



Office of the EVP and Chief Financial Officer

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

February 20, 2026

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

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**
Head, Disclosure Department

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

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

Gentlemen:

We submit a copy of the Audited Financial Statements of Philippine National Bank and Subsidiaries as of December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023.

Very truly yours,

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

FRANCIS B. ALBALATE
Executive Vice President &
Chief Financial Officer



CERTIFICATION

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

1. On behalf of PNB, I have caused this Audited Financial Statements of PNB and its Subsidiaries as of December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 to be prepared;
2. I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3. PNB will comply with the requirements set forth in SEC Notice dated May 12, 2021 for a complete and official submission of reports and/or documents through electronic mail; and
4. I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of the filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand on February 20, 2026, in Pasay City, Metro Manila.


FRANCIS B. ALBALATE
 Executive Vice President and
 Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 20 FEB 2026 in
PASAY CITY, affiant exhibited to me his SSS ID No. 33-1489981-0.

Doc. No. 183
 Page No. 26
 Book No. 8
 Series of 2026.


ATTY. VINCENT M. HAW
 Notary Public for and in Pasay City
 PNB Financial Center, Macapagal Blvd, Pasay City
 Commission No. 25-28 until 12/31/2026 / Pasay City
 Roll of Atty. No. 89394 / IBP No. 568660 until 12/31/2026 / PNL
 PTR No. 9236179 until 12/31/2026 / Pasay City
 MCLE No. VIII-0032293 until 04/14/2028
 hawvm@pnb.com.ph

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **February 20, 2026**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **ASO96-005555** 3. BIR Tax Identification No. **000-188-209-000**
4. **PHILIPPINE NATIONAL BANK**
Exact name of registrant as specified in its charter
5. **PHILIPPINES** 6. (Use Only)
Province, country or other jurisdiction of incorporation Industry Classification Code:
7. **PNB Financial Center, Pres. Diosdado Macapagal Blvd., Pasay City, Metro Manila 1300**
Address of principal office
Postal Code
8. **(632) 8526-3131 to 70/(632) 8891-6040 to 70**
Issuer's telephone number, including area code
9. **Not Applicable**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	1,525,764,850

11. Indicate the item numbers reported herein: **Item 9**

Attached is a copy of the Audited Financial Statements of Philippine National Bank and Subsidiaries as of December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023.

SIGNATURES

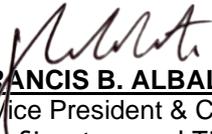
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHILIPPINE NATIONAL BANK

Issuer

February 20, 2026

Date



FRANCIS B. ALBALATE

Executive Vice President & Chief Financial Officer
Signature and Title*

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	6	-	0	0	5	5	5	5
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COMPANY NAME

P	H	I	L	I	P	P	I	N	E		N	A	T	I	O	N	A	L		B	A	N	K		A	N	D		S
U	B	S	I	D	I	A	R	I	E	S																			

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

P	N	B		F	i	n	a	n	c	i	a	l		C	e	n	t	e	r	,		P	r	e	s	i	d	e	n	
t		D	i	o	s	d	a	d	o		M	a	c	a	p	a	g	a	l		B	o	u	l	e	v	a	r	d	
		,		P	a	s	a	y		C	i	t	y																	

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address <div style="border: 1px solid black; padding: 2px; text-align: center;">pantallonms@pnb.com.ph</div>	Company's Telephone Number <div style="border: 1px solid black; padding: 2px; text-align: center;">8891-6040 to 70</div>	Mobile Number <div style="border: 1px solid black; padding: 2px; text-align: center;">+639175443347</div>
No. of Stockholders <div style="border: 1px solid black; padding: 2px; text-align: center;">35,544</div>	Annual Meeting (Month / Day) <div style="border: 1px solid black; padding: 2px; text-align: center;">04/29</div>	Fiscal Year (Month / Day) <div style="border: 1px solid black; padding: 2px; text-align: center;">12/31</div>

