

14 August 2025

PHILIPPINE STOCK EXCHANGE, INC.
6/F PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City

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

THE PHILIPPINE DEALING & EXCHANGE CORPORATION
29/F BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **Ms. SUZY CLAIRE R. SELLEZA**
Issuer Compliance and Disclosure Department

Ladies and Gentlemen:

In compliance with the Philippine Dealing & Exchange Corporation Issuer Disclosures Operating Guidelines, we furnish you a copy of the Bank's Quarterly Report for the second quarter of 2025 (SEC Form 17-Q).

For your information.

Truly yours,

PHILIPPINE BANK OF COMMUNICATIONS

By:



MA. THERESA G. DELA ROSA
Corporate Secretary

SEC Number **PW-686**
Company TIN **000-263-340**

PHILIPPINE BANK OF COMMUNICATIONS
(Company's Full Name)

PBCOM Tower, 6795 Ayala Ave. cor. V.A. Rufino St., Makati City
(Company's Address: No. Street City/Town/Province)

8-830-7000
(Company's Telephone Number)

December 31
(Fiscal Year Ending)
(Month & Day)

3rd Tuesday of June
Annual Meeting

SEC Form 17-Q
(Quarterly Report Pursuant to Section 17 of the Securities
Regulation Code and SRC Rule 17(2)(b) Thereunder)
(FORM TYPE)

N/A
Amendment Designation (If Applicable)

None
(Secondary License Type. If any)

Atty. Ma. Theresa G. Dela Rosa
(Company Representative)

[REDACTED]
(TIN)

[REDACTED]
(Birth Date)

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Cashier

File Number

Central Receiving Unit

Document ID

LCU

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 quarterly period ended June 30, 2025.
2. Commission identification number PW-686 . 3. BIR Tax Identification No. 000-263-340.
4. Exact name of issuer as specified in its charter
Philippine Bank of Communications.
5. Province, country or other jurisdiction of incorporation or organization Philippines.
6. Industry Classification Code: (Use Only)
7. Address of issuer's principal office PBCOM Tower 6795 Ayala Ave., Cor. V.A. Rufino St., Makati City Postal Code 1226.
8. Issuer's telephone number, including area code
(632) 8-830-7000.
9. Former name, former address and former fiscal year, if changed since last report
NA.
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA
- | Title of each Class | Number of shares of common stock outstanding and amount of debt outstanding |
|----------------------------|---|
| <u>PBCOM Common Shares</u> | <u>480,645,163 shares</u> |
11. Are any or all of the securities listed on a Stock Exchange?
Yes [X] No []
- If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange Common Stock

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 Sections 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 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 attached

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please see attached

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C, which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

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 thereunto duly authorized.

PHILIPPINE BANK OF COMMUNICATIONS

By:



PATRICIA MAY T. SIY
President & CEO



ARLENE M. DATU
SVP & Comptroller
Comptroller & Principal Accounting Officer

August 14, 2025

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF POSITION
AS AT JUNE 30, 2025

(With Comparative Audited Figures at December 31, 2024)

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| | (Amounts in Thousands) | |
| ASSETS | | |
| Cash and Other Cash Items | ₱994,672 | ₱1,049,937 |
| Due from Bangko Sentral ng Pilipinas (Note 7) | 5,666,546 | 7,297,480 |
| Due from Other Banks | 592,556 | 430,103 |
| Interbank Loans Receivable and Securities Purchased under Resale Agreements (Note 8) | 1,812,586 | 404,202 |
| Financial assets at Fair Value through Profit or Loss (Note 9) | 355 | - |
| Financial Assets at Fair Value through Other Comprehensive Income (Note 9) | 20,030,406 | 11,252,961 |
| Investment Securities at Amortized Cost (Notes 9) | 30,425,873 | 28,920,662 |
| Loans and Receivables (Notes 10) | 99,643,438 | 101,320,536 |
| Investments in an Associate (Note 1) | 10,248 | 10,062 |
| Property and Equipment (Note 11) | 819,334 | 823,045 |
| Investment Properties (Note 12) | | |
| Condominium units for lease | 1,533,468 | 1,556,722 |
| Foreclosed properties | 2,109,005 | 2,130,458 |
| Office units for lease | 1,473 | 1,637 |
| Intangible Assets (Note 13) | 516,598 | 515,298 |
| Deferred Tax Assets - Net | 516,003 | 486,222 |
| Other Assets (Note 14) | 484,747 | 696,677 |
| TOTAL ASSETS | ₱165,157,308 | ₱156,896,002 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Deposit Liabilities (Note 16) | | |
| Demand | 44,218,014 | 41,638,978 |
| Savings | 12,727,053 | 13,697,477 |
| Time | 66,037,758 | 55,247,882 |
| LTNCD | - | - |
| | 122,982,825 | 110,584,337 |
| Bills Payable (Note 17) | 11,066,773 | 16,386,516 |
| Bonds Payable (Note 18) | 7,648,647 | 7,623,300 |
| Outstanding Acceptances | 240,512 | 81,670 |
| Manager's Checks | 241,813 | 218,636 |
| Accrued Interest, Taxes and Other Expenses | 1,353,664 | 1,441,163 |
| Income Tax Payable | 101,235 | 136,700 |
| Other Liabilities (Note 14) | 1,786,768 | 1,190,639 |
| TOTAL LIABILITIES | 145,422,237 | 137,662,961 |
| EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY | | |
| Common stock (Note 20) | 12,016,129 | 12,016,129 |
| Additional paid-in capital | 2,262,246 | 2,262,246 |
| Surplus reserves (Note 20) | 598,282 | 458,140 |
| Surplus | 5,607,916 | 5,322,252 |
| Unrealized losses on financial assets carried at fair value through other comprehensive income | (577,329) | (659,523) |
| Cumulative translation adjustment | (109,152) | (103,182) |
| Remeasurement losses on retirement liability | (63,021) | (63,021) |
| TOTAL EQUITY | 19,735,071 | 19,233,041 |
| TOTAL LIABILITIES AND EQUITY | ₱165,157,308 | ₱156,896,002 |

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

| | For the Six Months (January to June) | | For the Three Months (April to June) | |
|---|---|------------|---|------------|
| | 2025 | 2024 | 2025 | 2024 |
| (Amounts in Thousands) | | | | |
| INTEREST INCOME | | | | |
| Loans and receivables (Note 10) | ₱3,875,590 | ₱3,556,814 | ₱1,924,913 | ₱1,783,321 |
| Investment securities (Note 9) | 1,213,115 | 1,021,438 | 652,234 | 541,974 |
| Interbank loans receivable and securities purchased under resale agreements (Note 8) | 34,679 | 29,661 | 24,640 | 10,823 |
| Deposits with other banks and others | 29,124 | 13,474 | 18,196 | 5,743 |
| | 5,152,508 | 4,621,387 | 2,619,983 | 2,341,861 |
| INTEREST AND FINANCE CHARGES | | | | |
| Deposit liabilities (Note 16) | 1,634,034 | 1,565,659 | 853,992 | 746,625 |
| Bills payable, borrowings and others (Note 17 and 18) | 567,494 | 427,729 | 273,769 | 239,020 |
| | 2,201,528 | 1,993,388 | 1,127,761 | 985,645 |
| NET INTEREST INCOME | 2,950,980 | 2,627,999 | 1,492,222 | 1,356,216 |
| Service charges, fees and commissions | 230,853 | 229,774 | 127,991 | 124,104 |
| Rent income | 139,004 | 178,008 | 52,298 | 84,989 |
| Foreign exchange gain - net | 75,867 | 46,510 | 31,333 | 22,910 |
| Profit from assets sold (Note 11 and 12) | 30,388 | 12,675 | 10,211 | 10,413 |
| Income from trust operations | 21,722 | 19,766 | 10,663 | 10,177 |
| Gain on asset exchange - net | 10,742 | 29,279 | 921 | 28,807 |
| Trading and securities gain - net (Note 9) | (81,162) | 70,242 | (26,051) | 18,965 |
| Miscellaneous (Note 21) | 75,843 | 76,255 | 26,614 | 32,736 |
| TOTAL OPERATING INCOME | 3,454,237 | 3,290,508 | 1,726,202 | 1,689,317 |
| Compensation and fringe benefits | 736,788 | 681,509 | 373,976 | 342,726 |
| Taxes and licenses | 473,044 | 422,919 | 243,125 | 215,498 |
| Depreciation and amortization | 210,711 | 175,050 | 104,732 | 91,484 |
| Insurance | 122,615 | 116,719 | 61,713 | 58,566 |
| Occupancy and other equipment - related costs | 96,702 | 92,229 | 53,980 | 46,643 |
| Security, clerical, messengerial and janitorial services | 63,616 | 65,207 | 31,373 | 32,651 |
| Provision for (recovery from) impairment losses | 104,012 | (5,387) | 71,942 | (3,568) |
| Entertainment, amusement and recreation | 51,937 | 45,243 | 24,723 | 21,963 |
| Management and professional fees | 49,778 | 50,887 | 24,413 | 24,265 |
| Communication | 27,028 | 25,339 | 13,102 | 12,994 |
| Miscellaneous (Note 21) | 234,341 | 207,289 | 106,118 | 96,005 |
| TOTAL OPERATING EXPENSES | 2,170,572 | 1,877,004 | 1,109,197 | 939,227 |
| INCOME BEFORE SHARE IN NET INCOME OF AN ASSOCIATE | 1,283,665 | 1,413,504 | 617,005 | 750,090 |
| Share in net income of an associate | 186 | 340 | 119 | 157 |
| INCOME BEFORE INCOME TAX | 1,283,851 | 1,413,844 | 617,124 | 750,247 |
| PROVISION FOR INCOME TAX (Note 22) | 377,400 | 385,412 | 183,609 | 217,947 |
| NET INCOME | ₱906,451 | ₱1,028,432 | ₱433,515 | ₱532,300 |
| Basic/ Diluted Earnings Per Share (Note 23) | ₱1.89 | ₱2.14 | ₱ 0.90 | ₱1.11 |

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

| | For the Six Months (January to June) | | For the Three Months (April to June) | |
|--|---|-------------------|---|-----------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (Amounts in Thousands) | | | |
| NET INCOME | ₱906,451 | ₱1,028,432 | ₱433,515 | ₱532,300 |
| OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX | | | | |
| Items that may be reclassified to profit or loss in subsequent periods: | | | | |
| Net movement in cumulative translation adjustment | (5,970) | 11,397 | (160) | 9,836 |
| Unrealized gain (loss) on debt securities carried at fair value through other comprehensive income | 87,882 | (329,125) | (49,112) | (190,229) |
| | 81,912 | (317,728) | (49,272) | (180,393) |
| Items that may not be reclassified to profit or loss in subsequent periods: | | | | |
| Unrealized loss on equity securities carried at fair value through other comprehensive income | (6,692) | 9,818 | (4,450) | 9,818 |
| Income tax relating to change in fair value on equity securities | 1,004 | - | 667 | - |
| | 76,224 | (307,910) | (53,055) | (170,575) |
| TOTAL COMPREHENSIVE INCOME | ₱982,675 | ₱720,522 | ₱380,460 | ₱361,725 |

