid Loan Portfolio Reviews ▪ CRR Migration ▪ Tracking the movements of loan portfolio ▪ Monitoring of large exposures ▪ Monitoring of credit risk concentration ▪ Capital Adequacy Ratio (quarterly report) ▪ Review of adequacy of loan loss reserves and impairment loss ▪ Specialized Credit Monitoring (REST/EREE for Real Estate and Industry Limits) ▪ Concentrations and Demographics Review ▪ Counterparty Limits Monitoring

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
Human Resource Risk	Human Resource Risk covers PNB's risk of financial loss due to the inadequate training, inexperience or illegal activities of risk-taking behavior of personnel. This risk is closely related to operations risk and its internal control aspects. It highlights the human side of risk-taking and the role and adequacy of code of conduct, personnel policies, training and development programs, ability to recruit and retain employees through adequate compensation and benefits and ability to sustain adequate workforce through succession planning.	<ul style="list-style-type: none"> ▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation (i.e. Analysis of Risk) ▪ Risk Management (i.e. Monitor, Control or Mitigate Risk) ▪ HR dashboards 	<ul style="list-style-type: none"> ▪ Talent Acquisition/Retention and Career Management ▪ Remuneration Management ▪ Performance Appraisal System ▪ Training and Development ▪ Labor Management Relations ▪ Code of Conduct/Personnel Policies ▪ Employee Welfare/Wellness ▪ Employee Engagement Program ▪ Rewards System ▪ Compensation Package Review ▪ Attendance Reports ▪ Performance Appraisal Report ▪ Monitoring of employee's deliberate non-submission of acknowledgement receipts of personnel policies issued by HRG ▪ Grievance Reports/ Complaints ▪ Attrition rates, separation reports and exit interview forms ▪ Disciplinary Cases Report ▪ Recruitment Turnaround Time Report ▪ Number of training programs conducted Report ▪ Hiring and Attrition Tracking
Information Security/ Cyber Security/ Data Privacy Risk	Data Privacy (DP) Risk is the risk associated to potential loss due to unauthorized collection, processing, or access to personal data. It includes risks that the confidentiality, integrity and/or availability of personal data will not be maintained, or the risk that processing will violate the rights of data subjects or the general privacy principles (transparency, legitimate purpose and proportionality). Consequently, the data privacy risks may negatively impact	<ul style="list-style-type: none"> ▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation (i.e. Analysis of Risk) ▪ Risk Management (i.e. Monitor, Control or Mitigate Risk) ▪ KRI monitoring 	<ul style="list-style-type: none"> ▪ Information Security Risk Assessment (ISRA) ▪ Information Asset Register ▪ Information Security Management System Implementation ▪ RCO/BISO Checklist ▪ User Access and UAM Review Network Security Protection / Network monitoring tool ▪ Installation of firewalls, anti-virus, IPS/IDS, enterprise security solution (endpoint security, email and internet)

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	<p>the Bank's reputation and may result to financial losses.</p>		<ul style="list-style-type: none"> ▪ Vulnerability assessments and penetration testing (to include social engineering tests) and follow through on remediation of threats and risks ▪ Logs Review ▪ Incident Reporting Management ▪ Independent Operations Review and Quality Assurance ▪ Scanning of outbound and inbound digital traffic ▪ Continuous InfoSec/Cyber Risk awareness ▪ Enterprise-wide data privacy risk management framework which complies with both domestic and global requirements ▪ Conduct of Privacy Impact Assessment (PIA) as required by DPA of 2012 ▪ Institutionalization of data protection culture within the group through regular awareness program ▪ Data Privacy Management System
<p>Information Technology Risk</p>	<p>Information Technology Risk is any potential adverse outcome, damage, loss, violation, failure or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks. (BSP Circular 808). It is also a business risk that is associated with the use, ownership, operation, involvement, influence and adoption of IT within PNB. It consists of IT-related events that could potentially impact the business. IT Risk includes Information Security Risk that could result from non-preservation of any or all of the domains of information security; that is, confidentiality, integrity and</p>	<ul style="list-style-type: none"> ▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation (i.e. Analysis of Risk) ▪ Risk Management (i.e. Monitor, Control or Mitigate Risk) ▪ KRI monitoring 	<ul style="list-style-type: none"> ▪ IT Risk Assessment (ITRA) ▪ Project Risk Assessment (PRA) ▪ Incident Reporting Management ▪ Patch Management ▪ Technology Operations Management Policies & Guidelines ▪ Maintenance and upgrades of disaster recovery sites ▪ Business Users / IT joint engagement for problem resolution ▪ Formal Project Management Program adoption ▪ Maintenance and upgrades of disaster recovery sites ▪ Business Impact Analysis ▪ Change Management Process ▪ Capacity Monitoring ▪ Data Loss Prevention tool

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	availability of information asset. (ISACA Risk IT Framework)		<ul style="list-style-type: none"> ▪ Privilege Access Management (PAM) ▪ Network Security Protection / Network monitoring tool ▪ Installation of firewalls, anti-virus, IPS/IDS, enterprise security solution (endpoint security, email and internet) ▪ IT Service Management tool ▪ Vulnerability assessments and penetration testing ▪ Logs Review
Interest Rate Risk in the Banking Books (IRRBB)	Interest rate risk is the current and prospective risk to earnings or capital arising from movements in interest rates. It arises from differences between the timing of rate changes and the timing of cash flows (repricing risk); from changing rate relationships among different yield curves affecting financial institution (FI) activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk); and from interest-related options embedded in FI products (options risk). The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. (BSP Cir. No. 1044, Series of 2019)	<ul style="list-style-type: none"> ▪ Interest Rate Gap Analysis ▪ Earnings at Risk (EaR) Measurement ▪ Cashflow based Economic Value of Equity (EVE) 	<ul style="list-style-type: none"> ▪ EAR Limits ▪ Balance Sheet Profiling ▪ Interest Repricing Gap Analysis ▪ Delta EVE ▪ Stress testing ▪ BSP Uniform Stress Testing
Liquidity Risk	Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Bank's inability to meet its obligations when they come due, without incurring unacceptable losses or costs. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. (BSP Cir. No. 981)	<ul style="list-style-type: none"> ▪ Funding Liquidity Plan ▪ Liquidity Ratios ▪ Large Fund Providers ▪ Maximum Cumulative Outflow (MCO) ▪ Liquid Gap Analysis ▪ Interbook Lending 	<ul style="list-style-type: none"> ▪ MCO Limits ▪ Liquidity Ratios Limits ▪ Liquid Assets Monitoring ▪ Large Fund Provider Analysis ▪ Funding Liquidity/Contingency Planning ▪ Liquidity Stress Testing
Market Risk	Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market	<ul style="list-style-type: none"> ▪ Value at Risk (VaR) Utilization 	<ul style="list-style-type: none"> ▪ VaR Limits ▪ Stop Loss Limits