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person <div style="border: 1px solid black; padding: 2px; text-align: center;">Mr. Mark S. Pantallon</div>	Email Address <div style="border: 1px solid black; padding: 2px; text-align: center;">pantallonms@pnb.com.ph</div>	Telephone Number/s <div style="border: 1px solid black; padding: 2px; text-align: center;">8891-6040 to 70</div>	Mobile Number <div style="border: 1px solid black; padding: 2px; text-align: center;">+639175443347</div>
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CONTACT PERSON'S ADDRESS

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Philippine National Bank
PNB Financial Center
President Diosdado Macapagal Boulevard
Pasay City

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Philippine National Bank and its Subsidiaries (the Group) and the parent company financial statements of Philippine National Bank (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2025 and 2024, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2025 and 2024, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2025 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Applicable to the audit of the consolidated and parent company financial statements

Adequacy of Allowance for Credit Losses on Loans and Receivables

The Group and the Parent Company's application of the expected credit losses (ECL) model in calculating the allowance for credit losses on loans and receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's and the Parent Company's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts, and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information in calculating ECL.

Allowance for credit losses on loans and receivables as of December 31, 2025 amounted to ₱37.2 billion and ₱37.0 billion for the Group and the Parent Company, respectively. Provision for credit losses in 2025 amounted to ₱2.0 billion and ₱1.9 billion for the Group and the Parent Company, respectively.

The disclosures related to the allowance for credit losses on loans and receivables are included in Note 16 of the financial statements.

Audit response

We obtained an understanding of the board approved methodologies and models used for the Group's and the Parent Company's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, and to consider time value of money and the best available forward-looking information.

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place; (c) tested the Group's and the Parent Company's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's and the Parent Company's records



and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through corroboration of publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.

Further, we compared the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis. We involved our internal specialist in the performance of the above procedures.

We reviewed the completeness of the disclosures made in the financial statements.

Impairment Testing of Goodwill

As of December 31, 2025, the goodwill of the Group and the Parent Company amounted to ₱10.2 billion and ₱10.3 billion, respectively, as a result of the acquisition of Allied Banking Corporation in 2013. Under PFRS Accounting Standards, the Group and the Parent Company are required to test the amount of goodwill for impairment annually. Goodwill has been allocated to three cash generating units (CGUs) namely Retail Banking, Corporate Banking, and Treasury. The Group and the Parent Company performed the impairment testing using the value in use calculation. The annual impairment test is significant to our audit because it involves significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically estimates of loan and deposit growth rates, interest margin, discount rates, and long-term growth rate.

The disclosures related to goodwill impairment are included in Note 14 to the financial statements.

Audit response

We involved our internal specialist in evaluating the methodology and the assumptions used by the Group and the Parent Company. We compared the key assumptions used, such as loan and deposit growth rates, interest margin and long-term growth rate to the historical performance of the CGUs and to economic and industry forecasts. We tested the parameters used in the derivation of the discount rate against market data. We also reviewed the disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

The other information consists of the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditor's report.



Our opinion on the consolidated and parent company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and parent company financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on the Supplementary Information Required Under Revenue Regulations 15-2010 and Section 174 of the Manual of Regulations for Banks (MORB)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 39 and with Section 174 of the MORB in Note 40 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and Bangko Sentral ng Pilipinas, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Philippine National Bank. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is
Ray Francis C. Balagtas.

SYCIP GORRES VELAYO & CO.