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | For the Six Months (January to June) | |
|--|---|---------------|
| | 2025 | 2024 |
| | (Amounts in Thousands) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | ₱1,283,851 | ₱1,413,844 |
| Adjustments to reconcile income before income tax to net cash generated from (used for) operations: | | |
| Depreciation and amortization | 210,711 | 175,050 |
| Amortization of premium on investment securities | 85,765 | 156,580 |
| Gain on asset exchange - net | (10,742) | (29,279) |
| Trading gains on financial assets at FVTOCI (Note 9) | (36,496) | (23,117) |
| Profit from asset sold (Note 11 and 12) | (30,388) | (12,675) |
| Accretion of interest on unquoted debt securities (Note 10) | - | (12,038) |
| Amortization of interest on lease liability | 7,313 | 6,351 |
| Provision for (recovery from) impairment losses | 104,012 | (5,387) |
| Unrealized gain on financial assets at FVTPL | (248) | (731) |
| Share in net income of an associate | (186) | (340) |
| Changes in operating assets and liabilities | | |
| Decrease (increase) in the amounts of: | | |
| Financial assets at FVTPL | (107) | (478,966) |
| Loans and receivable | 1,476,518 | 715,459 |
| Other assets | 231,204 | 38,164 |
| Increase (decrease) in the amounts of: | | |
| Deposit liabilities | 12,398,488 | (4,427,456) |
| Manager's checks | 23,177 | (59,082) |
| Accrued interest, taxes and other expenses | (87,499) | (112,272) |
| Other liabilities | 97,458 | (8,024) |
| Net cash provided by (used in) operations | 15,752,831 | (2,663,919) |
| Income taxes paid | (441,642) | (359,574) |
| Net cash provided by (used in) operating activities | ₱15,311,189 | (₱3,023,493) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of: | | |
| Financial assets at FVOCI | (₱49,058,954) | (₱59,034,163) |
| Investment securities at amortized cost | (2,116,802) | (3,199,557) |
| Property and equipment | (53,710) | (23,548) |
| Software cost | (13,159) | (10,643) |
| Proceeds from disposal of: | | |
| Financial assets at FVOCI | 40,358,223 | 53,176,336 |
| Property and equipment | 12,122 | 7,024 |
| Investment properties | 66,645 | 61,930 |
| Proceeds from maturity of Investment securities | 577,085 | 5,598,114 |
| Net cash used in investing activities | (₱10,228,550) | (₱3,424,507) |

(Forward)

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | For the Six Months (January to June) | |
|---|---|---------------|
| | 2025 | 2024 |
| | (Amounts in Thousands) | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Availments of: | | |
| Bills payable | ₱199,423,921 | ₱144,872,589 |
| Outstanding acceptance | 1,406,391 | 234,028 |
| Marginal deposits | 63,639 | 19,699 |
| Settlements of: | | |
| Bills payable | (204,743,664) | (139,887,416) |
| Outstanding acceptance | (1,247,549) | (214,257) |
| Marginal deposits | (35,733) | (17,864) |
| Lease Liability | (59,036) | (60,237) |
| Net cash provided by (used in) financing activities | (₱5,192,031) | ₱4,946,542 |
| EFFECTS OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS | (5,970) | 11,397 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (115,362) | (1,490,061) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | | |
| Cash and Other Cash Items | 1,049,937 | 1,562,747 |
| Due from Bangko Sentral ng Pilipinas | 7,297,480 | 12,204,980 |
| Due from Other Banks | 430,103 | 485,530 |
| Interbank Loans Receivable and SPURA | 404,202 | 492,353 |
| | 9,181,722 | 14,745,610 |
| CASH AND CASH EQUIVALENTS AT ENDING OF THE PERIOD | | |
| Cash and Other Cash Items | 994,672 | 926,127 |
| Due from Bangko Sentral ng Pilipinas | 5,666,546 | 10,612,062 |
| Due from Other Banks | 592,556 | 633,537 |
| Interbank Loans Receivable and SPURA | 1,812,586 | 1,083,823 |
| | ₱9,066,360 | ₱13,255,549 |

OPERATIONAL CASH FLOWS FROM INTEREST

| | For the Six Months (January to June) | |
|-------------------|---|-------------|
| | 2025 | 2024 |
| Interest paid | ₱2,243,710 | ₱2,115,022 |
| Interest received | 5,034,727 | 4,461,837 |

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY
NOTES TO UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

1. Corporate Information

Philippine Bank of Communications (the Parent Company) is a publicly listed domestic universal bank organized in the Philippines, primarily to engage in commercial banking services such as deposit products, loans and trade finance, domestic and foreign fund transfers, treasury, foreign exchange, and trust services. The Company's principal place of business is at the PBCOM Tower, 6795 Ayala Avenue, corner V. A. Rufino Street, Makati City.

As of June 30, 2025, the Parent Company had a network of 91 regular branches, 4 branch-lite units, and 167 ATMs (92 onsite and 75 offsite).

The Company's original Certificate of Incorporation was issued by the Securities and Exchange Commission (SEC) on August 23, 1939. On June 21, 1988, the Company's Board of Directors (BOD) approved the amendment of Article IV of its Amended Articles of Incorporation to extend the corporate life of the Company for another 50 years or up to August 23, 2039. The Amended Articles of Incorporation was approved by the SEC on November 23, 1988.

The Parent Company acquired a license to operate as an expanded commercial bank from the Bangko Sentral ng Pilipinas (BSP) on December 24, 1993. On March 31, 2000, the BSP's Monetary Board approved the amendment of the Parent Company's license to regular commercial banking.

The Monetary Board, in its Resolution No. 96 dated January 20, 2022, approved the grant of a universal banking license to Company, subject to compliance with certain regulatory requirements, including the amendment of the Parent Company's charter documents. On March 15, 2022, the Parent Company held a special stockholders' meeting to approve the changes to the Parent Company's Articles of Incorporation to reflect the upgrade of its banking license.

Subsequently, the Parent Company secured the approval of the *Securities and Exchange Commission* for the amendment of its Articles of Incorporation, reflecting the change of its primary license to universal banking. The official Certificate of Filing of Amended Articles of Incorporation was issued on August 17, 2022.

On November 10, 2022, PBCOM secured its Certificate of Authority to operate as a universal bank from the Bangko Sentral ng Pilipinas. PBCOM started its operations as a Universal Bank last December 1, 2022. The Bank capitalized the cost of its universal bank license amounting to ₱25.00 million as intangible asset (Note 13).

The Parent Company's subsidiary and associate (collectively referred to as the Group) are engaged in the following businesses:

| Entity | Effective Percentage of Ownership | | Principal Place of Business and Country of Incorporation | Line of Business |
|---|-----------------------------------|--------|--|-------------------|
| | 2025 | 2024 | | |
| Subsidiary | | | | |
| PBCom Insurance Services Agency, Inc. (PISAI) | – | – | Philippines | Insurance Agent |
| Associate | | | | |
| PBCom Finance Corporation (PBCom Finance) | 40.00% | 40.00% | Philippines | Financing Company |

Retirement of Business Operation of PISAI and Derecognition of Investment in Subsidiary

On January 11, 2021, the BOD of the Parent Company approved the dissolution and retirement of business of PISAI which had been inactive since the termination of its general agency agreement with Pru Life UK in September 2017. Subsequently, on March 4, 2021, PISAI's Board of Directors resolved to shorten the company's corporate term to June 30, 2021.

Considering several requirements for the termination of business that had to be complied with, the effectivity of the PISAI's corporate term was extended until April 2024. PISAI submitted its application for amending its Articles of Incorporation on November 15, 2023. The SEC approved this amendment on April 3, 2024, extending the corporate term until April 30, 2024.

On May 3, 2024, PISAI completed the settlement of its liabilities and liquidated its remaining assets for distribution to its stockholders. Following this, the Parent Company received the release of PISAI's remaining assets and derecognized its investment in PISAI. As a result, the Parent Company no longer consolidates PISAI's financial statements.

Bond Offering Transaction

On March 20, 2024, PBCOM's Board of Directors approved a ₱15.00 billion peso-denominated bond program to be issued in multiple tranches. The Bonds will have a minimum tenor of 1.5 years and with interest rates to be determined based on prevailing market rates. Proceeds from the bond issuance will be utilized for general corporate purposes, including refinancing of debt obligations, diversifying funding sources, and supporting loan growth. In the same meeting, the Board of directors likewise approved the 1st tranche issuance from the Bond program a target amount of at least ₱2.00 Billion with an oversubscription option.

The Series A bonds which have a tenor of one-and-a-half years and a fixed interest rate of 6.0796% per annum represent the first tranche under PBCOM's ₱15.00 Billion Peso Bond Program. The Bank successfully concluded its maiden peso bond offering ahead of schedule, closing more than a week early on October 17 due to robust demand. Initially set to run from October 14 to October 28, the offering attracted strong interest from both retail clients and a diverse mix of institutional investors resulting in an oversubscription of 3.85 times the initial amount.

PBCOM raised ₱7.7 Billion from its maiden issuance of Peso Fixed Rate Bonds listed on the Philippine Dealing & Exchange Corp. (PDEX) on November 5, 2024. PBCOM holds a "PR S Aa minus (corp)" issuer credit rating with a "stable" outlook from the Philippine Rating Services Corporation.

Cash Dividend

On June 25, 2025, the Bank declared a special cash dividend of ₱1.00 per share, the first since 1997, following continued financial improvement and profitability. The dividend is payable on July 31, 2025, to stockholders of record as of July 9, 2025.

2. Material Accounting Policy Information

Basis of Presentation

The accompanying unaudited interim condensed financial statements have been prepared following Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements. They should be read in conjunction with the Group's annual audited financial statements as of the end of the year ended December 31, 2024 prepared under Philippine Financial Reporting Standards (PFRS). The financial statements are presented in Philippine peso

(PHP or ₱) and all values are rounded to the nearest thousand, unless otherwise stated.

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the unaudited interim condensed consolidation financial statements of the Group are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of the following amendments to PFRS effective beginning January 1, 2025. The Group did not early adopt any other standard, interpretation, or amendment that has been issued but is not yet effective.

The adoption of the following pronouncements did not have any significant impact on the Group's financial position or performance:

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

3. Summary of Accounting Judgements and Estimates

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, unless otherwise indicated.

ECLs on loans and other receivables

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

Elements of the ECL models that are considered significant accounting judgments and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis;
- The definition of default;
- The Group's internal grading model, which impacts the PDs assigned to the exposures;
- The Group's criteria for assessing if there has been a SICR and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and economic inputs, such as GDP growth rates, inflation rates, unemployment rates, import growth rates, export growth rates, and bank average lending rates, and the effect on PDs;
- Selection of forward-looking macroeconomic scenario variables; and
- Calculation of expected recoveries from defaulted accounts.

The Group revisited the macroeconomic scenarios and economic inputs to reflect the current and future business environment outlook in calculating the allowance for credit losses as of June 30,

2025. The carrying value of loans and receivables and allowance for credit losses on loans and receivables are disclosed in Notes 10 and 15, respectively.

Impairment of branch licenses

The Group determines whether branch licenses are impaired at least on an annual basis. Branch licenses are written down for impairment where the net present value of the forecasted future cash flows from the relevant CGU is insufficient to support its carrying value.

The recoverable amount of the CGU has been determined based on a VIU calculation using the CGU's cash flow projections from the five-year plan approved by the Board. Key assumptions in the VIU calculations are most sensitive to the following assumptions:

- Discount rate, which is based on the cost of equity by reference to comparable entities using the capital asset pricing model;
- Loan and deposit portfolios growth rates; and
- Growth rate to project cash flows beyond the budget period.

The Group revisited the assumptions used and reassessed the projections of future cash flows as of June 30, 2025, considering various economic scenarios and recovery outlook. The carrying values of branch licenses and details of the VIU calculations are disclosed in Note 13.

4. Fair Value Measurement

The Group uses three-level hierarchies as a valuation technique in determining and disclosing the fair value of financial instruments:

- Level 1 – quoted (unadjusted) market prices for identical assets or liabilities in an active market.
- Level 2 – valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation technique for which the lowest level input significant to the fair value measurement is unobservable, i.e., not based on observable market data.

