



Office of the EVP and Chief Financial Officer

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

May 13, 2024

MS. ALEXANDRA D. TOM WONG

Head, Disclosure Department
Philippine Stock Exchange
6/F PSE Tower
28th Street corner 5th Avenue
BGC, Taguig City

ATTY. SUZY CLAIRE R. SELLEZA

Head, Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corporation
29/F, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Dear Mesdames:

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, 2024.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Francis B. Albalate', is written over the printed name.

FRANCIS B. ALBALATE
Executive Vice President &
Chief Financial Officer



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:

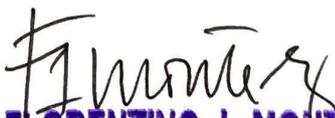
1. On behalf of PNB, I have caused this SEC Form 17-Q Report as of and for the period ended March 31, 2024 to be prepared;
2. I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3. PNB will comply with the requirements set forth in 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, 2024 in Pasig City, Metro Manila.


FRANCIS B. ALBALATE
 Executive Vice President and
 Chief Financial Officer

SUBSCRIBED AND SWORN to before me this MAY 13 2024 in
CITY OF PASIG, affiant exhibited to me his SSS ID No. 33-1489981-0.

Doc. No. 110
 Page No. 22
 Book No. V
 Series of 2024.


ATTY. FLORENTINO I. MONTEROSO
 NOTARY PUBLIC CITY OF PASIG
 COMMISSION NO. 2022-484
 VALID UNTIL DECEMBER 31, 2024
 PTR. NO. 0652804 /01/04/2024
 IBP NO. 018492 /01/04/2024
 ROLL NO. 67842
 MCLE COMPLIANCE V-0000168
 PRESTIGE TOWER 16 FLR. UNIT 1608
 EMERALD AVENUE, ORTIGAS CENTER, PASIG CITY

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, 2023

(Calendar Year Ended)

SEC FORM 17-Q REPORT

Form Type

(Amendment Designation (if applicable))

MARCH 31, 2024

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, 2024
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, 2024 (Unaudited) Compared to December 31, 2023 (Audited)

The Group’s consolidated total assets stood at ₱1,196.0 billion as of March 31, 2024, 1.2% or ₱14.5 billion lower compared to ₱1,210.5 billion total assets reported as of December 31, 2023. Major changes (+/-5% variance) in assets were registered in the following accounts:

- **Cash and Cash Equivalents**

<i>(In Thousands)</i>	March 31, 2024	December 31, 2023	Increase/ (Decrease)	%
Cash and Other Cash Items	₱17,519,786	₱21,151,391	(₱3,631,605)	(17.2)
Due from Bangko Sentral ng Pilipinas	83,474,208	95,410,350	(11,936,142)	(12.5)
Due from Other Banks	18,903,351	21,243,856	(2,340,505)	(11.0)
Interbank Loans Receivable	32,455,937	30,955,766	1,500,171	4.8
Securities Held under Agreements to Resell	82,564,654	69,694,538	12,870,116	18.5
	₱234,917,936	₱238,455,901	(₱3,537,965)	(1.5)

Total Cash and Cash Equivalents as of March 31, 2024 is at ₱234.9 billion, ₱3.5 billion or 1.5% lower compared to ₱238.5 billion as of December 31, 2023.

Available liquid funds were placed in Interbank Loans Receivable and Securities Held under Agreements to Resell.

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, 2024	December 31, 2023	Increase/ (Decrease)	%
Financial Assets at FVTPL	₱21,495,784	₱10,516,864	₱10,978,920	104.4
Financial Assets at FVOCI	153,940,839	164,531,492	(10,590,653)	(6.4)
Investment Securities at Amortized Cost	119,088,548	123,200,427	(4,111,879)	(3.3)
	₱294,525,171	₱298,248,783	(₱3,723,612)	(1.2)

Trading and Investment Securities, representing 24.6% of the Group’s total assets as of March 31, 2024 and December 31, 2023, decreased by ₱3.7 billion or 1.2%, mainly due to net disposal of financial assets at FVOCI, investment securities at amortized cost, offset by net purchases of financial assets at FVTPL, during the quarter.

- **Deferred Tax Assets**

<i>(in thousands)</i>	March 31, 2024	December 31, 2023	Increase/ (Decrease)	%
Deferred Tax Assets	₱7,577,179	₱6,981,726	₱595,453	8.5

Deferred Tax Assets increased by ₱0.6 billion or 8.5% at ₱7.6 billion as of March 31, 2024, from ₱7.0 billion as of December 31, 2023 mainly due to the recognition of additional deferred tax assets on allowance for credit losses.

- **Intangibles Assets**

<i>(in thousands)</i>	March 31, 2024	December 31, 2023	Increase/ (Decrease)	%
Intangible Assets	₱1,409,215	₱1,301,726	₱107,489	8.3

Intangible Assets as of March 31, 2024 at ₱1.4 billion increased by ₱0.1 billion compared to ₱1.3 billion, as of December 31, 2023, mainly due to acquisition of software net of amortization during the quarter.

- **Other Assets**

<i>(in thousands)</i>	March 31, 2024	December 31, 2023	Increase/ (Decrease)	%
Other Assets	₱ 6,654,598	₱5,454,301	₱1,200,297	22.0

Other Assets as of March 31, 2024, at ₱6.7 billion, grew by ₱1.2 billion or 22.0% from ₱5.5 billion as of December 31, 2023, mainly due to increases in deferred charges and creditable withholding taxes.

The Group's consolidated total liabilities were at ₱999.4 billion as of March 31, 2024, 2.0% or ₱20.0 billion lower from ₱1,019.4 billion as of December 31, 2023. Major changes (+/-5% variance) in liability accounts were as follows:

- **Deposit Liabilities**

<i>(in thousands)</i>	March 31, 2024	December 31, 2023	Increase/ (Decrease)	%
Demand	₱223,153,829	₱228,405,865	(₱5,252,036)	(2.3)
Savings	558,907,003	541,009,449	17,897,554	3.3
Time	121,521,965	145,752,061	(24,230,096)	(16.6)
Long Term Negotiable Certificates	12,809,029	12,803,543	5,486	0.0
	₱916,391,826	₱927,970,918	(₱11,579,092)	(1.2)

Deposit Liabilities at ₱916.4 billion and ₱928.0 billion, which represent 91.7% and 91.0% of the Group's total liabilities as of March 31, 2024 and December 31, 2023, respectively, are slightly lower by ₱11.6 billion or 1.2% mainly due to decrease in Time Deposits by ₱24.2 billion or 16.6%, and decrease in Demand Deposits by ₱5.3 billion or 2.3%, partially offset by increase in Saving Deposits of ₱17.9 billion or 3.3%.

- **Financial Liabilities at FVTPL**

<i>(in thousands)</i>	March 31, 2024	December 31, 2023	Increase/ (Decrease)	%
Financial Liabilities at FVTPL	₱740,921	₱555,811	₱185,110	33.3

Financial Liabilities at FVTPL as at March 31, 2024 are ₱0.2 billion higher than the 2023 year-end balance of ₱0.6 billion mainly from decreases in position and fair values of stand-alone forwards.

- **Bills and Acceptances Payable**

<i>(in thousands)</i>	March 31, 2024	December 31, 2023	Increase/ (Decrease)	%
Bills and Acceptances Payable	₱12,643,135	₱20,162,603	(₱7,519,468)	(37.3)

Bills and Acceptances Payable decreased by ₱7.5 billion or 37.3% from ₱20.2 billion as of December 31, 2023 to ₱12.6 billion as of March 31, 2024, due to settlement of borrowings from foreign banks.

- **Other Liabilities**

<i>(in thousands)</i>	March 31, 2024	December 31, 2023	Increase/ (Decrease)	%
Accrued Taxes, Interest and Other Expenses	₱9,515,058	₱10,465,373	(₱950,315)	(9.1)
Income Tax Payable	₱649,273	₱180,364	₱468,909	260.0
Other Liabilities	₱13,576,520	₱14,741,922	(₱1,165,402)	(7.9)

Accrued Taxes, Interest and Other Expenses was lower by ₱1.0 billion, dropping from ₱10.5 billion as of December 31, 2023 to ₱9.5 billion as of March 31, 2024. The decline was primarily driven by the reduction in accrued interest on deposits, along with lower accruals for taxes and licenses.

Income Tax Payable increased by ₱0.5 billion or 260.0% from ₱0.2 billion as of December 31, 2023, to ₱0.6 billion as of March 31, 2024, mainly due to higher income tax liability throughout the quarter.