Ray Francis C. Balagtas

Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 108795-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10765009, January 2, 2026, Makati City

February 20, 2026



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
(In Thousands)

	Consolidated		Parent Company	
	December 31		December 31	
	2025	2024	2025	2024
ASSETS				
Cash and Other Cash Items	₱20,868,793	₱20,638,033	₱20,784,084	₱20,522,258
Due from Bangko Sentral ng Pilipinas (Notes 7 and 17)	68,529,550	55,128,316	68,529,550	55,128,316
Due from Other Banks (Note 33)	24,831,235	20,183,894	16,682,618	11,478,178
Interbank Loans Receivable (Notes 8 and 33)	30,369,881	22,787,194	27,413,929	21,282,167
Securities Held Under Agreements to Resell (Notes 8 and 35)	72,903,359	103,480,119	72,903,359	103,480,119
Trading and Investment Securities				
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 9)	34,652,714	17,920,985	34,643,003	17,770,142
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Note 9)	196,530,773	211,742,783	195,753,685	211,270,334
Investment Securities at Amortized Cost (Note 9)	127,319,342	112,422,382	126,763,609	112,040,395
Loans and Receivables (Notes 10 and 33)	740,017,745	636,819,625	725,029,742	622,392,170
Property and Equipment (Note 11)	10,092,679	10,195,539	9,283,437	9,372,895
Investments in Subsidiaries and an Associate (Note 12)	3,588,781	3,446,613	22,194,377	21,630,204
Investment Properties (Note 13)	16,957,283	15,964,267	16,632,647	15,544,917
Deferred Tax Assets (Note 30)	7,408,396	7,460,676	7,414,909	7,478,726
Intangible Assets (Note 14)	909,363	1,084,955	828,580	1,007,460
Goodwill (Note 14)	10,184,843	10,184,843	10,325,201	10,325,201
Other Assets (Note 15)	9,669,116	8,150,629	9,093,767	7,533,619
TOTAL ASSETS	₱1,374,833,853	₱1,257,610,853	₱1,364,276,497	₱1,248,257,101
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 17 and 33)				
Demand	₱242,739,639	₱244,369,119	₱242,461,970	₱244,265,215
Savings	558,157,549	575,335,527	556,821,709	574,238,560
Time	260,306,182	147,368,732	256,331,944	144,142,631
Long Term Negotiable Certificates	–	4,598,770	–	4,598,770
	1,061,203,370	971,672,148	1,055,615,623	967,245,176
Financial Liabilities at FVTPL (Notes 18, 23 and 35)	285,562	924,053	285,562	921,693
Bills and Acceptances Payable (Notes 19, 33 and 35)	10,742,748	20,208,451	10,742,748	20,208,451
Lease Liabilities (Notes 29 and 33)	3,372,649	3,808,997	3,249,446	3,722,719
Accrued Taxes, Interest and Other Expenses (Note 20)	9,303,982	8,798,553	9,093,329	8,582,094
Bonds Payable (Note 21)	33,278,399	17,304,421	33,278,399	17,304,421
Income Tax Payable	156,299	159,233	79,377	76,516
Other Liabilities (Note 22)	16,211,043	18,106,056	15,300,627	17,071,589
	1,134,554,052	1,040,981,912	1,127,645,111	1,035,132,659
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital Stock (Note 25)	61,030,594	61,030,594	61,030,594	61,030,594
Capital Paid in Excess of Par Value (Note 25)	32,116,560	32,116,560	32,106,560	32,106,560
Surplus Reserves (Notes 10, 25 and 32)	5,170,727	4,967,037	5,170,727	4,967,037
Surplus (Note 25)	134,605,261	113,663,851	134,765,002	113,823,592
Net Unrealized Gains on Financial Assets at FVOCI (Notes 9 and 33)	1,020,513	142,134	1,020,513	142,134
Remeasurement Losses on Retirement Plan (Note 28)	(2,176,164)	(2,655,218)	(2,176,164)	(2,655,218)
Accumulated Translation Adjustment (Note 25)	3,412,179	2,357,844	3,412,179	2,357,844
Other Equity Reserves (Notes 12 and 25)	1,189,003	1,189,003	1,330,690	1,330,690
Share in Aggregate Reserves (Losses) on Life Insurance Policies (Note 12)	(28,715)	21,209	(28,715)	21,209
Other Equity Adjustment	13,959	13,959	–	–
	236,353,917	212,846,973	236,631,386	213,124,442
NON-CONTROLLING INTERESTS (Note 12)	3,925,884	3,781,968	–	–
	240,279,801	216,628,941	236,631,386	213,124,442
TOTAL LIABILITIES AND EQUITY	₱1,374,833,853	₱1,257,610,853	₱1,364,276,497	₱1,248,257,101