As of June 30, 2025, the Group used the following level of measurement:

| | Carrying value | Fair Values | | | |
|---|----------------|-------------|---|---|---|
| | | Total | Quoted Price in Active Market (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets measured at fair value | | | | | |
| Financial assets at FVTOCI | | | | | |
| Government securities | ₱199 | ₱199 | ₱199 | ₱- | ₱- |
| Sovereign bonds | 156 | 156 | 156 | - | - |
| | 355 | 355 | 355 | - | - |
| Financial assets at FVTOCI | | | | | |
| Government securities | 12,799,302 | 12,799,302 | 12,799,302 | - | - |
| Private bonds | 135,161 | 135,161 | 135,161 | - | - |
| Sovereign bonds | 6,876,927 | 6,876,927 | 6,876,927 | - | - |
| Equity securities | 219,016 | 219,016 | - | 172,500 | 46,516 |
| | 20,030,761 | 20,030,761 | 19,811,745 | 172,500 | 46,516 |
| Assets for which fair values are disclosed | | | | | |
| Investment securities at amortized cost: | | | | | |
| Government securities | 29,571,628 | 28,142,450 | 28,142,450 | - | - |
| Sovereign bonds | 854,245 | 849,207 | 849,207 | - | - |
| Loans and receivables: | | | | | |

| | | | | | |
|--|--------------|--------------|-------------|----|--------------|
| Loans and receivable: | 96,660,228 | 95,256,105 | | | 95,256,105 |
| Unquoted debt securities | - | - | - | - | - |
| | 127,086,101 | 124,247,762 | 28,991,657 | - | 95,256,105 |
| Investment properties: | | | | | |
| Condominium units for lease | 1,533,468 | | | | 8,064,781 |
| Foreclosed properties | 2,109,005 | | | | 5,230,755 |
| Office units for lease | 1,473 | | | | 29,123 |
| | 3,643,946 | - | - | - | 13,324,659 |
| | ₱130,730,047 | ₱124,247,762 | ₱28,991,657 | - | ₱108,580,764 |
| Liabilities for which fair values are disclosed | | | | | |
| Financial liabilities at amortized cost: | | | | | |
| Time deposits | ₱66,037,758 | ₱66,035,749 | ₱- | ₱- | ₱66,035,749 |
| Bills payable | 11,066,773 | 11,064,140 | | | 11,064,140 |
| Bonds payable | 7,693,800 | 7,629,779 | | | 7,629,779 |
| | ₱84,798,331 | ₱84,729,668 | ₱- | ₱- | ₱84,729,668 |

As of December 31, 2024, the Group used the following level of measurement:

| | Fair Value | | | | |
|--|----------------|--------------|--|---|---|
| | Carrying Value | Total | Quoted Prices in Active Market (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets measured at fair value | | | | | |
| Currency Forwards * | ₱361 | ₱361 | ₱- | ₱361 | ₱- |
| Financial assets at FVTOCI: | | | | | |
| Debt securities: | | | | | |
| Government securities | 6,433,011 | 6,433,011 | 6,433,011 | - | - |
| Private bonds | 136,239 | 136,239 | - | 136,239 | - |
| Sovereign bonds | 4,458,003 | 4,458,003 | 4,458,003 | - | - |
| Equity securities | 225,708 | 225,708 | - | 179,192 | 46,516 |
| | 11,253,322 | 11,253,322 | 10,891,014 | 315,792 | 46,516 |
| Assets for which fair values are disclosed | | | | | |
| Investment securities at amortized cost: | | | | | |
| Government securities | 28,323,913 | 26,938,147 | 15,110,802 | 11,827,345 | - |
| Sovereign bonds | 596,749 | 581,662 | 581,662 | - | - |
| Loans and receivables: | | | | | |
| Receivables from customers: | | | | | |
| Corporate loans | 95,084,927 | 94,271,111 | - | - | 94,271,111 |
| Auto loans | 432,388 | 408,645 | - | - | 408,645 |
| Home loans | 2,786,602 | 2,249,371 | - | - | 2,249,371 |
| Personal loans | 50,560 | 54,430 | - | - | 54,430 |
| Unquoted debt securities | 59,308 | 59,277 | - | - | 59,277 |
| | 127,334,447 | 124,562,643 | 15,692,464 | 11,827,345 | 97,042,834 |
| Investment properties: | | | | | |
| Condominium units for lease | 1,556,722 | 8,082,521 | - | - | 8,082,521 |
| Foreclosed properties | 2,130,458 | 5,188,290 | - | - | 5,188,290 |
| Office units for lease | 1,637 | 180,634 | - | - | 180,634 |
| | 3,688,817 | 13,451,445 | - | - | 13,451,445 |
| | ₱142,276,586 | ₱149,267,410 | ₱26,583,478 | ₱12,143,137 | ₱110,540,795 |
| Liabilities measured at fair value ** | | | | | |
| Currency Forwards | ₱3 | ₱3 | ₱- | ₱3 | ₱- |
| Futures | 68 | 68 | - | 68 | - |
| | 71 | 71 | - | 71 | - |
| Liabilities for which fair value is disclosed | | | | | |
| Financial liabilities at amortized cost: | | | | | |
| Time deposits | 55,247,882 | 55,233,711 | - | - | 55,233,711 |
| Bills payable | 16,386,516 | 16,386,142 | - | - | 16,386,142 |
| Bonds payable | 7,623,300 | 7,484,684 | | | 7,484,684 |
| | ₱79,257,698 | ₱79,104,537 | ₱- | ₱- | ₱79,104,537 |

* Included in 'Other assets'

** Included in 'Other liabilities'

Movements in the fair value measurement of 'Financial assets at FVTOCI' categorized within

Level 3 pertain only to the changes in fair value of unquoted equity securities.

There are no transfers between Levels 1 and 2 and no transfers into and out of Level 3.

The Group evaluates and classifies financial instruments, whether it is quoted or not, in an active market. Quoted prices in an active market are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The methods and assumptions used by the Group in estimating the fair value of its assets and liabilities are remained consistent with previous periods, ensuring reliable and accurate reporting under current market conditions. These are as follows:

Investment Securities

Debt Securities

Fair values are based on quoted market prices or consensus prices from Bloomberg if market prices are unavailable.

Equity Securities (Club Shares)

Valued using published prices from recognized sources like GG&A Club Shares and G&W Club Shares.

Unquoted Equity Securities

Fair values are estimated using the guideline publicly-traded company method, relying on comparable publicly-traded companies.

Loans and Receivables:

Fair values are estimated using the discounted cash flow methodology, applying the Group's current incremental lending rates.

Derivative Assets/Liabilities:

Valued based on prevailing interest differentials and spot exchange rates, considering the remaining term to maturity.

Financial Liabilities at Amortized Cost:

Fair values of deposit liabilities and bills payable are calculated using discounted cash flow methods with current incremental borrowing rates.

Investment Properties:

Fair values are determined using the market sales comparison or income capitalization approach, depending on the property type, with significant unobservable inputs like rental rates and capitalization rates.

Significant Unobservable Inputs:

The Group provides detailed disclosures on Level 3 fair value measurements, including the sensitivity of these valuations to changes in significant unobservable inputs.

| Year | Fair Value at June 30 | Valuation Technique(s) | Unobservable Input(s) | Range | Reasonably Possible Alternative Assumption | Sensitivity of the Fair Value to the Input |
|------|-----------------------|--|------------------------------------|----------------|--|--|
| 2025 | P46,516 | Guideline publicly-traded company method | Price to book ratio | 0.68:1 -0.76:1 | 0.1 | P60 |
| | | | Discount for lack of marketability | 30% | -0.1 | (60) |
| | | | | | +0.1 | 47 |
| | | | | | -0.1 | (47) |

The Parent Company estimates the fair value of the unquoted equity securities using the ‘benchmark multiples’ of comparable publicly-traded companies. The identification of comparable companies considers the similarities between the subject company being valued and the guideline companies in terms of industry, market, product line or service type, growth, etc. The Parent Company also determines an appropriate discount adjustment for the lack of marketability of these unquoted equity securities based on empirical evidence gathered from available public market research.

5. Financial Risk Management Objectives and Policies

Introduction

Risk is inherent in the Group’s activities but is managed through a continuing and proactive identification, measurement, and monitoring process, subject to risk limits and other controls. This risk management process is critical to the Group’s continuing profitability, and each individual within the Group is accountable for the risk exposures relating to their responsibilities.

Compared with December 31, 2024, there have been no changes in the financial risk exposures that may materially affect the unaudited interim condensed financial statements of the Group as of June 30, 2025. The Group is exposed to the following risks from its financial instruments:

- a. Credit risk
- b. Liquidity risk
- c. Market risk
 - i. Interest rate risk
 - ii. Foreign currency risk

Related discussions below should be read in conjunction with Note 5, *Financial Risk Management Objectives and Policies*, of the Group’s 2024 audited financial statements.

Risk management structure

The Group’s risk management environment is characterized by a well-defined risk organizational structure, flow of risk information, risk-based audit coverage, and an established compliance system.

BOD

The BOD of the Parent Company is responsible for establishing and maintaining a sound risk management system and is ultimately accountable for identifying and controlling risks; there are, however, separate independent bodies responsible for managing and monitoring risks.

- a. Risk Oversight Committee (ROC)
- b. Enterprise Risk Management Group (ERMG)
- c. Treasury segment
- d. Compliance Group
- e. Internal Audit Group (IAG)

Risk measurement and reporting systems

The Group’s risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

The Group also performed worst case scenarios that would arise in the event that extreme events

which are unlikely to occur, happen.

Monitoring and controlling risks are primarily performed based on limits established by the Group. These limits reflect both the business strategy and market environment of the Group, as well as the level of risk that the Group is willing to accept. In addition, the Group monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. In response to the pandemic, the Group implemented stricter approval policies particularly for consumer loans. All consumer loans need to go through a pre-clearance process from the Executive Committee Chair and minimum approval required is from the President & CEO.

Information gathered from all the businesses is evaluated and processed in order to analyze, identify and control risks early. All significant information is presented to the BOD, the ROC, and the head of each business division. The report includes credit exposure to groups and industries, Value-at-Risk (VaR), liquidity ratios and risk profile changes. Senior management assesses the appropriateness of the allowance for credit losses on a monthly basis for prudential and financial reporting. Risks and relevant risk measurement and reporting systems performed by the Group is summarized below:

| Risk Category | Risk Definition | Risk measurement and reporting systems |
|---|---|---|
| Credit Risk (including Concentration of Assets and Liabilities and Off-Balance Sheet Items) | Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit risk arises from its lending and trading of and investments in securities and foreign exchange activities. | <ol style="list-style-type: none"> 1. Monitoring of ERMG of the following limits: <ol style="list-style-type: none"> (a) Credit risk concentrations (b) Counterparty Limits (c) Large exposures 2. Credit risk management process established by Corporate & Commercial Banking Group (CCBG), Consumer Finance Group and ERMG and approved by the BOD <ol style="list-style-type: none"> i. Internal credit risk rating system (ICRRS) for corporate loan portfolio, which has two components <ol style="list-style-type: none"> (a) Borrower Risk Rating (BRR) System (b) Composite Risk Rating (CRR) ii. Minimum Risk Acceptance Criteria (MRAC) for consumer loan 3. Post approval loan portfolio quality and credit process review performed by Credit Policy and Review Division 4. Review of adequacy of loan loss reserves and impairment loss |
| Liquidity Risk and Funding Management | Liquidity risk is the risk that the Parent Company will be unable to meet its payment obligations when they fall due under normal and stressful conditions. | <ol style="list-style-type: none"> 1. Maximum Cumulative Outflow (MCO) metric 2. Liquidity Coverage Ratio 3. Net Stable Funding Ratio 4. Intraday Liquidity Monitoring 5. Internal Liquidity Ratios |
| Market Risk Management | Market risk is the risk of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes. The Parent Company's market risk originates from the Parent Company's holdings of foreign exchange instruments, debt securities, equity securities and derivatives. | <ol style="list-style-type: none"> 1. Value-at-Risk (VaR) 2. Stress testing 3. Backtesting |
| <u>Interest Rate Risk Management</u> | Interest rate risk arises from the possibility that changes in the interest rates will affect future cash flows or the fair value of financial instruments. | <ol style="list-style-type: none"> 1. Interest rate sensitivity analysis 2. Asset-liability gap position |

| Risk Category | Risk Definition | Risk measurement and reporting systems |
|----------------------------------|---|---|
| Foreign Currency Risk Management | Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency liabilities generally consist of foreign currency-deposits in the Parent Company's FCDU account made in the Philippines or which are generated from remittances to the Philippines by Filipino expatriates and overseas Filipino workers who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Parent Company and foreign currency-denominated borrowings appearing in the regular books of the Parent Company. | <ol style="list-style-type: none"> 1. VaR 2. Foreign Exchange Sensitivity Testing 3. Foreign Exchange Stress Testing |