Other Liabilities at ₱13.6 billion as of March 31, 2024 declined from ₱14.7 billion as of December 31, 2023, mainly due to decreases in manager's checks and demand drafts outstanding and bills purchased.

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

<i>(in thousands)</i>	March 31, 2024	December 31, 2023	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	4,579,858	4,677,930	(98,072)	(2.1)
Surplus	97,340,541	91,979,317	5,361,224	5.8
Net Unrealized Losses on Financial Assets at FVOCI	(1,428,592)	(1,722,653)	294,061	(17.1)
Remeasurement Losses on Retirement Plan	(2,735,089)	(2,728,542)	(6,547)	0.2
Accumulated Translation Adjustment	1,822,033	1,999,668	(177,635)	(8.9)
Other Equity Reserves	248,830	248,830	–	–
Share in Aggregate Reserves on Life Insurance Policies	38,744	24,246	14,498	59.8
Other Equity Adjustment	13,959	13,959	–	–
	193,027,438	187,639,909	5,387,529	2.9
Non-Controlling Interests	3,595,988	3,508,745	87,243	2.5
	₱196,623,426	₱191,148,654	₱5,474,772	2.9

Total Equity stood at ₱196.6 billion as of March 31, 2024 from ₱191.1 billion as of December 31, 2023, or an increase of ₱5.5 billion or 2.9% attributed mainly to the ₱5.3 billion consolidated net income reported for the period and ₱0.3 billion decrease in Net Unrealized Losses on Financial Assets at FVOCI, offset by ₱0.2 billion decrease in Accumulated Translation Adjustment.

Results of Operation for the Three Months Ended March 31, 2024 (Unaudited) Compared to Same Period Ended March 31, 2023 (Unaudited)

For the three months ended March 31, 2024, the Group recorded a consolidated net income of ₱5.3 billion, growing by 10.4% year-on-year on the back of robust net interest income and lower credit provisions, compared to the ₱4.8 billion net income for the period ended March 31, 2023. The higher net income in 2023 is primarily due to the following:

- **Net Interest Income**

<i>(in thousands)</i>	March 31		Increase/ (Decrease)	%
	2024	2023		
Interest income	₱16,083,540	₱13,795,118	₱2,288,422	16.6
Interest expense	4,390,282	3,342,906	1,047,376	31.3
	₱11,693,258	₱10,452,212	₱1,241,046	11.9

Net Interest Income amounted to ₱11.7 billion, higher by 11.9% or ₱1.2 billion compared to the same period last year. Gross Interest Income increased by 16.6% or ₱2.3 billion to ₱16.1 billion for the period ended March 31, 2024, mainly due to higher yields on loans, investment securities, and securities held under agreement to resell. Gross interest expense likewise increased by ₱1.1 billion or 31.3% to ₱4.4 billion from ₱3.3 billion in the same period last year largely due to increase in interest cost of deposit liabilities.

- **Net Service Fees and Commission Income**

<i>(in thousands)</i>	March 31		Increase/ (Decrease)	%
	2024	2023		
Service fees and commission income	₱1,524,904	₱1,838,809	(₱313,905)	(17.1)
Service fees and commission expense	342,071	287,719	54,352	18.9
	₱1,182,833	₱1,551,090	(₱368,257)	(23.7)

Net service fees and commission income slightly decreased by ₱0.4 billion or 23.7% compared to the same period last year to ₱1.2 billion for the period ended March 31, 2024, mainly due to lower loans and trade related fees.

- **Other Operating Income**

<i>(in thousands)</i>	March 31		Increase/ (Decrease)	%
	2024	2023		
Net gains on sale or exchange of assets	₱250,629	₱2,640,037	(₱2,389,408)	(90.5)
Foreign exchange gains - net	337,350	365,924	(28,574)	(7.8)
Trading and investment securities gains - net	184,977	21,640	163,337	754.8
Equity in net earnings an associate	140,878	70,546	70,332	99.7
Miscellaneous	274,032	300,669	(26,637)	(8.9)
	₱1,187,866	₱3,398,816	(2,210,950)	(65.1)

Other operating income decreased by ₱2.2 billion, representing a 65.1% decline, to ₱1.2 billion for the period ended March 31, 2024 compared to ₱3.4 billion in the same period last year. The decrease was primarily due to the recognition of higher gains from the sale of major investment properties in March 2023. However, the decrease was partially offset by higher net trading gains of ₱0.2 billion and equity in net earnings of an associate of ₱0.1 billion.

- **Operating Expenses**

<i>(in thousands)</i>	March 31		Increase/ (Decrease)	%
	2024	2023		
Compensation and fringe benefits	₱2,801,257	₱2,626,185	₱175,072	6.7
Taxes and licenses	1,394,872	1,408,548	(13,676)	(1.0)
Depreciation and amortization	858,285	930,105	(71,820)	(7.7)
Occupancy and equipment-related costs	199,048	237,510	(38,462)	(16.2)
Miscellaneous	2,089,046	2,737,979	(648,933)	(23.7)
	₱7,342,508	₱7,940,327	(₱597,819)	(7.5)

Total operating expenses is at ₱7.3 billion for the period ended March 31, 2024, ₱0.6 billion or 7.5% lower compared to the same period last year mainly as a result of one-off expenses incurred by the Group in the prior period.

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

<i>(in thousands)</i>	March 31		Increase/ (Decrease)	%
	2024	2023		
Provision for impairment, credit and other losses	₱619,756	₱1,614,706	(₱994,950)	(61.6)

Provisions for impairment, credit and other losses is lower at ₱0.6 billion for the period ended March 31, 2024 compared to the ₱1.6 billion provisions booked in the same period last year as the Group's loan portfolio fully recovered from the lingering effects of the pandemic as the economy maintains its growth trajectory to pre-pandemic level.

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

<i>(in thousands)</i>	March 31		Increase/ (Decrease)	%
	2024	2023		
Net income	₱5,306,324	₱4,806,871	₱499,453	10.4
Other comprehensive income, net of tax	171,994	1,975,281	(1,803,287)	(91.3)
	₱5,478,318	₱6,782,152	(₱1,303,834)	(19.2)

Total comprehensive income for the three months ended March 31, 2024 amounted to ₱5.5 billion, lower by ₱1.3 billion compared to the same period last year mainly due to the lower net change in unrealized gains on financial assets at FVOCI by ₱2.2 billion, offset by higher net income during the period by ₱0.5 billion.

PART II – OTHER INFORMATION

Key Performance Indicators and Selected Financial Ratios

	For the Three Months Ended	
	2024	March 31 2023
	(Unaudited)	(Unaudited)
Statement of Income		
Return on Average Equity ^{1/}	11.0%	11.3%
Return on Average Assets ^{2/}	1.8%	1.7%
Net Interest Margin ^{3/}	4.4%	4.2%
Cost Efficiency Ratio ^{4/}	52.2%	51.6%
Basic Earnings Per Share	₱3.45	₱3.15
Interest Coverage ^{5/}	2.4x	2.7x

^{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, 2024	March 31, 2023	December 31, 2023
	(Unaudited)	(Unaudited)	(Audited)
Statement of Financial Position			
Capital Ratios:			
Capital Adequacy Ratio	18.4%	16.4%	17.7%
Common Equity Tier 1 Ratio	17.6%	15.6%	16.9%
Non-Performing Loans Ratios:			
Net of allowance	2.3%	2.7%	2.5%
Gross of allowance	6.0%	6.8%	6.3%
NPL coverage ^{6/}	83.8%	90.1%	88.5%
Current Ratio	70.9%	65.8%	70.6%
Liquid Assets-to-Total Assets	28.7%	25.7%	30.2%
Liquid Assets-to-Liquid Liabilities	35.5%	33.7%	36.9%
Debt-to-Equity	5.1x	5.3x	5.3x
Assets-to-Equity	6.1x	6.3x	6.3x
Book Value per Share	₱126.5	₱113.5	₱123.0

^{6/} Effective March 31, 2024, Allowance for credit losses on loans arising from appropriation of retained earnings in excess of 1% general loan loss provisions over the computed ECL for Stage 1 accounts as prescribed by BSP Circular 1011 were excluded in determining the cover.