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	<p>value of financial instruments, products and transactions in an institution’s overall portfolio, both on or off-balance sheet and contingent financial contracts. Market risk arises from market-making, dealing and position taking in interest rate, foreign exchange, equity, and commodities market. (BSP Cir. No. 544, Series of 2006)</p>	<ul style="list-style-type: none"> ▪ Results of Marking to Market ▪ Risks Sensitivity/ Duration Report ▪ Exposure to Derivative/ Structured Products 	<ul style="list-style-type: none"> ▪ Management Action Triggers for FVOCI cumulative losses ▪ Duration Report ▪ FX Position Limit ▪ ROP Exposure Limit ▪ Limit to Derivatives / Structured Products ▪ Exception Report on Traders’ Limit ▪ Exception Report on Rate Tolerance ▪ TPR computation ▪ Monthly validation/ preparation of the Market Risk Weighted Exposures in the CAR Report ▪ Stress testing / Scenario analysis ▪ BSP Uniform Stress Testing ▪ Backtesting
Operational Risk	<p>Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes Legal Risk but excludes Strategic and Reputational Risk. Operational Risk is inherent in all activities, products and services, and cuts across multiple activities and business lines within the financial institution and across the different entities in a banking group or conglomerate where the financial institution belongs. (BSP Circular 900, dated 18 January 2016)</p>	<ul style="list-style-type: none"> ▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation (i.e. Analysis of Risk) ▪ Risk Management (i.e. Monitor, Control or Mitigate Risk) ▪ Operational Dashboards 	<ul style="list-style-type: none"> ▪ Internal Control ▪ Risk and Control Self-Assessment (RCSA) ▪ Loss Events Report (LER) ▪ Board approved Product Manuals ▪ Board approved Operating Policies and Procedures Manuals ▪ Key Risk Indicators (KRI) ▪ Business Continuity Plan (BCP) ▪ Disaster Recovery Plan (DRP) ▪ Business Continuity Playbooks ▪ Business Continuity Risk Assessment (BCRA) ▪ Business Impact Analysis (BIA) ▪ Crisis Management Plan (CMP) ▪ BCP Drills/Testing ▪ Incident Monitoring ▪ Vendor Risk Assessment (VRA) ▪ Vendor Risk Rating (VRR) ▪ Vendor Performance Evaluation (VPE) ▪ Materiality Determination template ▪ Statistical Analysis

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
			<ul style="list-style-type: none"> ▪ Awareness Campaign – Operational Risk, Business Continuity, Vendor Risk
<p>Reputational Risk</p>	<p>Reputational risk is the risk to earnings, capital, and liquidity arising from negative perception on the Bank of its customers, shareholders, investors, and employees, market analysts, the media, and other stakeholders such as regulators and other government agencies, that can adversely affect the Bank’s ability to maintain existing business relationships, establish new businesses or partnerships, or continuously access varied sources of funding”. (BSP Circular 1114, dated 08 April 2021).</p> <p>Reputational Risk also covers Customer Franchise Risk and Consumer Protection Risk. Customer Franchise Risk is defined in PNB’s Policy on ICAAP, as the failure to find, attract, and win new clients, nurture and retain those PNB already has, and entice former clients back into the fold as well as the failure to meet client’s expectation in delivering PNB’s products and services. Consumer Protection Risk is defined as failure of PNB to deliver its mandate to provide appropriate service and protection to its financial consumers.</p>	<ul style="list-style-type: none"> ▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation (i.e. Analysis of Risk) ▪ Risk Management (i.e. Monitor, Control or Mitigate Risk) ▪ KRI Monitoring 	<ul style="list-style-type: none"> ▪ Customer Engagement and Consolidated Complaints Report ▪ After Call and After Email Survey ▪ Security Measures for Digital Banking ▪ Market research on digital trends and profiling of digital users, statistics on usage, and transactions to anticipate and respond to changes in overall trends related to demands of customers and clients in relation to digital services platforms ▪ Fraud Management Program ▪ Social Media Management Framework ▪ Social Media Risk Management ▪ Use of Social Media metrics/Social Media Analytics ▪ Website Management ▪ Website Analytics ▪ Public Relations Campaign ▪ Mainstream media monitoring tool ▪ Customer feedback mechanism ▪ Products and Marketing review
<p>Strategic Business Risk</p>	<p>Strategic business risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a</p>	<ul style="list-style-type: none"> ▪ Risk Identification – Risk Maps ▪ Risk Measurement and Analysis – ICAAP Risk Assessment 	<ul style="list-style-type: none"> ▪ Regular ALCO reports on latest Financials, monthly CAR, NPL & NIM projections, weekly performance on deposits, loans, treasury assets (levels, YTD, ADB)