6. Segment Information

The following tables present income and profit and particular asset and liability information regarding the Group's operating segments as of June 30, 2025, and 2024:

| | Consolidated | | | | | | |
|---|----------------------|-------------------------|------------------|--------------------------|-------------------------------------|------------------------|--------------|
| | 2025 | | | | | | |
| | Branch Banking Group | Corporate Banking Group | Treasury Segment | Consumer Finance Segment | Trust and Wealth Management Segment | Head office and Rental | Total |
| Segment results | | | | | | | |
| Revenue, net of interest expense | | | | | | | |
| Third party | (P1,745,408) | P3,715,832 | P817,851 | P147,194 | P3,851 | P11,660 | P2,950,980 |
| Intersegment | 2,788,459 | (2,468,890) | (681,437) | (83,506) | (4,101) | 449,475 | - |
| Net interest income | 1,043,051 | 1,246,942 | 136,414 | 63,688 | (250) | 461,135 | 2,950,980 |
| Rent income | - | - | - | - | - | 139,004 | 139,004 |
| Service charges, fees and commissions | 49,704 | 157,117 | 3,399 | 8,090 | - | 12,543 | 230,853 |
| Foreign Exchange gain - net | 10,823 | 7,476 | 57,568 | - | - | - | 75,867 |
| Income from Trust Operations | - | - | - | - | 21,722 | - | 21,722 |
| Trading and securities gain (loss) - net | - | - | (81,162) | - | - | - | (81,162) |
| Gain on asset exchange | - | - | - | - | - | 10,742 | 10,742 |
| Profit from asset sold | - | - | - | - | - | 30,388 | 30,388 |
| Miscellaneous | (1,099) | 29,529 | 8,991 | 12,919 | - | 25,503 | 75,843 |
| Total Operating Income | 1,102,479 | 1,441,064 | 125,210 | 84,697 | 21,472 | 679,315 | 3,454,237 |
| Compensation and fringe benefits | 407,165 | 151,496 | 51,160 | 52,767 | 21,408 | 52,792 | 736,788 |
| Taxes and licenses | 198,359 | 182,930 | 73,571 | 5,544 | 1,742 | 10,898 | 473,044 |
| Depreciation and amortization | 81,676 | 49,933 | 4,625 | 41,238 | 1,930 | 31,309 | 210,711 |
| Provision for (recovery from) impairment losses | 1,220 | 110,345 | - | (5,408) | - | (2,145) | 104,012 |
| Occupancy and Other equipment-related costs | 65,427 | 15,515 | 1,337 | 2,932 | 886 | 10,605 | 96,702 |
| Other operating expense | 333,995 | 75,689 | 70,455 | 33,695 | 7,506 | 27,975 | 549,315 |
| Total Operating Expense | 1,087,842 | 585,908 | 201,148 | 130,768 | 33,472 | 131,434 | 2,170,572 |
| Income before share in net income of an associate | 14,637 | 855,156 | (75,938) | (46,071) | (12,000) | 547,881 | 1,283,665 |
| Share in net income of an associate | - | - | - | - | - | 186 | 186 |
| Income before income tax | 14,637 | 855,156 | (75,938) | (46,071) | (12,000) | 548,067 | 1,283,851 |
| Provision for income Tax | 2,372 | 137,649 | 172,809 | - | - | 64,570 | 377,400 |
| Net Income (loss) | P12,265 | P717,507 | (P248,747) | (P46,071) | (P12,000) | P483,497 | P906,451 |
| Segment assets | | | | | | | |
| Property and equipment | 370,097 | - | - | - | - | 449,237 | 819,334 |
| Investment properties | - | - | - | - | - | 3,643,946 | 3,643,946 |
| Other allocated assets | 7,174,971 | 93,964,391 | 54,152,380 | 3,248,356 | 150,097 | 2,003,833 | 160,694,028 |
| Total segment assets | 7,545,068 | 93,964,391 | 54,152,380 | 3,248,356 | 150,097 | 6,097,016 | 165,157,308 |
| Total segment liabilities | P124,093,876 | P700,960 | P19,201,422 | P4,573 | P- | P1,421,406 | P145,422,237 |

| | Consolidated | | | | | | Total |
|---|----------------------|-------------------------|--------------------|--------------------------|-------------------------------------|------------------------|---------------------|
| | 2024 | | | | | | |
| | Branch Banking Group | Corporate Banking Group | Treasury Segment | Consumer Finance Segment | Trust and Wealth Management Segment | Head office and Rental | |
| Segment results | | | | | | | |
| Revenue, net of interest expense | | | | | | | |
| Third party | (1,686,896) | 3,391,516 | 773,358 | 143,613 | 2,791 | 3,617 | 2,627,999 |
| Intersegment | 2,663,276 | (2,235,671) | (793,067) | (87,091) | (4,076) | 456,629 | - |
| Net interest income | 976,380 | 1,155,845 | (19,709) | 56,522 | (1,285) | 460,246 | 2,627,999 |
| Rent income | - | - | - | - | - | 178,008 | 178,008 |
| Service charges, fees and commissions | 46,788 | 159,045 | 2,920 | 9,920 | - | 11,101 | 229,774 |
| Foreign Exchange gain - net | 12,917 | 1,150 | 32,443 | - | - | - | 46,510 |
| Income from Trust Operations | - | - | - | - | 19,766 | - | 19,766 |
| Trading and securities gain (loss) - net | - | - | 70,242 | - | - | - | 70,242 |
| Loss on asset exchange | - | - | - | - | - | 29,279 | 29,279 |
| Profit from asset sold | - | - | - | - | - | 12,675 | 12,675 |
| Miscellaneous | 3,568 | 28,085 | 732 | 14,594 | - | 29,276 | 76,255 |
| Total Operating Income | 1,039,653 | 1,344,125 | 86,628 | 81,036 | 18,481 | 720,585 | 3,290,508 |
| Compensation and fringe benefits | 369,929 | 145,161 | 44,671 | 46,671 | 20,600 | 54,477 | 681,509 |
| Taxes and licenses | 175,238 | 155,741 | 71,206 | 5,565 | 1,619 | 13,550 | 422,919 |
| Depreciation and amortization | 86,271 | 29,071 | 6,501 | 20,833 | 2,059 | 30,315 | 175,050 |
| Provision for (recovery from) impairment losses | - | 56,396 | - | (60,902) | - | (881) | (5,387) |
| Occupancy and Other equipment-related costs | 73,872 | 7,441 | 1,741 | 4,028 | 1,034 | 4,113 | 92,229 |
| Other operating expense | 337,918 | 43,639 | 55,296 | 36,567 | 6,129 | 31,135 | 510,684 |
| Total Operating Expense | 1,043,228 | 437,449 | 179,415 | 52,762 | 31,441 | 132,709 | 1,877,004 |
| Income before share in net income of an associate | (3,575) | 906,676 | (92,787) | 28,274 | (12,960) | 587,876 | 1,413,504 |
| Share in net income of an associate | - | - | - | - | - | 340 | 340 |
| Income before income tax | (3,575) | 906,676 | (92,787) | 28,274 | (12,960) | 588,216 | 1,413,844 |
| Provision for income Tax | - | 138,222 | 171,460 | - | - | 75,730 | 385,412 |
| Net income | (P3,575) | P 768,454 | (P264,247) | P28,274 | (P12,960) | P512,486 | P 028,432 |
| Segment assets | | | | | | | |
| Property and equipment | 370,271 | - | - | - | - | 448,092 | 818,363 |
| Investment properties | - | - | - | - | - | 3,578,153 | 3,578,153 |
| Unallocated assets | 11,201,016 | 84,580,576 | 43,339,747 | 3,232,894 | 147,898 | 1,748,885 | 144,251,016 |
| Total segment assets | 11,571,287 | 84,580,576 | 43,339,747 | 3,232,894 | 147,898 | 5,775,130 | 148,647,532 |
| Total segment liabilities | P116,891,486 | P218,647 | P11,555,452 | P2,502 | P147 | P1,603,025 | P130,271,259 |

7. Due from Bangko Sentral ng Pilipinas

This account consists of:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|----------------------------|------------------------------|--------------------------------|
| Demand deposit | P5,666,546 | P7,297,480 |
| Overnight deposit facility | - | - |
| | P5,666,546 | P7,297,480 |

8. Interbank Loans Receivable and Securities Purchased under Resale Agreement (SPURA)

Interbank loans receivable of the Group is P1.81 billion and P404.20 million as of June 30, 2025 and December 31, 2024, respectively, while no outstanding SPURA as of June 30, 2025 and December 31, 2024.

Interest income on Interbank loans receivable and SPURA as follows:

| | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) |
|-----------|--|------------------------------|
| SPURA | ₱19,913 | ₱23,410 |
| Interbank | 14,766 | 6,251 |
| | ₱34,679 | ₱29,661 |

Interbank loans receivable bears nominal annual interest rates ranging from 3.90% to 5.94% in June 30, 2025 and 5.00% to 6.50% in June 30, 2024, while SPURA bears nominal annual interest rate from 5.25% to 5.90% in June 30, 2025 and ranging from 5.00% to 7.00% in June 30, 2024.

9. Trading and Investment Securities

This account consists of:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|--|--------------------------------|
| Financial assets at FVTPL | ₱355 | ₱- |
| Financial assets at FVOCI | 20,030,406 | 11,252,961 |
| Investment securities at amortized cost | 30,425,873 | 28,920,662 |
| | ₱50,456,634 | ₱40,173,623 |

The Groups' Financial assets at FVTPL consist of the following:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|-----------------|--|--------------------------------|
| Debt Securities | | |
| Government | ₱199 | ₱- |
| Sovereign bond | 156 | - |
| | ₱355 | ₱- |

The Groups' Financial assets at FVOCI consist of the following:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|-------------------|--|--------------------------------|
| Debt Securities | | |
| Government | ₱12,799,302 | ₱6,433,011 |
| Corporate | 135,161 | 136,239 |
| Sovereign bond | 6,876,927 | 4,458,003 |
| | 19,811,390 | 11,027,253 |
| Equity Securities | | |
| Quoted | 172,500 | 179,192 |
| Unquoted | 46,516 | 46,516 |
| | 219,016 | 225,708 |
| | ₱20,030,406 | ₱11,252,961 |

The Group's Investment securities at amortized cost consist of the following:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|-----------------------------------|--|---------------------------------------|
| Government | ₱29,578,940 | ₱28,336,923 |
| Sovereign bond | 854,941 | 596,749 |
| Less: Allowance for ECL (Note 15) | (8,008) | (13,010) |
| | ₱30,425,873 | ₱28,920,662 |

The interest income on investment securities follows:

| | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) |
|---|--|-------------------------------------|
| Investment securities at amortized cost | ₱750,750 | ₱613,473 |
| Financial assets at FVOCI | 400,423 | 351,734 |
| Financial assets at FVTPL | 61,942 | 56,231 |
| | ₱1,213,115 | ₱1,021,438 |

The Group's Trading and securities gain - net follows:

| | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) |
|---------------------------|--|-------------------------------------|
| Financial assets at FVTPL | ₱19,361 | ₱47,185 |
| Financial assets at FVOCI | 36,496 | 23,117 |
| Derivatives | (137,019) | (60) |
| | (₱81,162) | ₱70,242 |

The Group's peso-denominated investment securities earned annual interest rates ranging from 3.63% to 8.13% and from 2.38% to 9.25% in June 30, 2025 and 2024, respectively while dollar-denominated investment securities earned annual interest rates ranging from 1.38% to 10.63% in June 30, 2025 and 2024.