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



FLORIDO P. CASUELA
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, 2024 and
for the three-month periods ended
March 31, 2024 and 2023

*(With Comparative Audited Consolidated Statement of Financial Position
as at December 31, 2023)*

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2024****(With Comparative Audited Figures as at December 31, 2023)****(In Thousands)**

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Cash and Other Cash Items	₱17,519,786	₱21,151,391
Due from Bangko Sentral ng Pilipinas (Note 6)	83,474,208	95,410,350
Due from Other Banks (Note 19)	18,903,351	21,243,856
Interbank Loans Receivable (Notes 19 and 21)	34,873,764	35,634,440
Securities Held Under Agreements to Resell Trading and Investment Securities	82,564,654	69,694,538
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 7)	21,495,784	10,516,864
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Notes 7 and 19)	153,940,839	164,531,492
Investment Securities at Amortized Cost (Note 7)	119,088,548	123,200,427
Loans and Receivables (Note 8)	609,947,461	616,710,746
Property and Equipment (Note 9)	10,496,250	10,754,018
Investment in an Associate	3,270,383	3,199,124
Investment Properties (Note 10)	14,625,914	14,579,558
Deferred Tax Assets (Note 17)	7,577,179	6,981,726
Intangible Assets (Note 11)	1,409,215	1,301,726
Goodwill (Note 11)	10,184,843	10,184,843
Other Assets (Note 12)	6,654,598	5,454,301
TOTAL ASSETS	₱1,196,026,777	₱1,210,549,400
LIABILITIES AND EQUITY		
LIABILITIES		
Deposit Liabilities (Notes 14 and 19)		
Demand	₱223,153,829	₱228,405,865
Savings	558,907,003	541,009,449
Time	121,521,965	145,752,061
Long Term Negotiable Certificates of Deposit	12,809,029	12,803,543
	916,391,826	927,970,918
Financial Liabilities at FVTPL	740,921	555,811
Bills and Acceptances Payable (Notes 19 and 21)	12,643,135	20,162,603
Bonds Payable (Notes 14, 19 and 21)	42,156,126	41,490,871
Lease Liabilities (Notes 19 and 21)	3,730,492	3,832,884
Accrued Taxes, Interest and Other Expenses (Note 19)	9,515,058	10,465,373
Income Tax Payable	649,273	180,364
Other Liabilities (Note 12)	13,576,520	14,741,922
TOTAL LIABILITIES	999,403,351	1,019,400,746

(Forward)

	March 31, 2024 (Unaudited)	December 31, 2023 (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)	4,579,858	4,677,930
Surplus	97,340,541	91,979,317
Net Unrealized Losses on Financial Assets at FVOCI (Note 7)	(1,428,592)	(1,722,653)
Remeasurement Losses on Retirement Plan	(2,735,089)	(2,728,542)
Accumulated Translation Adjustment	1,822,033	1,999,668
Other Equity Reserves	248,830	248,830
Share in Aggregate Reserves on Life Insurance Policies	38,744	24,246
Other Equity Adjustment	13,959	13,959
	193,027,438	187,639,909
NON-CONTROLLING INTERESTS	3,595,988	3,508,745
TOTAL EQUITY	196,623,426	191,148,654
TOTAL LIABILITIES AND EQUITY	₱1,196,026,777	₱1,210,549,400

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 Quarters Ended	
	March 31	
	2024	2023
INTEREST INCOME ON		
Loans and receivables (Notes 8 and 19)	P10,605,723	P9,591,861
Investment securities at amortized cost and financial assets at FVOCI (Note 7)	3,863,375	2,923,968
Deposits with banks and others (Notes 6 and 19)	463,407	719,058
Interbank loans receivable and securities held under agreements to resell	1,044,322	508,064
Financial assets at FVTPL (Note 7)	106,713	52,167
	16,083,540	13,795,118
INTEREST EXPENSE ON		
Deposit liabilities (Notes 14 and 19)	3,968,260	2,714,328
Bonds payable (Notes 14 and 19)	357,358	532,768
Bills payable and other borrowings (Note 19)	64,664	95,810
	4,390,282	3,342,906
NET INTEREST INCOME	11,693,258	10,452,212
Service fees and commission income (Notes 16 and 19)	1,524,904	1,838,809
Service fees and commission expense	342,071	287,719
NET SERVICE FEES AND COMMISSION INCOME	1,182,833	1,551,090
OTHER INCOME		
Net gains on sale or exchange of assets (Notes 9 and 10)	250,629	2,640,037
Foreign exchange gains - net	337,350	365,924
Trading and investment securities gains - net (Note 7)	184,977	21,640
Equity in net earnings of an associate	140,878	70,546
Miscellaneous	274,032	300,669
TOTAL OTHER INCOME	1,187,866	3,398,816
TOTAL OPERATING INCOME	14,063,957	15,402,118
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 13)	619,756	1,614,706
OPERATING EXPENSES		
Compensation and fringe benefits	2,801,257	2,626,185
Taxes and licenses	1,394,872	1,408,548
Depreciation and amortization	858,285	930,105
Occupancy and equipment-related costs	199,048	237,510
Miscellaneous (Note 16)	2,089,046	2,737,979
TOTAL OPERATING EXPENSES	7,342,508	7,940,327
INCOME BEFORE INCOME TAX	6,101,693	5,847,085
PROVISION FOR INCOME TAX (Note 17)	795,369	1,040,214
NET INCOME	P5,306,324	P4,806,871
ATTRIBUTABLE TO:		
Equity Holders of the Parent Company (Note 18)	P5,263,152	P4,799,075
Non-controlling Interests	43,172	7,796
	P5,306,324	P4,806,871
Basic/Diluted Earnings Per Share Attributable to		
Equity Holders of the Parent Company (Note 18)	P3.45	P3.15

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 Quarters Ended	
	March 31	
	2024	2023
NET INCOME	₱5,306,324	₱4,806,871
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	(68,331)	937,633
Share in changes in net unrealized gains on financial assets at FVOCI of an associate	362,392	233,208
	294,061	1,170,841
Accumulated translation adjustment	(128,389)	(470,652)
	165,672	700,189
<i>Items that do not recycle to profit or loss in subsequent periods:</i>		
Net change in unrealized gains on equity securities at FVOCI	–	1,278,489
Share in the changes in aggregate reserves (losses) on life insurance policies	14,498	(6,369)
Remeasurement gains (losses) on retirement plan	(8,176)	2,972
	6,322	1,275,092
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	171,994	1,975,281
TOTAL COMPREHENSIVE INCOME	₱5,478,318	₱6,782,152
ATTRIBUTABLE TO:		
Equity Holders of the Parent Company	₱5,387,529	₱6,865,207
Non-controlling Interests	90,789	(83,055)
	₱5,478,318	₱6,782,152

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, 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 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

For the Three Months Ended March 31, 2023													
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 on Life Insurance Policies	Other Equity Adjustment	Total	Non- Controlling Interests	Total Equity
Balance at January 1, 2023	₱61,030,594	₱32,116,560	₱4,929,242	₱73,748,748	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱248,830	₱136,096	₱13,959	₱166,356,256	₱3,549,378	₱169,905,634
Total comprehensive income (loss) for the period	-	-	-	4,799,075	2,449,330	2,972	(379,801)	-	(6,369)	-	6,865,207	(83,055)	6,782,152
Dividends by subsidiaries to non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(889)	(889)
Reversal of general loan loss reserves under BSP Circular 1011	-	-	(572,128)	572,128	-	-	-	-	-	-	-	-	-
Balance at March 31, 2023	₱61,030,594	₱32,116,560	₱4,357,114	₱79,119,951	(₱3,509,945)	(₱2,219,973)	₱1,934,646	₱248,830	₱129,727	₱13,959	₱173,221,463	₱3,465,434	₱176,686,897

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	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱6,101,693	₱5,847,085
Adjustments for:		
Depreciation and amortization	858,285	930,105
Provision for impairment, credit and other losses (Note 13)	619,756	1,614,706
Amortization of discount, net on investment securities	(425,672)	(571,491)
Unrealized foreign exchange loss (gain) on bonds, bills and acceptances payable	342,931	(1,534,638)
Net gains on sale or exchange of assets (Notes 9 and 10)	(250,629)	(2,640,037)
Gains on financial assets at FVTPL (Note 7)	(177,990)	(21,681)
Equity in net earnings of an associate	(140,878)	(70,546)
Amortization of transaction costs on borrowings	18,749	20,768
Loss (gain) on sale of financial assets at FVOCI and investment securities at amortized cost (Note 7)	(6,987)	41
Changes in operating assets and liabilities:		
Decrease (increase) in amounts of:		
Interbank loans receivable	2,260,847	(94,439)
Financial assets at FVTPL	(10,800,930)	(1,361,449)
Loans and receivables	6,035,231	4,864,537
Other assets	(1,364,383)	(1,514,527)
Increase (decrease) in amounts of:		
Financial liabilities at FVTPL	185,109	(514,042)
Deposit liabilities	(11,584,578)	(37,726,848)
Accrued taxes, interest and other expenses	(909,762)	614,893
Other liabilities	(984,985)	277,332
Net cash used in operations	(10,224,193)	(31,880,231)
Income taxes paid	(1,383,155)	(748,453)
Net cash used in operating activities	(11,607,348)	(32,628,684)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturities of:		
Financial assets at FVOCI	201,824,950	146,910,794
Investment securities at amortized cost	14,924,025	3,678,498
Investment properties	198,487	4,062,156
Property and equipment	40,614	4,142
Acquisitions of:		
Financial assets at FVOCI	(190,428,181)	(144,107,108)
Investment securities at amortized cost	(10,815,091)	(27,704,363)
Software cost (Note 11)	(367,100)	(279,733)
Property and equipment (Note 9)	(71,894)	(55,629)
Net cash provided by (used in) investing activities	15,305,810	(17,491,243)