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF INCOME

(In Thousands, Except Earnings per Share)

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
INTEREST INCOME ON						
Loans and receivables (Notes 10 and 33)	₱45,845,171	₱43,803,454	₱40,757,927	₱45,111,844	₱43,035,508	₱40,119,733
Investment securities at amortized cost and FVOCI (Note 9)	17,346,360	16,777,707	12,608,170	17,258,906	16,733,356	12,560,530
Interbank loans receivable and securities held under agreements to resell (Note 8)	4,607,759	4,644,161	3,368,565	4,540,921	4,564,414	3,360,981
Deposits with banks and others (Notes 7, 12 and 33)	938,567	1,637,256	2,607,973	688,126	1,335,615	2,252,437
Financial assets at FVTPL (Note 9)	942,198	596,012	251,894	938,262	587,577	243,483
	69,680,055	67,458,590	59,594,529	68,538,059	66,256,470	58,537,164
INTEREST EXPENSE ON						
Deposit liabilities (Notes 17 and 33)	15,618,161	16,429,535	13,005,646	15,576,956	16,400,951	12,971,817
Bonds payable (Note 21)	894,095	1,237,647	1,660,193	894,095	1,237,647	1,660,193
Bills payable and other borrowings (Notes 19, 29 and 33)	621,349	450,938	335,847	614,464	447,107	319,588
	17,133,605	18,118,120	15,001,686	17,085,515	18,085,705	14,951,598
NET INTEREST INCOME	52,546,450	49,340,470	44,592,843	51,452,544	48,170,765	43,585,566
Service fees and commission income (Notes 26 and 33)	7,532,179	6,961,870	6,591,256	6,759,869	6,238,388	5,754,883
Service fees and commission expense	1,700,737	1,447,236	1,266,613	1,600,228	1,336,278	1,150,389
NET SERVICE FEES AND COMMISSION INCOME	5,831,442	5,514,634	5,324,643	5,159,641	4,902,110	4,604,494
OTHER OPERATING INCOME						
Net gains on sale or exchange of assets (Note 26)	2,413,348	1,995,042	4,541,567	2,409,125	1,991,310	4,621,894
Foreign exchange gains - net (Note 23)	1,153,652	1,169,286	1,367,409	1,104,312	961,949	1,149,699
Trading and investment securities gains - net (Notes 9 and 33)	1,856,953	647,580	394,103	1,855,235	646,118	394,755
Equity in net earnings of subsidiaries and an associate (Note 12)	496,001	419,505	268,093	699,557	831,256	560,393
Miscellaneous (Note 27)	981,198	688,971	871,394	887,042	500,029	624,907
TOTAL OTHER OPERATING INCOME	6,901,152	4,920,384	7,442,566	6,955,271	4,930,662	7,351,648
TOTAL OPERATING INCOME	65,279,044	59,775,488	57,360,052	63,567,456	58,003,537	55,541,708
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 16)	1,656,282	3,868,111	5,923,054	1,490,255	3,782,256	5,700,264
IMPAIRMENT IN VALUE OF GOODWILL (Note 14)	-	-	1,036,567	-	-	1,036,567
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 25, 28 and 33)	11,754,338	10,668,601	10,464,071	10,980,734	9,902,026	9,709,419
Taxes and licenses (Note 30)	5,783,874	5,230,401	4,852,190	5,739,010	5,186,919	4,778,102
Depreciation and amortization (Note 11)	3,450,564	3,659,014	3,976,069	3,345,144	3,548,348	3,720,234
Occupancy and equipment-related costs (Note 29)	1,124,285	1,117,892	916,735	988,051	973,739	797,259
Miscellaneous (Note 27)	9,334,737	8,953,772	8,218,171	9,042,150	8,677,415	7,948,947
TOTAL OPERATING EXPENSES	31,447,798	29,629,680	28,427,236	30,095,089	28,288,447	26,953,961
INCOME BEFORE INCOME TAX	32,174,964	26,277,697	21,973,195	31,982,112	25,932,834	21,850,916
PROVISION FOR INCOME TAX (Note 30)	6,833,202	5,099,732	4,007,375	6,726,950	4,896,173	3,847,968
NET INCOME	₱25,341,762	₱21,177,965	₱17,965,820	₱25,255,162	₱21,036,661	₱18,002,948
ATTRIBUTABLE TO:						
Equity Holders of the Parent Company (Note 31)	₱25,255,162	₱21,052,896	₱17,979,257			
Non-controlling Interests	86,600	125,069	(13,437)			
	₱25,341,762	₱21,177,965	₱17,965,820			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)	₱16.55	₱13.80	₱11.78	₱16.55	₱13.79	₱11.80