10. Loans and Receivable

This account consists of:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|--|--|---------------------------------------|
| Receivable from customers | | |
| Loans and receivable | ₱90,093,274 | ₱90,955,689 |
| Customer's liabilities on letters of credit and Trust receipts | 7,445,500 | 8,427,862 |
| Bills purchased | 2,495,862 | 2,238,049 |
| | 100,034,636 | 101,621,600 |
| Unquoted debt securities | - | 59,337 |
| Accrued interest receivable | 1,358,823 | 1,244,052 |
| Sales contract receivables | 185,508 | 169,097 |

| | | |
|--|--------------------|--------------|
| Accounts receivables | 1,514,354 | 1,567,166 |
| | 3,058,685 | 3,039,652 |
| | 103,093,321 | 104,661,252 |
| Less: Unearned and other deferred income | (57,990) | (61,000) |
| Allowance for ECL (Note 15) | (3,391,893) | (3,279,716) |
| | ₱99,643,438 | ₱101,320,536 |

Unquoted Debt Securities

As of June 30, 2025 and December 31, 2024, unquoted debt securities of the Group consist of Metro Rail Transit (MRT) bonds with gross amount of nil and ₱59.34 million, respectively, and an allowance for ECL amounting to nil and ₱0.03 million, in 2025 and 2024, respectively.

Interest Income

Interest income on loans and receivables consist of:

| | June 30, 2025 | June 30, 2024 |
|---------------------------|----------------------|---------------|
| | (Unaudited) | (Unaudited) |
| Receivable from customers | ₱3,869,145 | ₱3,536,019 |
| Unquoted debt securities | - | 17,264 |
| Others | 6,445 | 3,531 |
| | ₱3,875,590 | ₱3,556,814 |

Of the total receivables from customers of the Group as of June 30, 2025 and December 31, 2024, 69.61% and 82.67%, respectively, are subject to periodic interest repricing. The remaining peso denominated receivables from customers earn annual fixed interest rates ranging from 1.50% to 44.36% in June 30, 2025 and 3.00% to 44.36% in December 31, 2024 while foreign currency-denominated receivables from customers earn annual fixed interest rates ranging from 5.73% to 9.82% in June 30, 2025 and 5.73% to 9.39% in December 31, 2024.

11. Property and Equipment

For the six-month period ended June 30, 2025, the Group purchased assets with total cost of ₱53.71 million. For the same periods, the Group disposed property and equipment with net book value of ₱5.56 million recognizing gain on sale of ₱0.18 million included as part of “Profit from asset sold” account.

For the six-month period ended June 30, 2024, the Group purchased assets with total cost of ₱23.55 million. For the same periods, the Group disposed property and equipment with net book value of ₱1.57 million recognizing gain on sale of ₱5.45 million included as part of “Profit from asset sold” account.

12. Investment Properties

For the six-month period ended June 30, 2025, the Group foreclosed investment properties amounting to ₱84.35 million. For the same periods, the Group disposed investment properties with net book value of ₱25.31 million, recognizing gain on sale of ₱30.60 million included as part of “Profit from assets sold” account.

For the six-month period ended June 30, 2024, the Group foreclosed investment properties amounting to ₱1.08 billion. For the same periods, the Group disposed investment properties with net book value of ₱25.67 million, recognizing gain on sale of ₱6.98 million included as part of “Profit from assets sold” account.

13. Intangible Assets

This account consists of:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|-----------------|--|---------------------------------------|
| Branch licenses | ₱364,700 | ₱364,700 |
| Bank license | 25,000 | 25,000 |
| Software cost | 126,898 | 125,598 |
| | ₱516,598 | ₱515,298 |

As of June 30, 2025 and December 31, 2024, the individual branches were identified as the CGU for purposes of impairment testing on the branch licenses for CSB. For the impairment testing on the branch licenses arising from the acquisition of RBNI, the Parent Company’s branch banking group was identified as the CGU as the branch banking group would benefit from the synergies of the additional branches in obtaining fresh funds from depositors for deployment.

As of June 30, 2025 and December 31, 2024, the Parent Company’s impairment assessment indicates no impairment.

Key assumptions used in the VIU calculations

As of June 30, 2025 and December 31, 2024, the recoverable amounts of the CGUs have been determined based on VIU calculations that use cash flow projections based on financial budgets approved by management covering a 5-year period. The significant assumptions used in computing for the recoverable amount for PRBI and CSB branches as of June 30, 2025 and December 31, 2024, as follows:

| <u>Significant Assumptions</u> | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|--------------------------------|--|---------------------------------------|
| Deposit growth rates | 13.00% | 13.00% |
| Discount rate | 10.19% | 10.69% |
| Terminal value growth rate | 5.20% | 5.20% |

Deposit growth rates were based on experiences and strategies developed by the Parent Company. The discount rate used for the computation of the present value of the projected cash flows is the cost of equity and was determined by reference to comparable entities. The terminal value growth rate has been determined to reflect the long-term view on the CGU’s business.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to exceed its recoverable amount.

14. Other Assets and Other Liabilities

Other Assets

This account consists of:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Financial | | |
| Cash Margin | ₱65,687 | ₱292,069 |
| Refundable security deposit | 37,537 | 36,324 |
| RCOCI | 3,871 | 1,390 |
| | 107,095 | 329,783 |
| Non-financial | | |
| Prepaid expenses | 137,464 | 115,743 |
| Advances to BIR | 90,208 | 91,307 |
| Documentary Stamp Taxes (DST) | 54,892 | 56,645 |
| Chattel mortgage | 21,618 | 21,011 |
| Stationery and supplies | 20,460 | 16,230 |
| Advance rentals | 14,733 | 14,772 |
| Tax credits | 903 | 2,524 |
| Receivable from BIR | 180 | 2 |
| Others | 42,845 | 54,248 |
| | 383,303 | 372,482 |
| | 490,398 | 702,265 |
| Less: Allowance for ECL and impairment losses (Note 15) | (5,651) | (5,588) |
| | ₱484,747 | ₱696,677 |

Other Liabilities

This account consists of:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|--|------------------------------|--------------------------------|
| Financial | | |
| Accounts payable | ₱622,864 | ₱439,129 |
| Refundable security deposits | 96,988 | 118,090 |
| Miscellaneous | 21,499 | 34,189 |
| | 741,351 | 591,408 |
| Non-financial | | |
| Dividends Payable | 480,645 | - |
| Lease liability | 199,151 | 215,585 |
| Deferred credits | 96,392 | 154,674 |
| Due to the Treasury of the Philippines | 77,580 | 57,150 |
| Withholding taxes payable | 76,193 | 71,202 |
| Miscellaneous (Note 15) | 115,456 | 100,620 |
| | 1,045,417 | 599,231 |
| | ₱1,786,768 | ₱1,190,639 |

On June 25, 2025, during its regular board meeting, the Board of Directors of PBCOM approved the declaration of a special cash dividend of ₱1.00 per share to all shareholders of record as of July 9, 2025, payable on July 31, 2025.

This declaration marks the Bank's first cash dividend since a stock dividend issued in September 1997, reflecting the significant improvement in the Bank's financial position over the past 27 years.

15. Allowance for Impairment, Credit and Other Losses

Movements in this account follows:

| | June 30, 2025 | December 31, 2024 |
|---|----------------------|-------------------|
| | (Unaudited) | (Audited) |
| Balances at beginning of the period | | |
| Loans and receivables | ₱3,279,716 | ₱2,878,732 |
| Investment securities at FVTOCI | 10,059 | 9,791 |
| Investment securities at amortized cost | 13,010 | 12,802 |
| Investment properties | 51,316 | 53,395 |
| Other assets | 5,588 | 5,572 |
| Commitment and guarantees | 11,688 | 5,720 |
| | 3,371,377 | 2,966,012 |
| Provision for credit and impairment losses | 104,012 | 440,642 |
| Accounts written-off, revaluation, and others | (4,308) | (35,279) |
| | 99,704 | 405,363 |
| Balances at ending of the period | | |
| Loans and receivables | 3,391,893 | 3,279,716 |
| Investment securities at FVTOCI | 4,458 | 10,059 |
| Investment securities at amortized cost | 8,008 | 13,010 |
| Investment properties | 49,383 | 51,316 |
| Other assets | 5,651 | 5,588 |
| Commitment and Guarantees | 11,688 | 11,688 |
| | ₱3,471,081 | ₱3,371,377 |

Upon adoption of PFRS 9, BSP requires appropriation of a portion of the Group's Surplus at an amount necessary to bring to at least 1% the allowance for credit losses on loans (Note 20). The Bank appropriated ₱140.14 million in 2025, to meet prudential requirements on 1% general loan loss provisioning.

16. Deposit Liabilities

Deposit liabilities and deposit substitute liabilities are subject to required reserves. On March 11, 2025, the BSP issued Circular No. 1211, which reduced the reserve requirement for universal and commercial banks from 7.00% to 5.00%, effective for the reserve week starting March 28, 2025. Earlier, on September 5, 2024, the BSP issued Circular No. 1201, reducing the reserve requirement for the same banking group from 9.50% to 7.00%, effective October 25, 2024. These successive reductions in the reserve requirement ratios are part of the BSP's ongoing efforts to enhance liquidity in the financial system and support credit activity in the broader economy.

On July 26, 2018, the Monetary Board of the BSP, through its Resolution No. 1220, approved the Group's issuance of LTNCDs up to ₱5.00 billion in one or more tranches within one year, with a minimum tenor of 5 years and 1 day and a maximum of 7 years. This issuance was intended specifically for long-term funding.

On October 8, 2018, the Group issued ₱2.90 billion worth of LTNCDs with a tenor of 5 years and 6 months. These LTNCDs, maturing on April 8, 2024, have a fixed interest rate of 5.625% per annum, payable quarterly in arrears on October 8, January 8, April 8, and July 8 of each year, starting from January 8, 2019. The LTNCDs are listed on the Philippine Dealing & Exchange Corp.'s trading platform for secondary market trading.

As of June 30, 2025, the Group's LTNCDs were fully settled on their maturity date. Interest expense on deposit liabilities consists of:

| | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) |
|---------|--|-------------------------------------|
| Demand | ₱22,222 | ₱22,210 |
| Savings | 8,068 | 6,203 |
| Time | 1,603,744 | 1,490,538 |
| LTNCD | - | 46,708 |
| | ₱1,634,034 | ₱1,565,659 |

Peso-denominated deposit liabilities earn annual fixed interest rates ranging from 0.10% to 4.75% in June 30, 2025 and 0.10% to 4.50% in June 30, 2024, while foreign currency-denominated deposit liabilities earn annual fixed interest rates ranging from 0.10% to 4.00% in June 30, 2025 and 0.10% to 4.25% in June 30, 2024.