(Forward)

**For the Three Months Ended
March 31**

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bills and acceptances payable (Note 21)	₱46,619,452	₱35,549,365
Settlement of bills and acceptances payable (Note 21)	(53,829,858)	(39,800,195)
Payment of principal portion of lease liabilities (Note 21)	(26,024)	(253,518)
Net cash used in financing activities	(7,236,430)	(4,504,348)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,537,968)	(54,624,275)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
Cash and other cash items	21,151,391	22,217,915
Due from Bangko Sentral ng Pilipinas	95,410,350	94,701,360
Due from other banks	21,243,856	26,010,183
Interbank loans receivable (Note 21)	30,955,766	9,782,452
Securities held under agreements to resell	69,694,538	64,523,863
	238,455,902	217,235,773
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash and other cash items	17,519,786	15,384,350
Due from Bangko Sentral ng Pilipinas	83,474,208	77,584,601
Due from other banks	18,903,351	26,966,167
Interbank loans receivable (Note 21)	32,455,937	10,336,175
Securities held under agreements to resell	82,564,654	32,340,205
	₱234,917,934	₱162,611,498
OPERATIONAL CASH FLOWS FROM INTEREST		
Interest received	₱14,749,986	₱12,085,088
Interest paid	4,580,266	2,478,292

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
NOTES TO 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 in the Philippine Stock Exchange (PSE). As of March 31, 2024 and December 31, 2023, the shares of PNB are held by the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
LT Group, Inc. (LTG) (indirect ownership through its various holding companies)	59.83%	59.83%
PCD Nominee Corporation*	14.33%	14.44%
Other stockholders owning less than 10% each	25.84%	25.73%
	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, 2024 and December 31, 2023. As of the same dates, the Parent Company has 73 overseas branches, representative offices, remittance centers and subsidiaries in 17 jurisdictions in Asia, North America and Europe.

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, 2024 and for the three-month periods ended March 31, 2024 and 2023 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, 2023 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, 2023, except for the adoption of the following amendments to PFRS effective beginning January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, the adoption of these new standards did not have an impact on the unaudited interim condensed consolidated financial statements of the Group.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
The amendments clarify:
 - That only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current;
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*
The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right-of-use retained. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

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 Risk Management Framework

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

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.

Executive officers are assigned to various management committees that provide the leadership and execution of the vision and policies approved by the BOD. PNB's 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 level committees.

The PNB Board ROC is mandated to set risk appetite, approve frameworks, policies and processes for managing risk, and accept risks beyond the approval discretion provided to management. 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 Risk Management Framework 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 Management Risk Committee (MRC) was created as a forum ensuring that PNB's ERMF is operationalized, and that Senior Management has an enterprise-level view of all material risks and that risk-mitigating actions properly determined and effectively executed. Mainly composed of PNB'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 PNB'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 as follows:

- Credit Risk Management Division;
- Market, Liquidity and Interest Rate Risk Management Division;
- Operational and Fraud Risk Management Division;
- Integrated Risk Management Division;
- Office of the Chief Information Security Officer and Data Protection Officer
 - IT/IS Cyber Project Risk Management and Governance Division
 - Cybersecurity Operations Division
 - Data Privacy Department

Each unit monitors the implementation of the processes and procedures that support the policies for risk management applicable to the organization. These policies clearly define the kinds of risks to be managed, set forth the 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 functions as the Secretariat to the MRC and ROC which meets monthly to discuss the immediate previous month's total risk profile according to the material risks defined by PNB. Further, each risk division engages with all levels of the organization among its business and support groups. This ensures that the risk management and monitoring is embedded at the moment of origination.

The PNB ERMF banks on a dynamic process that supports the development and implementation of the strategy of PNB. The process revolves around methodically addressing risks associated with the business lines of PNB. With regular reviews and updates, the ERMF has served PNB well and has been resilient through economic cycles. The organization has placed a strong reliance on this risk governance framework and the three-line model, which are fundamental to PNB's aspiration to be world-class at managing risk:

1. 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.
2. 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. ERMG manages the overall information security, cyber security and data privacy risks of the Bank in terms of confidentiality, integrity and availability of information of its customers as well as other stakeholders. ERMG also manages risks to Information Technology and Project Management. 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. *Note: ERMG reports to the ROC, while GCG reports to the BACC.*
3. 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; and
3. Operational Risk.

Pillar 2 Risks:

1. Credit Concentration Risk;
2. Interest Rate Risk in Banking Book (IRRBB);
3. Liquidity Risk;
4. Reputational Risk;
5. Strategic Business Risk;
6. Information Security/ Cyber Security / Data Privacy Risk;
7. Information Technology Risk; and
8. Human Resource 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/or more often, as needed. The process includes:

- Identifying all inherent risks by each business unit;
- Prioritizing 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 risk assessment results and potential losses for capital computation.

The identification of risks revolves around the monitoring of risk categories as defined by BSP for supervision purposes. These key risks, namely: credit, market, interest rate, liquidity, operational, compliance, strategic, and reputational risks, are not only monitored under their separate and distinct components, but also monitored across all interrelated business risks.

We broadly classify and define risks into the following categories and manage the risks according to their characteristics. These are monitored accordingly under the enterprise ICAAP 2024 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 (<i>BSP MORB Sec 301.6, Series of 2009; BCBS</i>)</p>	<ul style="list-style-type: none"> ▪ Loan Portfolio Analysis ▪ Credit Dashboards ▪ Credit Review ▪ Credit Model Validation 	<ul style="list-style-type: none"> ▪ Trend Analysis (Portfolio/ Past Due and Non-Performing Loan Levels) ▪ Monitoring and Compliance to Credit limits (statutory/ regulatory and internal limits) ▪ Stress Testing/Rapid Portfolio Reviews ▪ Credit Risk Rating (CRR) Migration ▪ Tracking of movements of loan portfolio ▪ Concentrations and Demographics Review ▪ Monitoring of large exposure ▪ Monitoring of credit risk concentrations ▪ Counterparty Limits Monitoring ▪ Credit Risk Dashboard (Bankwide, Consumer, Overseas and Subsidiaries, ROPA and SCR) ▪ Capital Adequacy Ratio (quarterly report) ▪ Review of adequacy of loan loss reserves and impairment loss ▪ Specialized Credit Monitoring on Real Estate ▪ Credit Review ▪ Credit Model Validation
Market Risk	Market risk is the risk to earnings or capital arising from adverse	<ul style="list-style-type: none"> ▪ Value at Risk Utilization ▪ Results of 	<ul style="list-style-type: none"> ▪ VaR Limit ▪ Stop Loss Limit ▪ DV01/PV01

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	<p>movements in factors that affect the market 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. <i>(BSP Cir. No. 544, Series of 2006)</i></p>	<p>Marking to Market</p> <ul style="list-style-type: none"> ▪ Risks Sensitivity/ Duration Report ▪ Exposure to Derivative/ Structured Products 	<ul style="list-style-type: none"> ▪ FX Position Limit ▪ Management Action Triggers for FVOCI ▪ Duration Analysis ▪ ROP Exposure Limit ▪ Limit to Derivatives & Structured products ▪ Exception Report on Traders' Limit ▪ Exception Report on Rate Tolerance ▪ Stress testing / Scenario analysis ▪ BSP Uniform Stress Testing ▪ Monthly validation/ preparation of the Market Risk Weighted Exposures in the CAR Report ▪ Backtesting
Liquidity Risk	<p>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. <i>(BSP Cir. No. 981)</i></p>	<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 Limit ▪ Liquid Assets Monitoring ▪ Liquidity Stress Testing ▪ Large Fund Provider Analysis ▪ Contingency Planning ▪ Lending from FCUDU and RBU Books Limit ▪ TPR Computation
Interest Rate Risk in the Banking Books (IRRBB)	<p>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</p>	<ul style="list-style-type: none"> ▪ Interest Rate Gap Analysis ▪ Earnings at Risk (EaR) Measurement ▪ Cashflow based Economic Value of Equity 	<ul style="list-style-type: none"> ▪ EAR Limit ▪ Balance Sheet Profiling ▪ Repricing Gap Analysis ▪ Cashflow based Economic Value of Equity (EVE) ▪ Stress testing ▪ BSP Uniform Stress Testing