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	<p>function of the compatibility of the firm's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. The resources needed to carry out business strategies are both tangible and intangible. They include communication channels, operating systems, delivery networks, and managerial capacities and capabilities. The organization's internal characteristics must be evaluated against the impact of economic, technological, competitive, regulatory, and other environmental changes. (BSP Cir. No. 510, dated 03 Feb 2006)</p>	<p>Major Factors considered:</p> <ul style="list-style-type: none"> ▪ Products ▪ Technology ▪ People ▪ Policies and Processes ▪ Stakeholders (including customer and regulators) 	<ul style="list-style-type: none"> ▪ Regular updates on the status of sale of ROPA and other properties as well as NPL reduction ▪ Economic briefings for ALCO, Treasury and Senior Management by the Bank economist ▪ Corplan's banking, industry reports and research studies ▪ Research Division's regular economic reports and forecasting and equities reports ▪ Budget Performance Report (BPR) distributed to concerned sector/group heads and PNB President (Key Result Areas [KRA] actual performance against targets) ▪ Compliance updates on new, revised regulations ▪ Annual Strategic Planning activities ▪ Performance and monitoring reports and surveys on bank products and services
Environmental and Social Risk	<p>E & S Risk refers to potential financial, legal /or reputational negative effect of environmental issues on the Bank. This includes environmental pollution, climate risk (physical and transition risks), hazards to human health, safety, security and threats to community, biodiversity and cultural heritage among others</p>	<ul style="list-style-type: none"> ▪ Risk identification ▪ Risk measurement ▪ Risk monitoring ▪ Risk control and mitigation 	<ul style="list-style-type: none"> ▪ Loss Events Report (LER) ▪ Risk and Control Self-Assessment (RCSA) ▪ Business Continuity Risk Assessment (BCRA) ▪ Hazard Hunter PH ▪ Key Risk Indicators (KRI) monitoring ▪ Enhanced Due Diligence E&S Scorecard ▪ Stress Testing

4. Fair Value Measurement

The Group uses the following methods and assumptions in estimating the fair value of its assets and liabilities:

Assets and Liabilities	Fair value methodologies
Cash equivalents	At carrying amounts due to their relatively short-term maturity
Derivatives	Based on either: <ul style="list-style-type: none"> • quoted market prices; • prices provided by independent parties; or • prices derived using acceptable valuation models
Debt securities	For quoted securities – based on market prices from debt exchanges For unquoted securities ¹ – estimated using either: <ul style="list-style-type: none"> • quoted market prices of comparable investments; or • discounted cash flow methodology
Equity securities	For quoted securities – based on market prices from stock exchanges For unquoted securities – estimated using either: <ul style="list-style-type: none"> • quoted market prices of comparable investments ²; or • adjusted net asset value method ³ and applying a discount for lack of marketability
Loans and receivables	For loans with fixed interest rates – estimated using the discounted cash flow methodology ⁴ For loans with floating interest rates – at their carrying amounts
Investment properties	Appraisal by independent external and in-house appraisers based on highest and best use of the property (i.e., current use of the properties) ⁵ using either: <ul style="list-style-type: none"> • market data approach ⁶; or • replacement cost approach ⁷
Short-term financial liabilities	At carrying amounts due to their relatively short-term maturity
Long-term financial liabilities	For quoted debt issuances – based on market prices from debt exchanges For unquoted debt issuances – estimated using the discounted cash flow methodology ⁸

Notes:

¹ using interpolated PHP BVAL rates provided by the Philippine Dealing and Exchange Corporation (for government securities) and PHP BVAL rates plus additional credit spread (for corporate/private securities)

² using the most relevant multiples (e.g., earnings, book value)

³ measures the company's value by adjusting the carrying value of its assets to their fair values, and then subtracting the fair value of its liabilities

⁴ using the current incremental lending rates for similar loans

⁵ considering other factors such as size, shape and location of the properties, price per square meter, reproduction costs new, time element, discount, among others

⁶ using recent sales of similar properties within the same vicinity and considering the economic conditions prevailing at the time of the valuations and comparability of similar properties sold

⁷ estimating the investment required to duplicate the property in its present condition

⁸ using the current incremental borrowing rates for similar borrowings

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities:

- Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of input that is significant to their fair value measurement is unobservable

As of March 31, 2025 and December 31, 2024, the Group held the following assets and liabilities measured at fair value, and at cost but for which fair values are disclosed:

	March 31, 2025				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P24,830,053	P17,023,250	P7,806,803	P-	P24,830,053
Private debt securities	149,720	149,720	-	-	149,720
Derivative assets	1,061,789	-	1,061,789	-	1,061,789
Equity securities	2,863	2,863	-	-	2,863
Financial assets at FVOCI:					
Government securities	182,217,518	132,088,881	50,128,637	-	182,217,518
Private debt securities	16,310,784	5,815,963	10,494,821	-	16,310,784
Equity securities	28,043,542	168,816	1,147,227	26,727,499	28,043,542
	P252,616,269	P155,249,493	P70,639,277	P26,727,499	P252,616,269
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P1,239,712	P-	P1,239,712	P-	P1,239,712
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	P112,206,137	P80,245,707	P31,797,040	P-	P112,042,747
Receivables from customers**	645,287,528	-	-	677,641,343	677,641,343
	P757,493,665	P80,245,707	P31,797,040	P677,641,343	P789,684,090
Nonfinancial Assets					
Investment property:					
Land***	P13,073,820	P-	P-	P39,390,790	P39,390,790
Buildings and improvements***	3,434,749	-	-	5,837,792	5,837,792
	P16,508,569	P-	P-	P45,228,582	P45,228,582
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P161,946,121	P-	P-	P148,426,659	P148,426,659
LTNCDs	4,600,665	-	4,535,747	-	4,535,747
Bonds payable	17,117,300	-	16,960,477	-	16,960,477
Bills payable	14,810,801	-	-	14,810,801	14,810,801
	P198,474,887	P-	P21,496,224	P163,237,460	P184,733,684

* Net of expected credit losses

** Net of expected credit losses and unearned and other deferred income

*** Net of impairment losses

	December 31, 2024				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P16,181,821	P9,280,986	P6,900,835	P-	P16,181,821
Private debt securities	649,191	646,996	2,195	-	649,191
Derivative assets	1,087,107	-	1,087,107	-	1,087,107
Equity securities	2,866	2,866	-	-	2,866
Financial assets at FVOCI:					
Government securities	167,824,773	84,332,614	83,492,159	-	167,824,773
Private debt securities	15,578,200	8,144,021	7,434,179	-	15,578,200
Equity securities	28,339,810	2,390,053	671,154	25,278,603	28,339,810