17. Bills Payable

This account consists of the Group's borrowings from:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---------------------------------------|--|---------------------------------------|
| Private firms and individual | ₱- | ₱5,316,716 |
| Banks and other financial institution | 11,066,773 | 11,069,800 |
| | ₱11,066,773 | ₱16,386,516 |

Interest expense on bills payable and other borrowings consists of:

| | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) |
|-----------------|--|-------------------------------------|
| Borrowed funds | ₱560,181 | ₱421,378 |
| Lease liability | 7,313 | 6,351 |
| | ₱567,494 | ₱427,729 |

Borrowings from private firms and individuals represent deposit substitutes with maturities of 4 to 175 and 4 to 181 days in June 30, 2025 and 2024, respectively. These borrowings bear annual interest rates ranging from 4.30% to 6.25% in June 30, 2025 and 4.50% to 6.75% in June 30, 2024.

18. Bonds Payable

On November 5, 2024, PBCOM issued ₱7.7 billion worth of Peso Fixed Rate Bonds (Series A Bonds) under its ₱15 billion Peso Bond Program approved by the Board of Directors on March 20, 2024. The Series A Bonds have a tenor of 1.5 years and bear a fixed interest rate of 6.0796% per annum, payable quarterly in arrears. The bonds are listed on the PDEX.

Details of the Bonds Payable as follows:

| Issue Date | Maturity Date | Face Value | Coupon Rate | Carrying Value |
|------------------|---------------|------------|-------------|----------------|
| November 5, 2024 | May 5, 2026 | ₱7,693,800 | 6.0796% | ₱7,623,300 |

As of June 30, 2025, the unamortized transaction costs of bonds payable amounted to ₱45.15 million while the amortization of transaction cost that were charged to “Interest expense on bonds payable” in the “Bills payable, borrowings and others” amounted to ₱259.22 million.

19. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

| | Consolidated | | | | | |
|---|------------------------|------------------------|---------------------|------------------------|------------------------|---------------------|
| | June 30, 2025 | | | December 31, 2024 | | |
| | Due Within One Year | Due Beyond One Year | Total | Due Within One Year | Due Beyond One Year | Total |
| Financial assets – at gross | | | | | | |
| Cash and other cash items | ₱994,672 | ₱- | ₱994,672 | ₱1,049,937 | ₱- | ₱1,049,937 |
| Due from BSP | 5,666,546 | - | 5,666,546 | 7,297,480 | - | 7,297,480 |
| Due from other banks | 592,556 | - | 592,556 | 430,103 | - | 430,103 |
| Interbank loans receivable and SPURA (Note 8) | 1,812,586 | - | 1,812,586 | 404,202 | - | 404,202 |
| Financial assets at FVTPL | 355 | - | 355 | - | - | - |
| Financial assets at FVTOCI (Note 9) | - | 20,030,406 | 20,030,406 | 231,301 | 11,021,660 | 11,252,961 |
| Investment securities at amortized cost (Note 10) | - | 30,433,881 | 30,433,881 | 766,784 | 28,166,888 | 28,933,672 |
| Loans and receivables (Note 11): | | | | | | |
| Receivables from Customers | 50,862,258 | 49,172,377 | 100,034,635 | 54,600,871 | 47,020,728 | 101,621,599 |
| Unquoted debt securities | - | - | - | 59,337 | - | 59,337 |
| Accrued interest receivable | 1,017,840 | 340,982 | 1,358,823 | 233,739 | 1,010,313 | 1,244,052 |
| Accounts receivable | 1,514,354 | - | 1,514,354 | 1,567,167 | - | 1,567,167 |
| Sales contracts receivable | 5,159 | 180,349 | 185,508 | 4,341 | 164,756 | 169,097 |
| Other assets | | | | | | |
| Cash Margin | 65,687 | - | 65,687 | 292,069 | - | 292,069 |
| Refundable security deposits | 17,286 | 20,251 | 37,537 | 26,062 | 10,262 | 36,324 |
| RCOCI | 3,871 | - | 3,871 | 1,390 | - | 1,390 |
| | ₱62,553,172 | ₱100,178,245 | ₱162,731,418 | ₱66,964,783 | ₱87,394,607 | ₱154,359,390 |
| Non-financial assets - at gross | | | | | | |
| Investments in subsidiary and an associate | ₱- | ₱10,249 | ₱10,249 | ₱- | ₱10,062 | ₱10,062 |
| Property and equipment | - | 3,055,568 | 3,055,568 | - | 3,009,606 | 3,009,606 |
| Investment properties | | | | | | |
| Condominium units for Lease | - | 2,580,394 | 2,580,394 | - | 2,580,394 | 2,580,394 |
| Foreclosed properties | - | 2,634,843 | 2,634,843 | - | 2,588,452 | 2,588,452 |
| Office units for lease | - | 39,390 | 39,390 | - | 39,390 | 39,390 |
| Intangible assets | - | 516,598 | 516,598 | - | 515,298 | 515,298 |
| Deferred tax assets | - | 516,003 | 516,003 | - | 486,222 | 486,222 |
| Other assets | 327,042.99 | 99,035 | 426,078 | 312,537 | 99,228 | 411,765 |
| | 327,043 | 9,452,080 | 9,779,123 | 312,537 | 9,328,652 | 9,641,189 |
| | 62,880,215 | 109,630,326 | 172,510,541 | 67,277,320 | 96,723,259 | 164,000,579 |
| Less: | | | | | | |
| Unearned interest and discounts | (57,990) | - | (57,990) | (61,000) | - | (61,000) |
| Accumulated depreciation and amortization | (81,841) | (3,758,468) | (3,840,309) | (72,092) | (3,621,855) | (3,693,947) |
| Allowance for credit and impairment losses | (2,263,329) | (1,191,605) | (3,454,934) | (2,285,847) | (1,063,783) | (3,349,630) |

| | Consolidated | | | | | |
|--|---------------|--------------|--------------|-------------------|-------------|--------------|
| | June 30, 2025 | | | December 31, 2024 | | |
| Total | ₱60,477,055 | ₱104,680,253 | ₱165,157,308 | ₱64,858,381 | ₱92,037,621 | ₱156,896,002 |
| Financial liabilities | | | | | | |
| Deposit liabilities: | | | | | | |
| Demand | ₱44,218,014 | ₱- | ₱44,218,014 | ₱41,638,978 | ₱- | ₱41,638,978 |
| Savings | 12,727,053 | - | 12,727,053 | 13,697,477 | - | 13,697,477 |
| Time | 64,655,512 | 1,382,247 | 66,037,758 | 53,850,990 | 1,396,892 | 55,247,882 |
| Corporate bond | - | 7,648,647 | 7,648,647 | - | 7,623,300 | 7,623,300 |
| Bills payable | 11,066,773 | - | 11,066,773 | 16,386,516 | - | 16,386,516 |
| Outstanding acceptances | 240,512 | - | 240,512 | 81,670 | - | 81,670 |
| Manager's checks | 241,813 | - | 241,813 | 218,636 | - | 218,636 |
| Accrued interest payable | 583,216 | - | 583,216 | 625,398 | - | 625,398 |
| Accrued other expenses | 649,935 | - | 649,935 | 650,445 | - | 650,445 |
| Other liabilities | | | | | | |
| Accounts payable | 622,863 | - | 622,863 | 439,129 | - | 439,129 |
| Refundable security deposits | 59,849 | 37,139 | 96,988 | 75,613 | 42,477 | 118,090 |
| Miscellaneous | 21,499 | - | 21,499 | 34,189 | - | 34,189 |
| | ₱135,087,040 | ₱9,068,033 | ₱144,155,072 | ₱127,699,041 | ₱9,062,669 | ₱136,761,710 |
| Non-financial liabilities | | | | | | |
| Accrued taxes and licenses | 120,513 | - | 120,513 | 122,463 | - | 122,463 |
| Income tax payable | 101,235 | - | 101,235 | 136,700 | - | 136,700 |
| Other liabilities | | | | | | |
| Deferred credits | 61,502 | 34,890 | 96,392 | 122,529 | 32,145 | 154,674 |
| Lease liability | 90,820 | 108,330 | 199,151 | 93,551 | 122,034 | 215,585 |
| Withholding taxes payable | 76,193 | - | 76,193 | 71,202 | - | 71,202 |
| Dividend payable | 480,645 | - | 480,645 | - | - | - |
| Allowance for ECL on off-balance sheet exposures | - | 11,688 | 11,688 | - | 11,688 | 11,688 |
| Due to the Treasurer of the Philippines | 77,580 | - | 77,580 | 57,150 | - | 57,150 |
| Miscellaneous | 50,661 | 53,107 | 103,768 | 58,735 | 73,054 | 131,789 |
| | 1,059,150 | 208,015 | 1,267,165 | 662,330 | 238,921 | 901,251 |
| | ₱136,146,189 | ₱9,276,048 | ₱145,422,237 | ₱128,361,371 | ₱9,301,590 | ₱137,662,961 |

20. Equity

Common Stock

Details and movement of common stock follows (amounts in thousands, except for par value):

| | Shares | Amount |
|--|---------|-------------|
| Common – ₱25 par value | | |
| Authorized | 760,000 | ₱19,000,000 |
| Issued and outstanding | | |
| Balance at the beginning and end of the period | 480,645 | ₱12,016,129 |

The Group's Surplus Reserve consists of:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Reserve under BSP Circular 1011 (Note 15) | ₱490,445 | ₱350,303 |
| Reserves for trust business | 90,719 | 90,719 |
| Reserves for self-insurance | 17,118 | 17,118 |
| | ₱598,282 | ₱458,140 |

Regulatory Reporting for Capital Management

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|------------------------------|------------------------------|--------------------------------|
| CET1 Capital/ Tier 1 Capital | ₱17,845,674 | ₱17,732,004 |

| | | |
|---------------------------|--------------|--------------|
| Total Qualifying Capital | 20,737,935 | 20,557,963 |
| Total Risk-Weighted Asset | ₱131,865,867 | ₱130,782,994 |
| CET 1 Ratio/ Tier 1 Ratio | 13.53 | 13.56 |
| CAR | 15.73 | 15.72 |

21. Miscellaneous Income and Expense

Miscellaneous Income

Details of this account are as follows:

| | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) |
|------------------|------------------------------|------------------------------|
| Penalties | ₱29,788 | ₱28,337 |
| Rental charges | 26,931 | 21,080 |
| Dividend income | - | 1,382 |
| Others (Note 11) | 19,124 | 25,456 |
| | ₱75,843 | ₱76,255 |

Others include recovery on charged-off accounts and gain on sale from property and equipment.

Miscellaneous Expense

Details of this account are as follows:

| | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) |
|---|------------------------------|------------------------------|
| Information technology | ₱64,654 | ₱62,695 |
| Litigation and assets acquired - related expenses | 30,235 | 12,916 |
| Transaction dues | 27,869 | 28,166 |
| Brokerage fees | 20,700 | 12,336 |
| Travel | 9,203 | 7,104 |
| Fuel and lubricants | 7,688 | 7,361 |
| Freight | 2,990 | 4,552 |
| Stationery and supplies | 2,210 | 2,757 |
| Fines, penalties and other charges | 1,375 | 99 |
| Advertising | 1,077 | 1,618 |
| Others | 66,340 | 67,685 |
| | ₱234,341 | ₱207,289 |

Others include account maintenance charges, contractual services, and Philippine Dealing Exchange Corp. transaction fees.