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	<p>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. <i>(BSP Cir. No. 1044, Series of 2019)</i></p>		
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. <i>(BSP Circular 900, dated 18 January 2016)</i></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) <p>Monitoring of Pillar II Risks fall under the purview of Operational Risk Management: Risk Identification – Risk Maps Risk Measurement and Analysis – ICAAP Risk Assessment</p>	<ul style="list-style-type: none"> ▪ Internal Control ▪ Board Approved Operating Policies and Procedures Manuals ▪ Board Approved Product Manuals ▪ Loss Events Report (LER) ▪ Risk and Control Self-Assessment (RCSA) ▪ Key Risk Indicators (KRI) monitoring ▪ Fraud Risk Monitoring ▪ Legal Risk Review ▪ Business Continuity Program and Disaster Recovery Plans ▪ Business Continuity Playbooks ▪ Business Impact Analysis (BIA) and Business Continuity Risk Assessment (BCRA) ▪ Crisis Management Plan ▪ Business Continuity Drills and Testing ▪ Vendor Risk Assessment and Vendor Management Risk Monitoring ▪ Statistical Analysis ▪ Awareness Campaign ▪ Risk and Control Trainings

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
Included in the Operational Risks:			
<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</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) <p>Monitoring of Pillar II Risks fall under the purview of Operational Risk Management:</p> <ul style="list-style-type: none"> ▪ Risk Identification – Risk Maps ▪ Risk Measurement and Analysis – ICAAP Risk Assessment <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"> ▪ Customer Engagement and Consolidated Complaints Report ▪ After Call and After Email Survey ▪ Public Relations Campaign ▪ 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 ▪ Security Measures for Digital Banking ▪ Social Media Management Framework ▪ Social Media Risk Management ▪ Use of Social Media metrics/Social Media Analytics ▪ Website Management ▪ Website Analytics ▪ Mainstream media monitoring tool ▪ Customer feedback mechanism ▪ Products and Marketing review ▪ Fraud Management Program

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	<p>deliver its mandate to provide appropriate service and protection to its financial consumers.</p>		
<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 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. <i>(BSP Cir. No. 510, dated 03 Feb 2006)</i></p>		<ul style="list-style-type: none"> ▪ Regular ALCO reports on latest Financials, monthly CAR projections, weekly performance on deposits, loans, treasury assets (levels, YTD, ADB) ▪ 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 (KRAs 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
<p>Information Security/ Cyber Security Risk</p>	<p>Information Security (Infosec) risk is the risk to organizational operations (including mission, functions,</p>		<ul style="list-style-type: none"> ▪ Incident Reporting Management ▪ Implementation of ISO27001 Information Security Management

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	<p>image, and reputation), organizational assets, and individuals due to the potential for unauthorized access, use, disclosure, disruption, modification or destruction of information or information assets that will compromise the Confidentiality, Integrity, and Availability (CIA). This covers data or information being processed, in storage or in transit. Cyber Risk is the risk of damage to an organization through its information systems which is associated with financial loss, disruption or damage to the reputation of an organization from failure, unauthorized or erroneous use of its information systems. <i>(NIST IR 7298 Revision 2, Glossary of Key Information Security Terms, Page Numbers 98 and 100)</i></p>		<p>System Information Security Risk Assessment (ISRA)</p> <ul style="list-style-type: none"> ▪ Information Asset Register ▪ Third Party IS Risk assessments ▪ Continuous InfoSec / cyber risk awareness campaigns ▪ Network Security Protection / Network monitoring tool ▪ Privilege Access Management ▪ User compliance to policies, standards and guidelines and other acceptable use policies ▪ 24 x 7 monitoring, detection and escalation of cyber attacks covering internal and external sources ▪ Data Loss Prevention tool ▪ Education / InfoSec Awareness is also constantly conducted ▪ Vulnerability assessments and penetration testing (to include social engineering tests) and follow through on remediation of threats and risks
Data Privacy Risk	<p>Data Privacy Risk is the risk 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 privacy principles (transparency, legitimacy and proportionality). Consequently, the data</p>		<ul style="list-style-type: none"> ▪ Forensics on specific situation ▪ Logs Review ▪ Independent Operations Review and Quality Assurance ▪ Enterprise-wide data privacy management system implementation ▪ Implementing the enterprise-wide data privacy policy and sub-policies including guidelines and procedures ▪ Playbook simulation

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	<p>privacy risks may negatively impact PNB’s reputation and may result to financial losses. (<i>Data Privacy Act of 2012 or RA 10173</i>)</p>		<ul style="list-style-type: none"> ▪ Privacy Impact Assessment (PIA) process implementation ▪ Institutionalization of data protection and privacy culture within the PNB group through education and awareness programs ▪ Implementation of the Data Sharing Agreement and Data Protection Agreement
<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 availability of information asset. (<i>ISACA Risk IT Framework</i>)</p>		<ul style="list-style-type: none"> ▪ Risk Awareness Campaigns ▪ Incident Reporting Management ▪ Risk assessment of Threats to business ▪ Patch Management ▪ IT Project Management Program Policy implementation ▪ Vulnerability Assessment and Penetration Testing ▪ Maintenance and upgrades of disaster recovery sites ▪ Business Users / IT joint engagement for problem resolution ▪ Technology Operations Management Policies & Guidelines ▪ IT Risk Monitoring ▪ IT Risk Assessment ▪ Project Risk Assessment ▪ Change Management Process ▪ Capacity Monitoring
<p>Human Resource Risk</p>	<p>Human Resource Risk covers PNB’s risk of financial loss due to the inadequate training, inexperience or illegal</p>	<ul style="list-style-type: none"> ▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation 	<ul style="list-style-type: none"> ▪ Talent Acquisition/Retention and Career Management ▪ Remuneration Management

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	<p>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.</p>	<p>(i.e. Analysis of Risk)</p> <ul style="list-style-type: none"> ▪ Risk Management (i.e. Monitor, Control or Mitigate Risk) 	<ul style="list-style-type: none"> ▪ 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

4. 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, 2024 and December 31, 2023, the Group held the following assets and liabilities measured at fair value, and at cost but for which fair values are disclosed:

	March 31, 2024				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P19,565,495	P909,845	P18,655,650	P-	P19,565,495
Private debt securities	1,582,175	145,776	1,436,399	-	1,582,175
Derivative assets	345,331	-	345,331	-	345,331
Equity securities	2,783	2,783	-	-	2,783
Financial assets at FVOCI:					
Government securities	113,236,159	33,941,266	79,294,893	-	113,236,159
Private debt securities	14,668,414	4,195,504	10,472,910	-	14,668,414
Equity securities	26,036,266	149,102	1,120,924	24,766,240	26,036,266
	P175,436,623	P39,344,276	P111,326,107	P24,766,240	P175,436,623
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P740,921	P-	P740,921	P-	P740,921
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	P119,088,548	P46,142,117	P73,041,144	P-	P119,183,261
Receivables from customers**	596,785,501	-	-	614,128,869	614,128,869
	P715,874,049	P46,142,117	P73,041,144	P614,128,869	P733,312,130
Nonfinancial Assets					
Investment property:					
Land***	P12,204,562	P-	P-	P28,799,730	P28,799,730
Buildings and improvements***	2,421,352	-	-	4,567,485	4,567,485
	P14,625,914	P-	P-	P33,367,215	P33,367,215
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P121,521,965	P-	P5,350,705	P116,171,260	P121,521,965
LTNCDs	12,809,029	-	12,730,464	-	12,730,464
Bonds payable	42,156,126	41,623,646	-	-	41,623,646
Bills payable	8,239,410	-	8,239,015	395	8,239,410
	P184,726,530	P41,623,646	P26,320,184	P116,171,655	P184,115,485