December 31, 2024					
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial Liabilities	P229,663,768	P104,797,536	P99,587,629	P25,278,603	P229,663,768
Financial liabilities at FVTPL:					
Derivative liabilities	P924,053	P-	P924,053	P-	P924,053
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	P112,422,382	P44,626,557	P67,159,150	P-	P111,785,707
Receivables from customers**	626,089,235	-	-	657,189,212	657,189,212
	P738,511,617	P44,626,557	P67,159,150	P657,189,212	P768,974,919
Nonfinancial Assets					
Investment property:					
Land***	P12,656,948	P-	P-	P30,731,999	P30,731,999
Buildings and improvements***	3,307,319	-	-	5,820,255	5,820,255
	P15,964,267	P-	P-	P36,552,254	P36,552,254
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P147,368,732	P-	P-	P147,177,687	P147,177,687
LTNCDs	4,598,770	-	4,541,491	-	4,541,491
Bonds payable	17,304,421	-	17,001,745	-	17,001,745
Bills payable	14,152,442	-	-	14,152,442	14,152,442
	P183,424,365	P-	P21,543,236	P161,330,129	P182,873,365

* Net of expected credit losses

** Net of expected credit losses and unearned and other deferred income

*** Net of impairment losses

As of March 31, 2025 and December 31, 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

The following table summarizes the significant unobservable inputs used to calculate the fair value of Level 3 financial assets at FVOCI of the Group as of March 31, 2025 and December 31, 2024 and the range of values indicating the highest and lowest level input used in the valuation techniques.

	Significant Unobservable Input	-2%	+2%
Equity securities	Discount for lack of marketability	P601,974	(P601,974)

For certain unquoted equity securities, the Group imputes a discount for lack of marketability which is a valuation consideration often based on observed data and empirical evidence. Certain valuation studies suggest that private companies typically sell at lower transaction pricing multiples than similar public companies.

5. Segment Information

5.1 Business Segments

The Group's operating businesses are determined and managed separately according to the nature of services provided and the different markets served with each segment representing a strategic business unit.

The Group's business segments follow:

- Retail Banking – principally handling individual customer's deposits, and providing consumer type loans, credit card facilities and fund transfer facilities;

- Corporate Banking – principally handling loans and other credit facilities and deposit accounts for corporate and institutional customers;
- Treasury – principally providing money market, trading and treasury services, as well as the management of the Group’s funding operations by use of Treasury bills, government securities and placements, and acceptances with other banks, through treasury and wholesale banking; and
- Other Segments – include, but not limited to, trust, leasing, remittances, and other support services. Other support services of the Group comprise of operations and finance.

Transactions between segments are conducted at prevailing market rates on an arm’s length basis. Interest is credited to or charged against business segments based on market rates which approximate the marginal cost of funds.

For management purposes, business segment report is done on a quarterly basis. Business segment information provided to the BOD, the chief operating decision maker (CODM), is based on the reportorial requirements under Regulatory Accounting Principles of the Bangko Sentral ng Pilipinas (BSP), which differ from PFRS due to the manner of provisioning for impairment and credit losses, measurement of investment properties, and the fair value measurement of financial instruments. The report submitted to CODM represents only the results of operation for each of the reportable segment.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment revenues pertain to the net interest margin and other operating income earned by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The Group has no significant customer which contributes 10.00% or more of the consolidated revenue.

Business segment information of the Group follows:

	For the Three Months Ended March 31, 2025 (Unaudited)					
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(P595,323)	P7,493,008	P5,741,107	P10,884	P65,033	P12,714,709
Inter-segment	7,475,775	(4,697,797)	(2,777,978)	–	–	–
Net interest margin after inter-segment transactions	6,880,452	2,795,211	2,963,129	10,884	65,033	12,714,709
Other income	1,405,873	1,073,592	944,901	385,085	(12,710)	3,796,741
Segment revenue	8,286,325	3,868,803	3,908,030	395,969	52,323	16,511,450
Other expenses	4,232,593	896,299	358,143	264,309	52,323	5,803,667
Segment result	P4,053,732	P2,972,504	P3,549,887	P131,660	P–	10,707,783
Unallocated expenses						2,982,852
Net income before income tax						7,724,931
Income tax						1,634,978
Net income						6,089,953
Non-controlling interests						(31,402)
Net income for the period attributable to equity holders of the Parent Company						P6,058,551

For the Three Months Ended March 31, 2025 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Other segment information						
Capital expenditures	₱113,823	₱859	₱-	₱4,317	₱-	₱118,998
Unallocated capital expenditures						350,942
Total capital expenditures						₱469,940
Depreciation and amortization	₱257,195	₱85,889	₱4,927	₱33,088	₱-	₱381,099
Unallocated depreciation and amortization						450,080
Total depreciation and amortization						₱831,179
Provision for (reversal of) impairment, credit and other losses	₱330,988	(₱37,710)	(₱16,343)	₱173	₱-	₱277,108

* The eliminations and adjustments column mainly represent the RAP to PFRS adjustments

For the Three Months Ended March 31, 2024 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(₱700,559)	₱7,491,174	₱4,990,545	₱22,767	(₱110,669)	₱11,693,258
Inter-segment	7,982,679	(4,617,989)	(3,364,690)	-	-	-
Net interest margin after inter-segment transactions	7,282,120	2,873,185	1,625,855	22,767	(110,669)	11,693,258
Other income	1,158,615	462,248	740,960	506,278	(155,331)	2,712,770
Segment revenue	8,440,735	3,335,433	2,366,815	529,045	(266,000)	14,406,028
Other expenses	3,257,142	1,268,895	312,811	248,314	(266,000)	4,821,162
Segment result	₱5,183,593	₱2,066,538	₱2,054,004	₱280,731	₱-	9,584,866
Unallocated expenses						3,483,173
Net income before income tax						6,101,693
Income tax						795,369
Net income						5,306,324
Non-controlling interests						43,172
Net income for the period attributable to equity holders of the Parent Company						₱5,263,152
Other segment information						
Capital expenditures	₱54,546	₱24,029	₱1,618	₱13,978	₱-	₱94,171
Unallocated capital expenditures						344,823
Total capital expenditures						₱438,994
Depreciation and amortization	₱258,556	₱115,405	₱5,757	₱36,065	₱-	₱415,783
Unallocated depreciation and amortization						442,502
Total depreciation and amortization						₱858,285
Provision for (reversal of) impairment, credit and other losses	₱98,074	₱506,240	₱2,663	₱12,779	₱-	₱619,756