22. Income and Other Taxes

Details of this account are as follows:

| | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) |
|---------|------------------------------|------------------------------|
| Current | | |
| Regular | ₱226,596 | ₱205,093 |

| | | |
|----------|-----------------|----------|
| Final | 179,581 | 179,882 |
| | 406,177 | 384,975 |
| Deferred | (28,777) | 437 |
| | ₱377,400 | ₱385,412 |

23. Earnings Per Share

Earnings per share are calculated as follows:

| | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) |
|---|--------------------------------------|------------------------------|
| a) Net income attributable to equity shareholders of the Parent Company | ₱906,451 | ₱1,028,432 |
| b) Weighted average number of common shares for basic earnings | 480,645 | 480,645 |
| c) Basic and diluted earnings per share | ₱1.89 | ₱2.14 |

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

24. Related Party Transactions

Details on significant related party transactions of the Group follows:

| Category | June 30, 2025 (Unaudited) | | |
|----------------------------------|---------------------------|---------------------|---|
| | Volume | Outstanding Balance | Nature, Terms and Conditions |
| Significant investors: | | | |
| Deposit liabilities | 579,865 | 8,205,377 | Savings and time deposit accounts with annual interest rates ranging from 0.10% to 4.75%. |
| Lease liability | 46,309 | | Branch and office space leased for five years ending in various years, with 5.00% annual escalation |
| Loans and receivables | 319,357 | 787,298 | Loans with annual interest rates from 7.00% to 9.00% |
| Affiliate: | | | |
| Deposit liabilities | 268 | 9,168 | Demand, savings and time deposit accounts with annual interest rate ranging from 0.10% to 4.75%. |
| Key management personnel: | | | |
| Deposit liabilities | 22,546 | 74,193 | Non-interest demand deposit account |
| Provident fund: | | | |
| Deposit liabilities | -20,780 | 8,458 | Savings and time deposit accounts with annual interest rates ranging from 0.10% to 4.75%. |
| Retirement fund: | | | |
| Deposit liabilities | (46,713) | 49 | Savings and time deposit accounts with annual interest rates ranging from 0.10% to 5.1%. |

| Category | December 31, 2024 | | |
|----------------------------------|-------------------|---------------------|---|
| | Volume | Outstanding Balance | Nature, Terms and Conditions |
| Significant investors: | | | |
| Deposit liabilities | (1,306,205) | 7,625,512 | Savings and time deposit accounts with annual interest rates ranging from 0.06% to 4.75%. |
| Lease liability | 44,796 | | Branch and office space leased for five years ending in various years, with 5.00% annual escalation |
| Loans and receivables | 118,017 | 467,941 | Loans with annual interest rates from 7.00% to 9.00% |
| Affiliate: | | | |
| Deposit liabilities | (14,481) | 8,900 | Demand, savings and time deposit accounts with annual interest rate of 10% |
| Subsidiary: | | | |
| Deposit liabilities | (8,902) | - | Non-interest demand deposit account |
| Key management personnel: | | | |
| Deposit liabilities | (3,756) | 51,646 | Savings and time deposit accounts with annual interest rates ranging from 0.10% to 4.75%. |
| Provident fund: | | | |
| Deposit liabilities | 10,392 | 29,237 | Savings and time deposit accounts with annual interest rates ranging from 0.10% to 5.1%. |
| Retirement fund: | | | |

| | | | |
|---------------------|--------|--------|--|
| Deposit liabilities | 27,914 | 46,762 | Savings and time deposit accounts with annual interest rates ranging from 0.10% to 5.1%. |
|---------------------|--------|--------|--|

| | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) | Nature, Terms and Conditions |
|----------------------------------|------------------------------|------------------------------|---|
| Significant investors: | | | |
| Interest expense | 198,006 | 86,847 | Interest expense from savings and time deposit accounts with annual interest rates ranging from 0.10% to 4.75%. |
| Depreciation expense | 6,267 | 12,905 | Depreciation of leased branch and office space for five years ending in various years, with 5.00% annual escalation |
| Rent income | 731 | 1,008 | Five year lease of branches, subject to pretermination, with 5% annual escalation |
| Affiliate: | | | |
| Interest expense | 66 | 736 | Interest expense of demand, savings and time deposit accounts with annual interest rates ranging from 0.10% to 4.75%. |
| Rent income | 731 | 103 | Five year lease expiring in July 2028 with 5% annual escalation |
| Key management personnel: | | | |
| Interest expense | 1,588 | 522 | Interest expense from savings and time deposit accounts with annual interest rates ranging from 0.10% to 4.75%. |
| Provident fund: | | | |
| Interest expense | 347 | 443 | Interest expense from savings and time deposit accounts with annual interest rates ranging from 0.1% to 4.75%. |
| Trust fee | 1,114 | 1,069 | A certain percentage of the monthly ending market value of the fund depending on the agreement. |
| Retirement fund: | | | |
| Interest expense | 433 | 526 | Interest expense from savings and time deposit accounts with annual interest rates ranging from 0.1% to 4.75%. |
| Trust fee | 1,383 | 1,332 | A certain percentage of the monthly ending market value of the fund depending on the agreement. |

25. Commitments and Contingent Liabilities

In the course of the operations of the Group, there are outstanding commitments, contingent liabilities, and bank guarantees that are not reflected in the financial statements. The Group does not anticipate losses that will materially affect its financial position and performance.

The following is a comparative summary of the Group's commitments and contingent liabilities at their equivalent peso amounts.

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---------------------------------|------------------------------|--------------------------------|
| Trust department accounts | ₱13,705,365 | ₱14,369,413 |
| Standby LC | 1,501,194 | 861,690 |
| Spot exchange: | | |
| Bought | 1,999,802 | 869,110 |
| Sold | 4,799,756 | 3,700,342 |
| Interest Rate Future | | |
| Bought | - | 593,905 |
| Sold | - | 628,161 |
| Sight LC outstanding | 1,216,395 | 494,130 |
| Usance LC outstanding | 62,213 | 69,777 |
| Inward bills for collection | 2,430,145 | 892,413 |
| Outstanding shipping guarantees | 419,305 | 1,262,668 |
| Currency forwards: | | |
| Bought | 1,597 | 359 |
| Sold | - | - |
| Outward bills for collection | - | 60,661 |
| Items held for safekeeping | 25 | 23 |

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|--------------------------|--|---------------------------------------|
| Items held as collateral | 7 | 7 |
| Other contingents | 41,074 | 14,864 |

26. Notes to Statement of Cash Flows

Summary of non-cash activities

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|--|---------------------------------------|
| Noncash operating activities: | | |
| Additions to investment properties from settlement of loans | ₱84,348 | ₱7,325 |
| Additions to chattel mortgage from settlement of loans | 9,274 | 3,254 |
| Noncash investing activities: | | |
| Transfer to property and equipment and other assets | - | - |
| Transfer to other assets from property and equipment | (742) | (648) |
| Unrealized gain (loss) on financial assets at FVOCI | 76,419 | (138,896) |
| Additions to right-of-use assets | 41,843 | 16,876 |
| Additions to lease liability | (41,843) | (16,876) |

Changes in liabilities arising from financing activities:

| | January 1, 2025 | Cash Flows | Non-Cash activities | June 30, 2025 |
|------------------------|--------------------|---------------------|---------------------|--------------------|
| Bills payable | ₱16,386,516 | (₱5,319,743) | ₱- | ₱11,066,773 |
| Bonds payable | 7,623,299 | - | 25,348 | 7,648,647 |
| Outstanding acceptance | 81,670 | 158,842 | - | 240,512 |
| Marginal deposit | 3,537 | 27,907 | - | 31,444 |
| Lease liabilities | 215,585 | (59,036) | 42,602 | 199,151 |

| | January 1, 2024 | Cash Flows | Non-Cash activities | June 30, 2024 |
|------------------------|-----------------|------------|---------------------|---------------|
| Bills payable | ₱9,686,755 | ₱4,985,173 | ₱- | ₱14,671,928 |
| Outstanding acceptance | 105,410 | 19,771 | - | 125,181 |
| Marginal deposit | 9,803 | 1,835 | - | 11,638 |
| Lease liabilities | 189,236 | (60,237) | 84,213 | 213,212 |

27. Other Matters

- No other items affect assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.
- The Group declared a special cash dividend of ₱1.00 per share on June 25, 2025. The dividend is payable on July 31, 2025, to stockholders of record as of July 9, 2025.
- There are no contingencies and any other events or transactions that are material for the current interim period.
- There are no material events subsequent to June 30, 2025.

SEC Form 17-Q

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

1. Management's Discussion & Analysis

The Group registered a net income of ₱906.5 Million as of the first half of the year 2025. Net interest income grew by ₱323.0 Million or 12.3% largely from higher volume in loans and investments, as well as the growth in deposits. The increase in operating income however was offset by net trading losses during the period causing a ₱151.4 Million decline, higher provision for losses by ₱109.4 Million, and higher other operating expenses. These resulted to an 11.9% lower net income compared to the same period last year.

Interest income expanded by 11.5% or ₱531.1 Million due to higher asset growth in both loans and securities portfolio. To fund this growth, the Group issued corporate bonds payable at the latter of part of 2024, and deposits and REPO volumes were increased, which resulted to higher interest expense by ₱208.1 Million. Likewise, total operating expenses went up by 15.6% mainly attributable to higher provision for impairment losses, higher volume-driven costs - GRT, DST, PDIC insurance, and higher manpower costs.

Total Assets of the Group increased by ₱8.3 Billion (5.3%) from ₱156.9 Billion as of end of the year 2024 to ₱165.2 Billion at the end of the first half of 2025. This is primarily due to increases in inventories of debt securities carried at FVOCI and HTC by ₱8.8 Billion and ₱1.5 Billion, respectively, and increase in Interbank Loans Receivable and SPURA by ₱1.4 Billion, partially offset by lower loan volume by ₱1.7 Billion and decline in statutory reserve requirements by ₱1.6 Billion.

The Group's gross NPL ratio is at 4.02%, 1.36% points higher than the 2.66% ratio at the end of 2024. This is mainly due to the movements in some accounts that underwent problems in the collection of receivables, especially as a result of the recent closure of POGO activities in the country. However, these are deemed temporary setbacks as the accounts have alternative plans in place. Note that the Bank is mostly secured in these accounts. The Bank is also actively pursuing remedial management through restructuring, rescheduling and other collection activities to bring this back to healthier level.

PBCOM's liquidity position continued to remain stable as the Bank comfortably met all its financial obligations and loan commitments, and likewise has fully complied with the regulatory reserve requirements on continuing basis at an optimum funding mix during the course of the year.

Total Liabilities increased by ₱7.8 Billion, 5.6% higher than last year's end level of ₱137.7 Billion. This resulted mostly from ₱12.4 Billion increase in in both time deposits and low-cost deposits, offset by ₱5.3 Billion lower bills payable mainly from REPO. Total Capital is now at ₱19.7 Billion from ₱19.2 Billion as of end of December 2024. The earnings of the Bank mainly contributed to the 2.6% increase in capital during the period, offset by the impact of the declaration of dividend in June 2025 amounting to ₱480.6 Million.

The Bank's Risk Based Capital Adequacy Ratio of 15.73% under BASEL III reporting standards covering credit, market and operational risk as of report date is well above the 10% minimum requirement.