* Net of expected credit losses and other deferred credits

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

*** Net of impairment losses

	December 31, 2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P8,174,405	P2,633,602	P5,540,803	P-	P8,174,405
Private debt securities	1,590,489	914,210	676,279	-	1,590,489
Derivative assets	749,199	-	749,199	-	749,199
Equity securities	2,771	2,771	-	-	2,771
Financial assets at FVOCI:					
Government securities	124,372,410	46,682,566	77,689,844	-	124,372,410
Private debt securities	14,180,552	6,944,140	7,236,412	-	14,180,552
<i>(Forward)</i>					

	December 31, 2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
Equity securities	25,978,530	200,709	1,014,081	24,763,740	25,978,530
	P175,048,356	P57,377,998	P92,906,618	P24,763,740	P175,048,356
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P555,811	P-	P555,811	P-	P555,811
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	P123,200,427	P24,840,676	P98,730,596	P-	P123,571,272
Receivables from customers**	604,188,788	-	-	623,817,129	623,817,129
	P727,389,215	P24,840,676	P98,730,596	P623,817,129	P747,388,401
Nonfinancial Assets					
Investment property:					
Land***	P12,359,795	P-	P-	P26,228,453	P26,228,453
Buildings and improvements***	2,219,763	-	-	7,975,404	7,975,404
	P14,579,558	P-	P-	P34,203,857	P34,203,857
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P145,752,061	P-	P-	P145,538,240	P145,538,240
LTNCDs	12,803,543	-	12,586,489	-	12,586,489
Bonds payable	41,490,871	-	40,625,938	-	40,625,938
Bills payable	10,607,626	-	-	10,559,411	10,559,411
	P210,654,101	P-	P53,212,427	P156,097,651	P209,310,078

* Net of expected credit losses and other deferred credits

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

*** Net of impairment losses

As of March 31, 2024 and December 31, 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

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, 2024 (Unaudited)					Total
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	
Net interest margin						
Third party	(P700,559)	P7,491,174	P4,990,545	P22,767	(P110,669)	P11,693,258
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	P5,183,593	P2,066,538	P2,054,004	P280,731	P-	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						P5,263,152
Other segment information						
Capital expenditures	P54,546	P24,029	P1,618	P13,978	P-	P94,171
Unallocated capital expenditures						344,823
Total capital expenditures						P438,994
Depreciation and amortization	P258,556	P115,405	P5,757	P36,065	P-	P415,783
Unallocated depreciation and amortization						442,502
Total depreciation and amortization						P858,285
Provision for (reversal of) impairment, credit and other losses	P98,074	P506,240	P2,663	P12,779	P-	P619,756

As of March 31, 2024 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	P661,306,930	P275,025,053	P146,109,320	P132,922,576	(P19,337,101)	P1,196,026,777
Unallocated assets						–
Total assets						P1,196,026,777
Segment liabilities	P649,533,375	P276,606,549	P66,352,063	P26,827,367	(P19,916,003)	P999,403,351
Unallocated liabilities						–
Total liabilities						P999,403,351

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

For the Three Months Ended March 31, 2023 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(P304,183)	P7,007,578	P3,740,273	P5,877	P2,667	P10,452,212
Inter-segment	6,677,659	(3,997,066)	(2,680,593)	–	–	–
Net interest margin after inter-segment transactions	6,373,476	3,010,512	1,059,680	5,877	2,667	10,452,212
Other income	1,298,111	3,190,425	322,297	284,806	141,986	5,237,625
Segment revenue	7,671,587	6,200,937	1,381,977	290,683	144,653	15,689,837
Other expenses	3,411,529	2,626,556	208,644	(305,798)	144,653	6,085,584
Segment result	P4,260,058	P3,574,381	P1,173,333	P596,481	P–	9,604,253
Unallocated expenses						3,757,168
Net income before income tax						5,847,085
Income tax						1,040,214
Net income from continuing operations						4,806,871
Net income from discontinued operations						–
Net income						4,806,871
Non-controlling interests						7,796
Net income for the period attributable to equity holders of the Parent Company						P4,799,075
Other segment information						
Capital expenditures	P25,582	P731	P4,244	P366	P–	P30,923
Unallocated capital expenditures						304,439
Total capital expenditures						P335,362
Depreciation and amortization	P298,083	P106,033	P3,427	P76,522	P–	P484,065
Unallocated depreciation and amortization						446,040
Total depreciation and amortization						P930,105
Provision for (reversal of) impairment, credit and other losses	P550,969	P1,643,520	(P37,706)	(P542,077)	P–	P1,614,706

As of December 31, 2023 (Audited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	P681,077,435	P296,973,331	P162,833,376	P91,208,829	(P21,543,571)	P1,210,549,400
Segment liabilities	P655,716,486	P277,504,592	P73,979,402	P34,548,168	(P22,347,902)	P1,019,400,746

* 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, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Philippines	P481,284,391	P483,441,271	P964,664,088	P981,819,485	P47,465,472	P46,642,445
Asia (excluding Philippines)	15,107,488	15,782,479	30,557,760	31,573,388	–	–
USA and Canada	2,611,775	2,486,207	4,061,429	5,895,426	–	–
United Kingdom	407	328	120,073	112,447	–	–
	P499,004,061	P501,710,285	P999,403,351	P1,019,400,746	P47,465,472	P43,941,525

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

	Capital Expenditures		Revenues	
	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Philippines	P424,756	P333,722	P17,621,770	P18,386,234
Asia (excluding Philippines)	605	1,640	927,559	360,924
USA and Canada	13,633	–	218,786	258,946
United Kingdom	–	–	28,195	26,639
	P438,994	P335,362	P18,796,310	P19,032,743

6. Due from Bangko Sentral ng Pilipinas

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Demand deposit	P77,474,208	P78,372,794
Overnight deposit facility (ODF)	–	15,000,000
Term deposit	6,000,000	2,037,556
	P83,474,208	P95,410,350

For the three-month periods ended March 31, 2024 and 2023, Due from BSP bears annual interest rates ranging from 6.4% to 6.5% and from 6.6% to 6.7%, respectively.

7. Trading and Investment Securities

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Financial assets at FVTPL	P21,495,784	P10,516,864
Financial assets at FVOCI	153,940,839	164,531,492
Investment securities at amortized cost	119,088,548	123,200,427
	P294,525,171	P298,248,783

7.1 Financial Assets at FVTPL

This account consists of:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Government securities	₱19,565,495	₱8,174,405
Private debt securities	1,582,175	1,590,489
Derivative assets	345,331	749,199
Equity securities	2,783	2,771
	₱21,495,784	₱10,516,864

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

	For the Three Months Ended March 31	
	2024	2023
Government securities	2.6% - 8.6%	1.4% - 9.3%
Private debt securities	4.9% - 6.6%	4.9% - 6.9%

7.2 Financial Assets at FVOCI

This account consists of:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Government securities	₱113,236,159	₱124,372,410
Private debt securities	14,668,414	14,180,552
Equity securities		
Quoted	1,121,020	1,049,195
Unquoted (Note 19)	24,915,246	24,929,335
	₱153,940,839	₱164,531,492

Unquoted equity securities include the Parent Company's retained 49.00% interest in PNB Holdings Corporation (PNB Holdings) amounting to ₱24.6 billion as of March 31, 2024 and December 31, 2023 (refer to Note 19). The Group determines its fair value using the net asset value method after applying a 16.50% discount for lack of marketability by referring to a number of recent initial public offerings. On June 23, 2023, the PNB BOD approved and confirmed the plan for PNB to sell 14% of its stake in PNB Holdings through private placement.

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

	For the Three Months Ended March 31	
	2024	2023
Government securities	0.6% - 19.1%	0.2% - 26.2%
Private debt securities	0.5% - 6.4%	0.5% - 6.4%

As of March 31, 2024 and December 31, 2023, net unrealized losses on financial assets at FVOCI amounted to ₱1.4 billion and ₱1.7 billion, respectively.

7.3 Investment Securities at Amortized Cost

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Government securities	₱102,346,019	₱104,533,382
Private debt securities	16,900,471	18,822,880
	119,246,490	123,356,262
Less allowance for credit losses (Note 13)	157,942	155,835
	₱119,088,548	₱123,200,427

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

	For the Three Months Ended March 31	
	2024	2023
Government securities	0.8% - 7.5%	0.8% - 7.5%
Private debt securities	1.0% - 8.3%	0.8% - 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	
	2024	2023
	(Unaudited)	(Unaudited)
Investment securities at amortized cost	₱1,648,678	₱1,606,883
Financial assets at FVOCI	2,214,697	1,317,085
	₱3,863,375	₱2,923,968

7.5 Trading and Investment Securities Gains (Losses) - net

This account consists of:

	For the Three Months Ended March 31	
	2024	2023
	(Unaudited)	(Unaudited)
Financial assets at FVTPL		
Government securities	₱176,663	₱-
Private debt securities	(6,391)	30,515
Equity securities	12	(8,768)
Derivatives	7,706	(66)
Financial assets at FVOCI		
Private debt securities	18	(41)
Investment securities at amortized cost	6,969	-
	₱184,977	₱21,640

Trading gain on investment securities at amortized cost pertain to investments which were redeemed by the respective issuers prior to their contractual maturity.