As of March 31, 2025 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	₱690,701,904	₱371,375,416	₱153,538,426	₱94,024,753	(₱30,336,663)	₱1,279,303,836
Segment liabilities	₱694,234,601	₱300,250,660	₱67,607,916	₱28,865,603	(₱30,325,921)	₱1,060,632,859

As of December 31, 2024 (Audited)

	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	₱720,134,571	₱355,055,573	₱85,145,453	₱114,961,848	(₱17,686,592)	₱1,257,610,853
Segment liabilities	₱696,116,123	₱294,672,764	₱46,098,678	₱23,847,015	(₱19,752,668)	₱1,040,981,912

* The eliminations and adjustments column mainly represent the RAP to PFRS adjustments

5.2 Geographical Segments

Although the Group's businesses are managed on a worldwide basis, the Group operates in four principal geographical areas of the world. The distribution of assets, liabilities, credit commitments, capital expenditures, and revenues by geographic region of the Group follows:

	Non-Current Assets*		Liabilities		Credit Commitments	
	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Philippines	₱641,901,340	₱512,659,841	₱1,025,460,961	₱1,004,841,665	₱61,347,409	₱53,614,874
Asia (excluding Philippines)	14,673,128	14,987,916	31,415,308	32,134,134	-	-
USA and Canada	2,353,460	2,705,244	3,631,503	3,879,385	-	-
United Kingdom	470	645	125,087	126,728	-	-
	₱658,928,398	₱530,353,646	₱1,060,632,859	₱1,040,981,912	₱61,347,409	₱53,614,874

* Gross of allowance for impairment and credit losses and unearned and other deferred income

	Capital Expenditures		Revenues	
	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)
Philippines	₱461,334	₱424,756	₱19,956,853	₱17,621,770
Asia (excluding Philippines)	1,772	605	768,781	927,559
USA and Canada	119	13,633	206,795	218,786
United Kingdom	6,715	-	30,549	28,195
	₱469,940	₱438,994	₱20,962,978	₱18,796,310

6. Due from Bangko Sentral ng Pilipinas

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Demand deposit	₱44,145,232	₱44,628,316
Overnight deposit facility (ODF)	-	10,500,000
Term deposit	5,628,000	-
	₱49,773,232	₱55,128,316

For the three months ended March 25, 2025 and 2024, Due from BSP bears annual interest rates ranging from 5.25% to 6.00% and from 6.40% to 6.50%, respectively.

7. Trading and Investment Securities

This account consists of:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Financial assets at FVTPL	₱26,044,425	₱17,920,985
Financial assets at FVOCI	226,571,844	211,742,783
Investment securities at amortized cost	112,206,137	112,422,382
	₱364,822,406	₱342,086,150

7.1 Financial Assets at FVTPL

This account consists of:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Government securities	₱24,830,053	₱16,181,821
Private debt securities	149,720	649,191
Derivative assets	1,061,789	1,087,107
Equity securities	2,863	2,866
	₱26,044,425	₱17,920,985

The nominal interest rates of debt securities at FVTPL range from:

	For the Three Months Ended March 31	
	2025	2024
Government securities	0.6% - 9.3%	2.6% - 8.6%
Private debt securities	4.9% - 6.6%	4.9% - 6.6%

7.2 Financial Assets at FVOCI

This account consists of:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Government securities	₱182,217,518	₱167,824,773
Private debt securities	16,310,784	15,578,200
Equity securities		
Quoted	2,566,587	2,831,277
Unquoted (Note 19)	25,476,955	25,508,533
	₱226,571,844	₱211,742,783

Unquoted equity securities include the Parent Company's retained 49.00% interest in PNB Holdings Corporation (PNB Holdings) amounting to ₱25.1 billion as of March 31, 2025 and December 31, 2024 (refer to Note 19). The Group determines its fair value using the adjusted net asset value method after applying a 16.50% discount, being a non-listed company, by referring to a number of recent initial public offerings of comparative entities.

The effective interest rates of debt securities at FVOCI range from:

	For the Three Months Ended March 31	
	2025	2024
Government securities	0.6% - 14.9%	0.6% - 19.1%
Private debt securities	1.4% - 8.09%	0.5% - 6.4%

As of March 31, 2025 and December 31, 2024, net unrealized gains on financial assets at FVOCI amounted to ₱0.8 billion and ₱0.1 billion, respectively.

7.3 Investment Securities at Amortized Cost

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Government securities	₱100,158,228	₱96,817,380
Private debt securities	12,192,988	15,752,472
	112,351,216	112,569,852
Less allowance for credit losses (Note 13)	145,079	147,470
	₱112,206,137	₱112,422,382

The effective interest rates of investment securities at amortized cost range from:

	For the Three Months Ended March 31	
	2025	2024
Government securities	0.8% - 6.3%	0.8% - 7.5%
Private debt securities	2.3% - 8.3%	1.0% - 8.3%

7.4 Interest Income on Investment Securities at Amortized Cost and FVOCI

This account consists of:

	For the Three Months Ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Financial assets at FVOCI	₱2,756,039	₱2,214,697
Investment securities at amortized cost	1,602,872	1,648,678
	₱4,358,911	₱3,863,375

7.5 Trading and Investment Securities Gains (Losses) - net

This account consists of:

	For the Three Months Ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Financial assets at FVTPL		
Government securities	₱203,147	₱176,663
Private debt securities	1,464	(6,391)
Equity securities	(4)	12
Derivatives	18	7,706