2. Discussion of various key indicators:

A. Key Financial Performance

| Ratio | June 2025 | June 2024 | Remarks |
|---|-----------|-----------|---|
| Net Profit Margin (Net income divided by Gross income) | 26.24% | 31.25% | Decrease by 5.01 % pts mainly due to higher operating expenses mainly in provision for impairment losses, manpower costs, and higher volume-driven costs. Net trading loss during the period also contributed to the decline, offset by higher net interest margin. |
| Return on Average Asset (Net income divided by Average assets) | 1.13% | 1.39% | Decline in the ratio is mainly driven by higher operating expenses and net trading losses this period. These were partially offset by improvement in net interest margin from lower cost of funds and higher volume of loans and investments |
| Return on Average Equity (Net income divided by Average equity) | 9.30% | 11.42% | Return on average equity decreased by 2.12% pts from higher operating expense and net trading losses this period. These were partially offset by improvement in net interest margin. |
| Capital Adequacy Ratio (Basel 3) (Qualifying capital divided by the total of risk-weighted assets that include credit, market, and operational risk) | 15.73% | 16.39% | The capital ratio decreased by 66 bps mainly due to higher total risk-weighted assets, offset by higher total qualifying capital. |
| Basic Earnings per share (Net income divided by average no. of common shares) | 1.89 | 2.14 | Decrease in basic earnings per share by ₱0.25 from lower net income during the current period |

B. Financial Soundness

| Ratio | June 2025 | December 2024 | Remarks |
|---|-----------|---------------|---|
| Liquidity Ratio (Liquid Assets to Total Deposits) <i>Liquid Assets include cash, due from banks, interbank loans, and trading and inv. Securities Total deposit refers to the total of the peso and foreign currency deposits.</i> | 23.48% | 18.54% | Ratio increased by 4.94 % pts mainly higher level in liquid assets (higher financial assets at FVOCI, FVTPL and Interbank Loans), offset by net increase in total deposits. |
| Debt Ratio (Total Liability to Total Assets) <i>Debt refers to the total liabilities, while assets refer to total Assets</i> | 88.05% | 87.74% | Increased by 31 bps as the increase in total assets (higher HTC, financial assets at FVOCI, Interbank Loans & Due from other Banks) exceeded the increase in total liabilities (higher total deposits). |
| Asset to Equity Ratio (Total Asset to Total Equity) | 8.37 | 8.16 | Ratio is higher by 21 bps mainly as a result of increase in total assets in relation to the increase in equity. |
| Interest Rate Coverage Ratio (Earnings before interest & taxes to Interest Expense) | 158.32% | 170.93% | Bank's interest rate coverage decreased due to higher operating expenses and net trading losses this period. |
| Net Interest Margin Net interest income over Average Earning assets | 4.00% | 4.03% | Ratio is slightly lower as decrease in average asset yields outweighed the decline in average COF rates. |

* As of June 2024

3. Discussion and Analysis of Material Event/s and Uncertainties

- a. The Bank does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- b. As of June 30, 2025, the unspent amount from the approved capital expenditures budget on projects involving technology enhancement and facilities improvement amounted to ₱261.2 Million.
- c. The Bank has taken prudent steps to mitigate the risk through a more careful credit process and tighter credit policies. More importantly, it continues its assessment of its portfolio by regularly doing the stress test exercise.
- d. There is no recorded significant quarterly income or losses that did not come from the Bank's regular operations.
- e. Interest income on the non-discounted loan is recognized based on the accrual method of accounting, while unearned discounts are amortized to income over the term of the loans. As such, no seasonal aspect has a material impact on the Bank's interest revenues. Non-interest revenues, on the other hand, are primarily dependent on market dynamics and economic trends rather than seasonal factors.

Statement of Condition: June 2025 vs. December 2024

| | Increase (Decrease) | Percentage | Remarks |
|---|--------------------------------|-------------------|--|
| Cash and Other Cash Items | (55,265) | -5.26% | Decrease due to lower cash on hand, offset by higher cash in ATMs |
| Due from BSP | (1,630,934) | -22.35% | Lower due to decline in statutory reserve requirement to 5% in Mar25 |
| Due from Other Banks | 162,453 | 37.77% | Higher funds mainly with foreign banks |
| Interbank Loans Receivable | 1,408,384 | 348.44% | Higher mainly from higher interbank call loans with local banks |
| Financial assets at Fair Value through Profit or Loss | 355 | 0.00% | Unrealized gain on investments in FVTPL purchased and sold during the period |
| Financial assets at Fair Value through Other Comprehensive Income | 8,777,445 | 78.00% | Purchase of investments in FVOCI and mark-to-market movements |
| Investment securities at Amortized Cost | 1,505,211 | 5.20% | Purchase of HTC investments |
| Loans and Receivables | (1,677,098) | -1.66% | Decrease in outstanding receivables mainly in commercial loans and import bills |
| Investment in a subsidiary and associate | 186 | 1.85% | Share in net income for the 1st half of the year |
| Property and Equipment | (3,711) | -0.45% | Decrease mainly due to depreciation recognized for the period, offset by branch improvements, additional ROU assets and office equipment |
| Investment Properties | (44,871) | -1.22% | Decline due to depreciation recognized for the period and higher ROPA sale than ROPA foreclosures/ dacion en pago |
| Intangible Assets | 1,300 | 0.25% | Increase due to software-related purchases made to date, offset by amortization recognized for the period |
| Deferred tax assets | 29,781 | 6.12% | Higher DTA movement for the period |
| Other Assets | (211,930) | -30.42% | Decrease mainly due to lower cash margin and prepaid tax, offset by higher prepaid expenses on annual bankwide subsidies |
| Demand Deposits | 2,579,036 | 6.19% | Higher time and CASA deposits volume |
| Savings Deposits | (970,424) | -7.08% | |
| Time Deposits | 10,789,876 | 19.53% | |
| Bills Payable | (5,319,743) | -32.46% | Decrease in REPO and interbank bills payable |
| Bonds Payable | 25,347 | 0.33% | Amortization of transaction costs for corporate bond issued in Nov 2024 |
| Outstanding Acceptances | 158,842 | 194.49% | Increase due to higher bills exchange accepted by the Bank |
| Manager's Checks | 23,177 | 10.60% | Higher un-negotiated MC's as of the period |
| Accrued Interest, Taxes and Other | 393,146 | 27.28 | Increase mainly due to Dividends declared in Jun25 |

| | | | |
|--|----------|---------|--|
| Expenses Payable | | | |
| Income Tax payable | (35,465) | -25.94% | Lower income tax payable for the period |
| Other Liabilities | 115,484 | 9.70% | Increase mainly due to higher accounts payable, offset by lower finance lease payable, advance rentals and rental deposits |
| Retained Earnings | 425,804 | 7.37% | Increase is from net income for the period partially offset by declaration of dividend amounting to ₱480.6M |
| Unrealized gain/(loss) on equity securities carried at fair value through other comprehensive income | 82,194 | 12.46% | Improvement from lower net mark-to-market losses mainly from FCDU debt investments in FVOCI |
| Cumulative translation adjustment | (5,970) | -5.79% | Lower downward CTA adjustment mainly due to rate differential from MRT accretion (matured in Feb25) |

Statement of Income and Expenses: January-June 2025 vs. January-June 2024

| | Increase (Decrease) | Percentage | Remarks |
|--|--------------------------------|-------------------|---|
| Interest Income on investment securities | 191,677 | 18.77% | Higher interest income due to higher average volume and yields from FVTPL, FVOCI & HTC |
| Interest Income on Loans and receivable | 318,776 | 8.96% | Higher interest income mainly due to growth in average volume primarily from corporate loans, offset by lower yields |
| Interest Income on Interbank loans receivable and securities purchased under resale agreements | 5,018 | 16.92% | Higher interest income due to higher average volume mainly from interbank loans, offset by lower yields |
| Interest Income on Deposit with other Banks and others | 15,650 | 116.15% | Higher interest income due to higher volume mainly from ODF with BSP |
| Interest Expense on Deposit Liabilities | 68,375 | 4.37% | Higher interest expense due to higher average volume mainly from TDs, offset by lower cost of funds |
| Interest Expense on Bills payable, borrowings and others | 139,765 | 32.68% | Higher interest expense due to higher average volume mainly from corporate bond issuance, offset by lower cost of funds mainly from Repos |
| Trading and Securities Gain – net | (151,404) | -215.55% | Decline due to net realized trading loss and unrealized mark-to-market loss in 2025 |
| Rent Income | (39,004) | -21.91% | Lower due to the impact of lease terminations, offset by lease commencements from new tenants |
| Service Charges, Fees & Commissions | 1,079 | 0.47% | Higher primarily due to higher bank commissions on import bills & letter of credits, loan processing fees and penalty fees, offset by lower commitment and TFR fees |
| Foreign Exchange Gain (Loss) – Net | 29,357 | 63.12% | Higher realized and unrealized foreign exchange gains |
| Gain/(Loss) on asset exchange | (18,537) | -63.31% | Lower net gain on ROPA foreclosure |
| Profit/(Loss) from Assets Sold | 17,713 | 139.75% | Higher ROPA gain on sale in 2025 |
| Income from Trust Operations | 1,956 | 9.90% | Increase is mainly due to higher ADB of assets under management |
| Miscellaneous Income | (412) | -0.54% | Decrease is mainly due to impact of gain on sale of bank owned property, impact of gain on derecognition of investment in PISAI in 2024 and lower dividend income, offset by higher penalty fees from pre-termination of leases and client's REPO |
| Compensation and Fringe Benefits | 55,279 | 8.11% | Higher manpower costs for the period due to higher ave. headcount and salary adjustments |
| Taxes and Licenses | 50,125 | 11.85% | Increase mainly due to higher DST costs from deposits and higher GRT costs |
| Depreciation and Amortization | 35,661 | 20.37% | Increase mainly due to higher ROPA depreciation, offset by fully amortized software cost and lower depreciation on bank premises |
| Occupancy and other equipment-related costs | 4,473 | 4.85% | Increase mainly from higher repairs & maintenance and rent expense, partially offset by decline in electricity & water costs |
| Provision for (recovery from) impairment losses | 109,399 | 2030.80% | Higher loan provision requirements during the period |
| Miscellaneous | 38,631 | 7.56% | Increase mainly due to higher brokerage and PDEX fees from higher volume of transactions, higher PDIC insurance from higher volume of deposits, higher cost on contractual services and higher representation & entertainment |
| Provision for income tax | (8,012) | -2.08% | Decrease mainly due to higher DTA recognized on loan allowance, offset by higher net taxable income and higher final taxes on interest income on peso government securities |

PHILIPPINE BANK OF COMMUNICATIONS AND SUBSIDIARY

INTERIM AGING OF LOANS & SELECTED RECEIVABLES

(Unaudited)

**PHILIPPINE BANK OF COMMUNICATIONS (Consolidated)
AGING OF LOANS & SELECTED RECEIVABLES**

As of June 30, 2025

(In thousands)

| TYPE OF LOAN/PARTICULARS | OUTSTANDING BALANCE | CURRENT | P A S T D U E F O R | | | |
|--|------------------------|-------------------|---------------------|-------------------|---------------------|--------------------|
| | | | 90 DAYS OR LESS | 91 TO 180 DAYS | 181 DAYS - 1 YR. | MORE THAN 1 YR. |
| Loans and receivable | 90,093,274 | 84,335,071 | 2,153,071 | 950,691 | 414,558 | 2,239,884 |
| Bills purchased | 2,495,862 | 2,343,770 | 3,656 | - | - | 148,436 |
| Customer's liabilities on letters of credit and trust receipts | 7,445,499 | 7,345,770 | 6,937 | 17,905 | - | 74,887 |
| Total | 100,034,635 | 94,024,610 | 2,163,663 | 968,597 | 414,558 | 2,463,207 |
| Unquoted Debt Securities | - | - | - | - | - | - |
| Accrued Interest Receivable | 1,358,823 | 1,312,686 | 20,231 | 5,884 | 9,158 | 10,864 |
| Sales Contract Receivables | 185,508 | 178,658 | 5,109 | 1,697 | - | 44 |
| Accounts Receivable | 1,514,354 | 1,446,421 | 4,583 | 20,770 | 8,730 | 33,850 |
| | 3,058,685 | 2,937,795 | 29,923 | 28,351 | 17,888 | 44,758 |
| Total | 103,093,320 | 96,962,375 | 2,193,586 | 996,948 | 432,445 | 2,507,966 |
| Less: Unearned and other deferred income | (57,990) | (64,263) | 137 | 527 | 307 | 5302 |
| Allowance for credit losses | (3,391,561) | (1,189,404) | (12,517) | (169,671) | (131,372) | (1,888,597) |
| NET Loans and Receivable | 99,643,769 | 95,708,708 | 2,181,206 | 827,804 | 301,380 | 624,670 |