8. Loans and Receivables

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Receivables from customers (Note 19):		
Loans and discounts	₱607,568,843	₱607,065,797
Credit card receivables	14,755,957	15,232,845
Customers' liabilities on letters of credit and trust receipts	7,172,638	8,688,649
Customers' liabilities on acceptances	4,459,644	9,533,137
Lease contracts receivable	-	8,399
Bills purchased	903,837	1,949,627
	634,860,920	642,478,454
Other receivables:		
Accrued interest receivable (Note 19)	9,087,029	8,179,147
Sales contract receivables (Note 19)	2,867,237	3,760,162
Accounts receivable (Note 19)	4,982,550	5,180,198
Miscellaneous	369,799	366,090
	17,306,615	17,485,597
	652,167,534	659,964,051
Less: Unearned and other deferred income	752,099	681,399
Allowance for credit losses (Note 13)	41,467,974	42,571,906
	₱ 609,947,461	₱ 616,710,746

Included in 'Surplus reserves' is the amount of ₱3.8 billion and ₱3.9 billion as of March 31, 2024 and December 31, 2023, 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, 2024 and December 31, 2023, 70.1% and 70.6%, respectively, of the total receivables from customers of the Parent Company were subject to interest repricing. For the three months ended March 31, 2024 and 2023, remaining receivables carry annual fixed interest rates ranging from 1.1% to 9.0% for foreign currency-denominated receivables, and from 1.1% to 31.5% for peso-denominated receivables.

9. Property and Equipment

For the three-month periods ended March 31, 2024 and 2023, the Group purchased assets with total cost of ₱71.9 million and ₱55.6 million, respectively. For the same periods, the Group disposed property and equipment with net book value of ₱19.9 million and ₱3.5 million, respectively, recognizing gain on sale of ₱20.7 million and nil, respectively.

10. Investment Properties

For the three-month periods ended March 31, 2024 and 2023, the Group foreclosed investment properties amounting to ₱0.3 billion and ₱7.5 million, respectively. For the same periods, the Group disposed investment properties with net book value of ₱30.8 million and ₱1.5 billion, recognizing gain on sale of ₱167.7 million and ₱2.6 billion, respectively.

11. Goodwill and Intangible Assets

11.1 Software Costs

For the three-month periods ended March 31, 2024 and 2023, the Group purchased software with total cost of ₱367.1 million and ₱279.7 million, respectively.

11.2 Goodwill

As of March 31, 2024 and December 31, 2023, 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, 2024, 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, 2024 (Unaudited)	December 31, 2023 (Audited)
Financial		
Fund for electronic money products	₱350,000	₱350,000
Returned checks and other cash items	40,419	28,298
Security deposits (Note 19)	18,843	18,279
Miscellaneous	5,853	5,680
	415,115	402,257
Nonfinancial		
Deferred charges (Note 19)	2,489,330	2,065,324
Creditable withholding taxes	1,725,828	1,309,256
Real estate inventories held under development	519,448	519,448
Documentary stamps on hand	379,722	471,092
Prepaid expenses	361,172	362,254
Chattel mortgage properties - net of depreciation	316,811	304,817
Stationeries and supplies	82,809	99,536
Other investments	26,426	26,335
Miscellaneous	1,374,428	929,602
	7,275,974	6,087,664
	7,691,089	6,489,921
Less allowance for credit and impairment losses (Note 13)	1,036,491	1,035,620
	₱6,654,598	₱5,454,301

12.2 Other Liabilities

This account consists of:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Financial		
Accounts payable	₱3,203,818	₱2,988,517
Dormant credits	1,271,011	1,280,886
Manager's checks and demand drafts outstanding	1,211,308	1,296,191
Due to other banks (Note 19)	996,930	744,625
Bills purchased - contra	632,224	1,362,515
Accounts payable - electronic money	600,426	628,449
Payment order payable	192,977	221,340
Deposits on lease contracts (Note 19)	73,771	76,028
Transmission liability	42,761	49,101
Margin deposits and cash letters of credit	21,150	686,130
Deposit for keys on safety deposit boxes	15,879	15,919
	8,262,255	9,349,701
Nonfinancial		
Due to Treasurer of the Philippines	1,442,317	1,444,009
Provisions	1,067,715	1,068,215
Deferred revenue - Credit card-related	625,648	672,373
Deferred revenue - Bancassurance	408,974	427,274
Withholding tax payable	327,281	374,139
Retirement benefit liability	239,230	281,585
Deferred tax liabilities	166,268	166,091
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	60,391	54,638
Miscellaneous	976,441	903,897
	5,314,265	5,392,221
	₱13,576,520	₱14,741,922

13. Allowance for Impairment, Credit and Other Losses

Movements in this account follow:

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Balance at beginning of period:		
Due from other banks	₱9,898	₱9,898
Interbank loans receivable	8,045	1,369
Securities held under agreements to resell	14,152	2,188
Financial assets at FVOCI	45,673	121,585
Investment securities at amortized cost (Note 7)	155,835	3,847,850
Loans and receivables (Note 8)	42,571,906	38,944,781
Property and equipment	1,133,292	1,168,887
Investment properties	2,318,900	2,175,669
Other assets (Note 12)	1,035,620	1,041,840
	47,293,321	47,314,067

(Forward)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Movements during the period:		
Provision for impairment, credit and other losses	619,756	5,923,078
Accounts charged-off	(1,487,011)	(5,095,075)
Transfers and others	(55,305)	(848,749)
	(922,560)	(20,746)
Balance at end of period:		
Due from other banks	9,873	9,898
Interbank loans receivable (Note 21)	8,935	8,045
Securities held under agreements to resell	11,315	14,152
Financial assets at FVOCI	50,568	45,673
Investment securities at amortized cost (Note 7)	157,942	155,835
Loans and receivables (Note 8)	41,467,974	42,571,906
Property and equipment	1,133,292	1,133,292
Investment properties	2,494,371	2,318,900
Other assets (Note 12)	1,036,491	1,035,620
	₱46,370,761	₱47,293,321

14. Financial Liabilities

14.1 Deposit Liabilities

As of March 31, 2024, and December 31, 2023, noninterest-bearing deposit liabilities amounted to ₱29.6 billion and ₱27.1 billion, respectively. For the three-month periods ended March 31, 2024 and 2023, the remaining deposit liabilities of the Group generally bear annual fixed interest rates ranging from 0.1% to 7.3% and 0.1% to 6.5%, respectively, for peso-denominated deposit liabilities, and from 0.01% to 6.3% and 0.01% to 5.5%, respectively, for foreign currency-denominated deposit liabilities.

On June 23, 2023, the BSP issued its Circular No. 1175, which reduces the reserve requirement for deposit and deposit substitute liabilities of banks and non-bank financial institutions with quasi-banking functions. For universal and commercial banks, reserve requirement for non-FCDU deposit liabilities is reduced from 12.0% to 9.5% effective June 30, 2023.

LTNCDs issued by the Parent Company consist of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
October 11, 2019	April 11, 2025	₱4,600,000	4.38%	Quarterly	₱4,593,127	₱4,591,288
February 27, 2019	August 27, 2024	8,220,000	5.75%	Quarterly	8,215,902	8,212,255
		₱12,820,000			₱12,809,029	₱12,803,543

Interest expense on deposit liabilities consists of:

	For the Three Months Ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Savings	₱2,252,263	₱1,383,723
Time	1,491,423	1,044,034
LTNCD	173,961	237,186
Demand	50,613	49,385
	₱3,968,260	₱2,714,328

14.2 Bonds Payable

This account consists of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					March, 2024 (Unaudited)	December 31, 2023 (Audited)
<u>Fixed rate medium term senior notes</u>						
June 27, 2019	September 27, 2024	USD750,000	3.28%	Semi-annually	₱ 42,156,126	₱41,490,871

As of March 31, 2024, and December 31, 2023, the unamortized transaction costs of bonds payable amounted to ₱13.0 million and ₱26.3 million, respectively. For the three-month periods ended March 31, 2024 and 2023, amortization of transaction costs amounting to ₱13.3 million and ₱66.5 million, 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, 2024 and December 31, 2023, the Parent Company had 36,046 and 36,081 stockholders, respectively.