	For the Three Months Ended	
	March 31	
	2025	2024
	(Unaudited)	(Unaudited)
Financial assets at FVOCI		
Private debt securities	6	18
Investment securities at amortized cost	17,656	6,969
	₱222,287	₱184,977

8. Loans and Receivables

This account consists of:

	March 31,	December 31,
	2025	2024
	(Unaudited)	(Audited)
Receivables from customers (Note 19):		
Loans and discounts	₱649,753,692	₱627,885,539
Credit card receivables	18,007,397	18,063,885
Customers' liabilities on letters of credit and trust receipts	8,763,936	9,177,471
Customers' liabilities on acceptances	5,891,339	6,126,005
Bills purchased	1,868,308	3,829,665
	684,284,672	665,082,565
Other receivables:		
Accrued interest receivable (Note 19)	8,779,420	8,783,078
Accounts receivable (Note 19)	3,476,856	3,964,379
Sales contract receivables (Note 19)	1,703,692	1,589,298
Miscellaneous	452,814	454,556
	14,412,782	14,791,311
	698,697,454	679,873,876
Less: Unearned and other deferred income	816,012	845,862
Allowance for credit losses (Note 13)	41,984,880	42,208,389
	₱655,896,562	₱636,819,625

Included in 'Surplus reserves' is the amount of ₱4.3 billion and ₱4.2 billion as of March 31, 2025 and December 31, 2024, respectively, which pertains to the excess of 1.00% general loan loss provisions over the computed ECL for Stage 1 accounts as prescribed by BSP Circular 1011, *Guidelines on the Adoption of PFRS 9* (refer to Note 15.2).

As of March 31, 2025 and December 31, 2024, 76.2% and 72.7%, respectively, of the total receivables from customers of the Parent Company were subject to interest repricing. For the three months ended March 31, 2025 and 2024, remaining receivables carry annual fixed interest rates ranging from 1.1% to 9.0% for foreign currency-denominated receivables, and from 1.2% to 31.5%, respectively, for peso-denominated receivables.

9. Property and Equipment

For the three months ended March 31, 2025 and 2024, the Group purchased assets with cost of ₱93.4 million and ₱71.9 million, respectively. For the same periods, the Group disposed property and equipment with net book value of ₱9.7 million and ₱19.9 million, respectively, recognizing gain on sale of ₱20.6 million and ₱20.7 million, respectively.

10. Investment Properties

For the three months ended March 31, 2025, and 2024, the Group foreclosed investment properties amounting to ₱307.4 million and ₱305.6 million, respectively. For the same periods, the Group disposed investment properties with net book value of ₱68.4 million and ₱30.8 million, recognizing gain on sale of ₱824.5 million and ₱167.7 million, respectively.

11. Goodwill and Intangible Assets

11.1 Software Costs

For the three months ended March 31, 2025 and 2024, the Group purchased software with cost of ₱376.5 million and ₱367.1 million, respectively.

11.2 Goodwill

As of March 31, 2025 and December 31, 2024, goodwill for each cash-generating unit amounted to:

Retail Banking	₱6,110,312
Treasury	2,038,163
Corporate Banking	2,036,368
	₱10,184,843

Goodwill is reviewed for impairment annually in the fourth quarter of the reporting period, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As of March 31, 2025, the Parent Company assessed no events or changes in circumstances that will require impairment testing of its goodwill.

12. Other Assets and Other Liabilities

12.1 Other Assets

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Financial		
Fund for electronic money products	₱400,000	₱400,000
Returned checks and other cash items	80,904	25,003
Security deposits (Note 19)	19,575	19,662
Miscellaneous	3,021	2,808
	503,500	447,473
Nonfinancial		
Deferred charges (Note 19)	4,418,291	3,969,199
Creditable withholding taxes	2,007,833	1,467,670
Prepaid expenses	446,057	474,397
Real estate inventories held under development	165,980	521,114
Documentary stamps on hand	525,514	406,790
Retirement assets	302,797	302,797
Chattel mortgage properties - net of depreciation	144,984	75,432

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Stationeries and supplies	82,718	81,937
Other investments	26,657	26,842
Miscellaneous	1,059,094	1,427,061
	9,179,925	8,753,239
	9,683,425	9,200,712
Less allowance for credit and impairment losses (Note 13)	1,053,431	1,050,083
	₱8,629,994	₱8,150,629

12.2 Other Liabilities

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Financial		
Dividends payable	₱4,211,111	₱-
Accounts payable	3,622,557	3,714,056
Dormant credits	1,475,181	1,700,209
Bills purchased - contra	1,330,487	3,196,612
Manager's checks and demand drafts outstanding	1,199,068	1,383,750
Due to other banks (Note 19)	1,184,914	2,038,261
Accounts payable - electronic money	671,322	759,059
Margin deposits and cash letters of credit	158,272	27,719
Payment order payable	138,935	180,883
Transmission liability	78,512	48,612
Deposits on lease contracts (Note 19)	73,553	72,975
Deposit for keys on safety deposit boxes	15,547	15,639
	14,159,459	13,137,775
Nonfinancial		
Due to Treasurer of the Philippines	1,690,432	1,431,240
Provisions	880,228	878,874
Deferred revenue - Credit card-related	542,220	598,593
Withholding tax payable	368,392	473,641
Deferred revenue - Bancassurance	303,731	322,031
Deferred tax liabilities	167,357	167,524
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	71,688	65,404
Retirement benefit liability	48,724	9,455
Miscellaneous	1,687,988	1,021,519
	5,760,760	4,968,281
	₱19,920,219	₱18,106,056