See accompanying Notes to Financial Statements.



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

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
NET INCOME	₱25,341,762	₱21,177,965	₱17,965,820	₱25,255,162	₱21,036,661	₱18,002,948
OTHER COMPREHENSIVE INCOME (LOSS)						
<i>Items that recycle to profit or loss in subsequent periods:</i>						
Net change in unrealized gains on debt securities at FVOCI, net of tax (Note 9)	658,280	1,479,784	2,505,660	657,901	1,479,801	2,485,994
Share in changes in net unrealized gains (losses) on financial assets at FVOCI of subsidiaries and an associate (Notes 9 and 12)	29,026	(49,895)	362,392	29,405	(35,694)	382,058
	687,306	1,429,889	2,868,052	687,306	1,444,107	2,868,052
Accumulated translation adjustment	1,115,197	514,591	(341,822)	430,366	(44,871)	(109,124)
Share in changes in accumulated translation adjustment of subsidiaries and an associate (Note 12)	—	—	—	623,969	403,047	(205,655)
	1,802,503	1,944,480	2,526,230	1,741,641	1,802,283	2,553,273
<i>Items that do not recycle to profit or loss in subsequent periods:</i>						
Net change in unrealized gains on equity securities at FVOCI (Note 9)	292,122	1,336,767	1,368,570	292,122	1,322,549	1,368,570
Remeasurement gains (losses) on retirement plan (Note 28)	468,988	84,068	(493,906)	474,889	83,262	(512,517)
Share in changes in aggregate losses on life insurance policies (Note 12)	(49,924)	(3,037)	(111,850)	(49,924)	(3,037)	(111,850)
Share in changes in remeasurement gains (losses) of subsidiaries and an associate (Note 12)	10,066	3,417	(8,275)	4,165	(9,938)	6,920
	721,252	1,421,215	754,539	721,252	1,392,836	751,123
OTHER COMPREHENSIVE INCOME, NET OF TAX	2,523,755	3,365,695	3,280,769	2,462,893	3,195,119	3,304,396
TOTAL COMPREHENSIVE INCOME	₱27,865,517	₱24,543,660	₱21,246,589	₱27,718,055	₱24,231,780	₱21,307,344
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	₱27,718,055	₱24,266,891	₱21,283,653			
Non-controlling interests	147,462	276,769	(37,064)			
	₱27,865,517	₱24,543,660	₱21,246,589			