15.2 Surplus Reserves

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Reserves under BSP Circular 1011 (Note 8)	₱3,814,600	₱3,912,672
Reserves for trust business	660,258	660,258
Reserves for self-insurance	105,000	105,000
	₱4,579,858	₱4,677,930

15.3 Regulatory Reporting for Capital Management

As of March 31, 2024 and December 31, 2023, Common Equity Tier 1 (CET1) ratio and Total Capital Adequacy Ratio (CAR) of the Group are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
a) CET1 Capital/Tier 1 Capital	₱139,941,417	₱135,237,152
b) Total Qualifying Capital	146,541,856	142,058,656
c) Total Risk-Weighted Assets	794,493,996	802,506,454
CET 1 Ratio/Tier 1 Ratio (a/c)	17.61%	16.85%
Total CAR (b/c)	18.44%	17.70%

16. Other Operating Income and Expenses

16.1 Service Fees and Commission Income

This account consists of:

	For the Three Months Ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Deposit-related	₱469,360	₱429,981
Credit card-related	260,829	262,316
Loan-related	242,318	644,506
Remittance	159,225	165,277
Interchange fees	144,147	134,934
Underwriting fees	42,504	30,241
Bancassurance	8,631	20,293
Trust fees	94,839	₱87,809
Miscellaneous	103,051	63,452
	₱1,524,904	₱1,838,809

16.2 Miscellaneous Expenses

This account consists of:

	For the Three Months Ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Insurance	₱553,369	₱525,705
Secretarial, janitorial and messengerial	459,427	370,511
Marketing expenses	330,783	233,325
Information technology	222,348	293,195
Travelling	102,478	84,272
Stationery and supplies	82,023	49,715
Litigation and assets acquired expenses	66,937	161,252
Common use service area charges	54,937	50,212
Management and other professional fees	54,051	65,743
Entertainment, amusement and recreation	37,646	37,824
VAT on leases	34,720	58,399
Postage, telephone and cable	29,420	35,273
Repairs and maintenance	11,313	11,600
Freight	3,974	3,891
Fuel and lubricants	2,494	3,180
Others	43,126	753,882
	₱2,089,046	₱2,737,979

17. Income Taxes

Provision for income tax consists of:

	For the Three Months Ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Current		
Regular	₱512,239	₱599,386
Final	870,916	678,856
	1,383,155	1,278,242
Deferred	(587,786)	(238,028)
	₱795,369	₱1,040,214

As of March 31, 2024 and December 31, 2023, the Group recognized deferred tax assets amounting to ₱7.6 billion and ₱7.0 billion, respectively, with the increase in 2024 mainly coming from deferred tax assets on allowance for impairment and credit losses.

18. Earnings Per Share

Earnings per share attributable to equity holders of the Parent Company are calculated as follows:

	For the Three Months Ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
a) Net income attributable to equity holders of the Parent Company	₱5,263,152	₱4,799,075
b) Weighted average number of common shares for basic earnings per share	1,525,765	1,525,765
c) Basic and diluted earnings per share (a/b)	₱3.45	₱3.15

There are no potential common shares with dilutive effect on the basic earnings per share.

19. Related Party Transactions

Balances of significant related party transactions of the Group as of March 31, 2024 and December 31, 2023 are shown in the following table (transactions with subsidiaries have been eliminated in the consolidated financial statements). Transactions reported under subsidiaries represent companies where the Parent Company has control. Transactions reported under other related parties represent companies which are under common control.

	Significant Investors		Subsidiaries		Other Related Parties		Associate	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Receivables from customer	₱-	₱-	₱	₱-	₱56,355,913	₱55,298,956	₱-	₱-
Credit facilities	-	-	10,503,779	10,638,270	78,708,886	77,116,535	120,000	120,000
Sales contract receivable	-	-	-	-	1,821	2,173	-	-
Financial assets at FVOCI	-	-	-	-	24,592,384	24,587,068	-	-
Interbank loans receivable	-	-	54,732	52,680	-	-	-	-
Due from other banks	-	-	294,655	288,020	-	-	-	-
Accounts receivable	-	-	5,261	17,276	-	-	-	-
Accrued interest receivable	-	-	371	1,076	489,765	297,551	-	-
Right-of-use assets	-	-	-	-	3,011,623	2,055,010	-	-
Security deposit	-	-	-	-	-	176,082	-	-
Deposit liabilities	3,016,204	2,276,926	3,374,485	3,155,369	39,323,142	46,333,463	737,058	128,165
Accrued interest payable	5,324	2,188	16,159	21,113	183,197	267,825	43	41
Accrued other expenses	-	-	-	-	136,181	402,589	-	-
Lease liabilities	-	-	-	-	3,011,623	2,107,960	-	-
Rental deposits	-	-	-	-	-	-	27	27
Deferred revenues	-	-	-	-	40,278	41,111	530,693	548,993
Due to other banks	-	-	976	65	-	-	-	-

Significant related party transactions of the Group for the three-month periods ended March 31, 2024 and 2023 follow (transactions with subsidiaries have been eliminated in the consolidated financial statements):

	Significant Investors		Subsidiaries		Other Related Parties		Associate	
	March 31		March 31		March 31		March 31	
	2024	2023	2024	2023	2024	2023	2024	2023
Interest income	P-	P-	P-	P28,951	P613,946	P453,032	P-	P-
Interest expense	24,941	12,443	50,370	35,893	402,228	252,084	243	241
Miscellaneous other income	-	-	797	576	-	-	-	-
Purchases of securities	-	-	7,620	-	4,021,978	-	-	-
Sale of securities	-	-	3,558	-	1,308,977	-	-	-
Trading gains (losses)	-	-	921	18	1,023	(29,135)	-	-
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 which 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 2024.

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, 2024 (Unaudited)	December 31, 2023 (Audited)
Interbank loans receivable	P34,882,699	P35,642,485
Less: Allowance for credit losses	8,935	8,045
	34,873,764	35,634,440
Less: Interbank loans receivable not considered as cash and cash equivalents	2,417,827	4,678,674
	P32,455,937	P30,955,766

21.2 Cash Flows from Financing Activities

The changes in liabilities arising from financing activities for the three-month periods ended March 31, 2024 and 2023 follow:

	March 31, 2024 (Unaudited)			
	Beginning balance	Net cash flows	Others	Ending balance
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

	March 31, 2023 (Unaudited)			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱14,980,373	(₱4,250,830)	(₱72,304)	₱10,657,239
Bonds payable	58,439,097	–	(1,441,567)	56,997,530
Lease liabilities	3,636,391	(253,518)	279,642	3,662,515
	₱77,055,861	(₱4,504,348)	(₱1,234,229)	₱71,317,284

21.3 Non-Cash Transactions

For the three-month periods ended March 31, 2024 and 2023, additions to right-of-use assets amounted to ₱0.2 billion, while additional lease liabilities amounted to ₱0.2 billion.

For the three-month periods ended March 31, 2024 and 2023, the Group foreclosed investment properties amounting to ₱305.6 million and ₱7.5 million, respectively.

For the three-month periods ended March 31, 2024 and 2023, the Group applied creditable withholding taxes against its income tax payable amounting to ₱nil billion and ₱0.5 billion, respectively.

22. Events After the Reporting Date

On April 4, 2024, the BOD of the Parent Company 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 in the Annual Stockholders' Meeting of PNB Holdings on April 18, 2024.

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 as reported to BSP:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trust department accounts	₱171,143,604	₱168,037,276
Derivative forwards (Forward)	162,428,244	195,661,001

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Standby letters of credit	59,153,623	65,344,786
Unutilized credit card lines	46,462,089	45,354,961
Derivative spots	27,065,045	21,141,791
Deficiency claims receivable	24,295,044	23,953,740
Inward bills for collection	590,088	434,566
Outward bills for collection	275,793	236,311
Unused commercial letters of credit	101,302	440,767
Confirmed export letters of credit	95,327	93,852
Items held as collateral	56,295	58,887
Shipping guarantees issued	23,059	23,101
Other contingent accounts	126,454	7,182

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;
- dividends declared or paid; and
- material events subsequent to March 31, 2024 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, 2024
Current Accounts	P586,000,505
Past Due:	
Less than 30 days	6,440,686
31 to 90 days	951,853
91 to 180 days	4,260,377
More than 180 days	37,207,500
Loans Receivables, gross	634,860,920
Less:	
Unearned and other deferred income	(752,099)
Allowance for credit losses	(37,323,320)
Loans Receivables, net	P596,785,501