13. Allowance for Impairment, Credit and Other Losses

Movements in this account follow:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of period:		
Due from other banks	P4,744	P9,898
Interbank loans receivable	6,138	8,045
Securities held under agreements to resell	46,240	14,152
Financial assets at FVOCI	68,923	45,673
Investment securities at amortized cost (Note 7)	147,470	155,835
Loans and receivables (Note 8)	42,208,389	42,571,906
Property and equipment	1,124,779	1,133,292
Investment properties	2,620,097	2,318,900
Other assets (Note 12)	1,050,083	1,035,620
	47,276,863	47,293,321
Movements during the period:		
Provision for impairment, credit and other losses	277,108	2,386,116
Accounts charged-off	(670,557)	(2,977,647)
Transfers and others	(40,128)	575,073
	(433,577)	(16,458)
Balance at end of period:		
Due from other banks	6,076	4,744
Interbank loans receivable (Note 21)	4,473	6,138
Securities held under agreements to resell	20,955	46,240
Financial assets at FVOCI	79,265	68,923
Investment securities at amortized cost (Note 7)	145,079	147,470
Loans and receivables (Note 8)	41,984,880	42,208,389
Property and equipment	1,122,672	1,124,779
Investment properties	2,426,455	2,620,097
Other assets (Note 12)	1,053,431	1,050,083
	P46,843,286	P47,276,863

14. Financial Liabilities

14.1 Deposit Liabilities

As of March 31, 2025, and December 31, 2024, noninterest bearing deposit liabilities amounted to P26.4 billion and P26.8 billion, respectively. For the three months ended March 31, 2025, and 2024, the remaining deposit liabilities of the Group generally bear annual fixed interest rates ranging from 0.1% to 6.4% and 0.1% to 7.3%, respectively, for peso-denominated deposit liabilities, and from 0.01% to 5.4% and 0.01% to 6.3%, respectively, for foreign currency-denominated deposit liabilities.

LTNCDs issued by the Parent Company consist of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
October 11, 2019	April 11, 2025	P4,600,000	4.38%	Quarterly	P4,600,665	P4,598,770

Interest expense on deposit liabilities consists of:

	For the Three Months Ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Savings	₱2,350,986	₱2,252,263
Time	1,644,700	1,491,423
Demand	54,968	50,613
LTNCD	52,207	173,961
	₱4,102,861	₱3,968,260

14.2 Bonds Payable

This account consists of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
<u>Fixed rate medium term senior notes</u>						
October 23, 2024	October 23, 2029	USD300,000	4.85%	Semi-annually	₱17,117,300	₱17,304,421

As of March 31, 2025, and December 31, 2024, the unamortized transaction costs of bonds payable amounted to nil and ₱49.1 million, respectively. For the three months ended March 25, 2025 and 2024, amortization of transaction costs amounting to nil and ₱13.3 million, respectively, were charged to 'Interest expense on bonds payable' in the statements of income.

15. Equity

15.1 Capital Stock

This account consists of (amounts in thousands, except for par value and number of shares):

	Shares	Amount
Common - ₱40 par value		
Authorized	1,750,000,001	₱70,000,000
Issued and outstanding		
Balance at the beginning and end of the period	1,525,764,850	₱61,030,594

As of March 31, 2025 and December 31, 2024, the Parent Company had 35,865 and 35,918 stockholders, respectively.

15.2 Surplus Reserves

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Reserves under BSP Circular 1011 (Note 8)	₱4,341,482	₱4,187,284
Reserves for trust business	674,753	674,753
Reserves for self-insurance	105,000	105,000
	₱5,121,235	₱4,967,037

15.3 Regulatory Reporting for Capital Management

As of March 31, 2025 and December 31, 2024, Common Equity Tier 1 (CET1) ratio and Total Capital Adequacy Ratio (CAR) are as follows:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Consolidated		
a) CET1 Capital/Tier 1 Capital	₱161,226,458	₱159,087,364
b) Total Qualifying Capital	168,633,558	166,432,551
c) Total Risk-Weighted Assets	850,253,585	828,154,132
CET 1 Ratio/Tier 1 Ratio (a/c)	18.96%	19.21%
Total CAR (b/c)	19.83%	20.10%
Parent Company		
d) CET1 Capital/Tier 1 Capital	₱138,576,552	₱136,470,638
e) Total Qualifying Capital	145,801,133	143,600,795
f) Total Risk-Weighted Assets	836,545,690	801,791,184
CET 1 Ratio/Tier 1 Ratio (d/f)	16.57%	17.02%
Total CAR (e/f)	17.43%	17.91%

16. Other Operating Income and Expenses

16.1 Service Fees and Commission Income

This account consists of:

	For the Three Months Ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Deposit-related	₱490,701	₱469,360
Credit card-related	381,696	260,829
Loan-related	319,245	242,318
Remittance	162,393	159,225
Bancassurance	122,245	8,631
Interchange fees	113,031	144,147
Trust fees	98,596	94,839
Underwriting fees	94,236	42,504
Miscellaneous	84,237	103,051
	₱ 1,866,380	₱1,524,904

16.2 Miscellaneous Expenses

This account consists of:

	For the Three Months Ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Secretarial, janitorial and messengerial	₱441,959	₱459,427
Insurance	439,148	553,369
Marketing	425,854	330,783
Litigation and assets acquired	279,442	66,937
Information technology	239,462	222,348
Travelling	114,697	102,478
Stationery and supplies	65,541	82,023
Management and other professional fees	53,646	54,051
VAT on leases	49,491	34,720
Entertainment, amusement and recreation	49,182	37,646
Postage, telephone and cable	42,689	29,420
Common use service area charges	36,593	54,937
Repairs and maintenance	14,949	11,313
Freight	4,654	3,974
Fuel and lubricants	2,745	2,494
Others	43,990	43,126
	₱2,304,042	₱2,089,046

17. Income Taxes

Provision for income tax consists of:

	For the Three Months Ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Current		
Regular	₱529,820	₱512,239
Final	1,104,032	870,916
	1,633,852	1,383,155
Deferred	1,126	(587,786)
	₱1,634,978	₱795,369

As of March 31, 2025 and December 31, 2024, the Group recognized deferred tax assets amounting to ₱7.4 billion and ₱7.5 billion, respectively, with the increase in 2025 mainly coming from deferred tax assets on allowance for impairment and credit losses.