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

Consolidated

	Capital Stock (Note 25)	Capital Paid in Excess of Par Value (Note 25)	Surplus Reserves (Notes 10, 25 and 32)	Surplus (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	Remeasurement Losses on Retirement Plan (Note 28)	Accumulated Translation Adjustment (Note 25)	Other Equity Reserves (Notes 12 and 25)	Share in Aggregate Reserves (Losses) on Life Insurance Policies (Note 12)	Other Equity Adjustment	Total	Non- controlling Interests (Note 12)	Total Equity
Balance at January 1, 2025	₱61,030,594	₱32,116,560	₱4,967,037	₱113,663,851	₱142,134	(₱2,655,218)	₱2,357,844	₱1,189,003	₱21,209	₱13,959	₱212,846,973	₱3,781,968	₱216,628,941
Total comprehensive income (loss) for the year	-	-	-	25,255,162	979,428	479,054	1,054,335	-	(49,924)	-	27,718,055	147,462	27,865,517
Dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,546)	(3,546)
Sale and redemption of FVOCI equity securities	-	-	-	101,049	(101,049)	-	-	-	-	-	-	-	-
Declaration of cash dividends (Note 25)	-	-	-	(4,211,111)	-	-	-	-	-	-	(4,211,111)	-	(4,211,111)
Transfer to surplus reserves (Notes 10, 25 and 32)	-	-	203,690	(203,690)	-	-	-	-	-	-	-	-	-
Balance at December 31, 2025	₱61,030,594	₱32,116,560	₱5,170,727	₱134,605,261	₱1,020,513	(₱2,176,164)	₱3,412,179	₱1,189,003	(₱28,715)	₱13,959	₱236,353,917	₱3,925,884	₱240,279,801
Balance at January 1, 2024	₱61,030,594	₱32,116,560	₱4,677,930	₱91,979,317	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱248,830	₱24,246	₱13,959	₱187,639,909	₱3,508,745	₱191,148,654
Total comprehensive income (loss) for the year	-	-	-	21,052,896	2,766,656	92,200	358,176	-	(3,037)	-	24,266,891	276,769	24,543,660
Share swap transaction (Notes 9 and 25)	-	-	-	894,900	(894,900)	-	-	940,173	-	-	940,173	-	940,173
Transfer to surplus reserves (Notes 10, 25 and 32)	-	-	289,107	(289,107)	-	-	-	-	-	-	-	-	-
Transfer of remeasurement gains on retirement plan of a subsidiary	-	-	-	18,876	-	(18,876)	-	-	-	-	-	-	-
Sale of FVOCI equity securities	-	-	-	6,969	(6,969)	-	-	-	-	-	-	-	-
Declaration of dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,546)	(3,546)
Balance at December 31, 2024	₱61,030,594	₱32,116,560	₱4,967,037	₱113,663,851	₱142,134	(₱2,655,218)	₱2,357,844	₱1,189,003	₱21,209	₱13,959	₱212,846,973	₱3,781,968	₱216,628,941
Balance at January 1, 2023	₱61,030,594	₱32,116,560	₱4,929,242	₱73,748,748	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱248,830	₱136,096	₱13,959	₱166,356,256	₱3,549,378	₱169,905,634
Total comprehensive income (loss) for the year	-	-	-	17,979,257	4,236,622	(505,597)	(314,779)	-	(111,850)	-	21,283,653	(37,064)	21,246,589
Transfer to surplus reserves (Notes 10, 25 and 32)	-	-	(251,312)	251,312	-	-	-	-	-	-	-	-	-
Declaration of dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,569)	(3,569)
Balance at December 31, 2023	₱61,030,594	₱32,116,560	₱4,677,930	₱91,979,317	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱248,830	₱24,246	₱13,959	₱187,639,909	₱3,508,745	₱191,148,654