Significant related party transactions of the Group for the three months ended March 31, 2025 and 2024 follow (transactions with subsidiaries have been eliminated in the consolidated financial statements):

	Significant Investors		Subsidiaries		Other Related Parties		Associate		Key Management Personnel	
	March 31		March 31		March 31		March 31		March 31	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Interest income	P-	P-	P-	P-	P540,973	P613,946	P-	P-	P2,363	P4,396
Interest expense	33,819	24,941	58,596	50,370	453,424	402,228	4,545	243	3,097	5,855
Miscellaneous other income	-	-	830	797	-	-	-	-	-	-
Purchases of securities	-	-	3,552	7,620	4,732,300	4,021,978	-	-	-	-
Sale of securities	-	-	1,387,675	3,558	5,522,590	1,308,977	-	-	-	-
Trading gains	-	-	-	921	2,115	1,023	-	-	-	-
Service fee income	-	-	-	-	-	-	18,300	18,300	-	-

Transactions with related parties are made on similar terms and conditions as disclosed in the most recent annual audited financial statements.

20. Provisions, Contingencies and Other Commitments

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities that are not presented in the accompanying unaudited interim condensed financial statements including several suits and claims which remain unsettled. The Group and its legal counsel believe that any losses arising from these contingencies which are not specifically provided for will not have a material adverse effect on the unaudited interim condensed financial statements.

There were no significant settlements made in the first quarter of 2025.

In the ordinary course of the Group's operations, certain entities within the Group have pending tax assessments/claims which are in various stages of protest/appeal with the tax authorities, the amounts of which cannot be reasonably estimated. Management believes that the bases of said protest/appeal are legally valid such that the ultimate resolution of these assessments/claims would not have material effects on the consolidated financial position and results of operations.

21. Notes to the Statement of Cash Flows

21.1 Interbank Loans Receivable

The amount of the Group's interbank loans receivable considered as cash and cash equivalents follow:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Interbank loans receivable	P20,825,109	P22,793,332
Less: Allowance for credit losses	4,473	6,138
	20,820,636	22,787,194
Less: Interbank loans receivable not considered as cash and cash equivalents	1,025,249	2,925,553
	P19,795,387	P19,861,641

21.2 Cash Flows from Financing Activities

The changes in liabilities arising from financing activities for the three-months ended March 31, 2025 and 2024 follow:

	March 31, 2025			Ending balance
	Beginning balance	Net cash flows	Others	
Bills and acceptances payable	₱20,208,451	₱111,876	₱361,496	₱20,681,823
Bonds payable	17,304,421	–	(187,121)	17,117,300
Lease liabilities	3,808,997	(312,699)	280,072	3,776,370
	₱41,321,869	(₱200,823)	₱454,447	₱41,575,493

	March 31, 2024			Ending balance
	Beginning balance	Net cash flows	Others	
Bills and acceptances payable	₱20,162,603	(₱7,210,406)	(₱309,062)	₱12,643,135
Bonds payable	41,490,871	–	665,255	42,156,126
Lease liabilities	3,832,884	(26,024)	(76,368)	3,730,492
	₱65,486,358	(₱7,236,430)	₱279,825	₱58,529,753

21.3 Non-Cash Transactions

For the three months ended March 31, 2025 and 2024, additions to right-of-use assets amounted ₱0.2 billion, while additional lease liabilities amounted to ₱0.2 billion.

For the three months ended March 31, 2025 and 2024, the Group foreclosed investment properties amounting to ₱307.5 billion and ₱305.6 million, respectively.

For the three months ended March 31, 2025 and 2024, the Group did not apply any creditable withholding taxes against its income tax payable.

22. Subsequent Events

On April 15, 2025, the BOD of the Parent approved the renewal of the Proxy in favor of LT Group, Inc. to vote all shares registered in the name of PNB on any and all matters that may be taken up in the forthcoming Annual Stockholders' Meeting of PNB Holdings Corporation (PHC) on April 30, 2025. This aligns with the Bank's intention to engage competent and expert property managers for PHC which will further enhance shareholder value.

23. Contingencies and Commitments Arising from Off-Balance Sheet Items

The following is a summary of various commitments, contingent assets and contingent liabilities at their equivalent peso contractual amounts:

	March 31, 2025	December 31, 2024
	(Unaudited)	(Audited)
Derivative forwards	₱216,598,657	₱132,737,169
Trust department accounts	203,952,267	190,585,195
Standby letters of credit	73,828,052	77,763,321

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
Unutilized credit card lines	54,705,882	51,886,113
Deficiency claims receivable	27,998,075	27,250,819
Derivative spots	24,688,743	22,847,762
Inward bills for collection	6,276,216	1,019,948
Outward bills for collection	288,125	210,031
Unused commercial letters of credit	146,388	353,457
Confirmed export letters of credit	99,831	100,940
Items held as collateral	23,037	23,101
Shipping guarantees issued	12,814	21,284
Other contingent accounts	146,648	38,677

24. Other Matters

The Group has nothing material to report on the following items:

- known demands or commitments that will have a material impact on the Group's liquidity and continuing operations within the next twelve (12) months;
- any events that will trigger direct or contingent financial obligations that is material to the Group, including any default or acceleration of an obligation;
- material off-balance sheet transactions, various commitments, arrangements, contingent assets and contingent liabilities other than those already discussed in Note 23;
- material commitments for capital expenditures;
- issuances, repurchases and repayments of debt and equity securities;
- seasonal aspects that had a material effect on the Group's financial condition and results of operations;
- material events subsequent to March 31, 2025 other than the disclosure in Note 22.

ANNEX B

**PHILIPPINE NATIONAL BANK
SCHEDULE OF AGING OF LOANS RECEIVABLES FROM CUSTOMERS**

The Schedule of Aging of Loans Receivables from Customers, as required by Philippine Stock Exchange (PSE) in its Circular letter No. 2164-99 dated August 23, 2001, is shown below (in thousands):

	March 31, 2025
Current Accounts	₱637,932,265
Past Due:	
Less than 30 days	2,709,373
31 to 90 days	1,094,312
91 to 180 days	1,583,563
More than 180 days	40,965,158
Loans Receivables, gross	684,284,671
Less:	
Unearned and other deferred income	(816,012)
Allowance for credit losses	(38,181,131)
Loans Receivables, net	₱645,287,528