Parent Company

	Capital Stock (Note 25)	Capital Paid in Excess of Par Value (Note 25)	Surplus Reserves (Notes 10, 25 and 32)	Surplus (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	Remeasurement Losses on Retirement Plan (Note 28)	Accumulated Translation Adjustment (Note 25)	Other Equity Reserves (Notes 12 and 25)	Share in Aggregate Reserves (Losses) on Life Insurance Policies (Note 12)	Total Equity
Balance at January 1, 2025	₱61,030,594	₱32,106,560	₱4,967,037	₱113,823,592	₱142,134	(₱2,655,218)	₱2,357,844	₱1,330,690	₱21,209	₱213,124,442
Total comprehensive income (loss) for the year	–	–	–	25,255,162	979,428	479,054	1,054,335	–	(49,924)	27,718,055
Sale and redemption of FVOCI equity securities	–	–	–	101,049	(101,049)	–	–	–	–	–
Declaration of cash dividends (Note 25)	–	–	–	(4,211,111)	–	–	–	–	–	(4,211,111)
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	203,690	(203,690)	–	–	–	–	–	–
Balance at December 31, 2025	₱61,030,594	₱32,106,560	₱5,170,727	₱134,765,002	₱1,020,513	(₱2,176,164)	₱3,412,179	₱1,330,690	(₱28,715)	₱236,631,386
Balance at January 1, 2024	₱61,030,594	₱32,106,560	₱4,677,930	₱92,174,169	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱390,517	₱24,246	₱187,952,489
Total comprehensive income (loss) for the year	–	–	–	21,036,661	2,766,656	73,324	358,176	–	(3,037)	24,231,780
Share swap transaction (Notes 9 and 25)	–	–	–	894,900	(894,900)	–	–	940,173	–	940,173
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	289,107	(289,107)	–	–	–	–	–	–
Sale of FVOCI equity securities	–	–	–	6,969	(6,969)	–	–	–	–	–
Balance at December 31, 2024	₱61,030,594	₱32,106,560	₱4,967,037	₱113,823,592	₱142,134	(₱2,655,218)	₱2,357,844	₱1,330,690	₱21,209	₱213,124,442
Balance at January 1, 2023	₱61,030,594	₱32,106,560	₱4,929,242	₱73,919,909	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱390,517	₱136,096	₱166,645,145
Total comprehensive income (loss) for the year	–	–	–	18,002,948	4,236,622	(505,597)	(314,779)	–	(111,850)	21,307,344
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(251,312)	251,312	–	–	–	–	–	–
Balance at December 31, 2023	₱61,030,594	₱32,106,560	₱4,677,930	₱92,174,169	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱390,517	₱24,246	₱187,952,489

See accompanying Notes to Financial Statements.



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

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱32,174,964	₱26,277,697	₱21,973,195	₱31,982,112	₱25,932,834	₱21,850,916
Adjustments for:						
Amortization of premium (discount) on investment securities	6,340,238	(4,084,207)	(2,888,201)	6,341,794	(4,078,854)	(2,891,341)
Depreciation and amortization (Note 11)	3,450,564	3,659,014	3,976,069	3,345,144	3,548,348	3,720,234
Net gains on sale or exchange of assets (Note 26)	(2,413,348)	(1,995,042)	(4,541,567)	(2,409,125)	(1,991,310)	(4,621,894)
Provision for impairment, credit and other losses (Note 16)	1,656,282	3,868,111	5,923,054	1,490,255	3,782,256	5,700,264
Equity in net earnings of subsidiaries and an associate (Note 12)	(496,001)	(419,505)	(268,093)	(699,557)	(831,256)	(560,393)
Impairment in value of goodwill (Note 14)	–	–	1,036,567	–	–	1,036,567
Unrealized foreign exchange losses (gains) on bonds, bills and acceptances payable	321,762	1,520,650	(209,842)	321,763	1,520,650	(209,842)
Net gains on financial assets at FVTPL (Note 9)	(299,810)	(647,529)	(399,339)	(298,856)	(646,118)	(400,113)
Amortization of transaction costs on borrowings (Notes 17 and 21)	241,523	55,568	90,011	241,523	55,568	90,011
Net losses (gains) on financial assets at FVOCI and investment securities at amortized cost (Note 9)	(1,557,143)	(51)	5,236	(1,556,379)	–	5,358
Changes in operating assets and liabilities:						
Decrease (increase) in amounts of:						
Interbank loan receivable (Note 8)	(302,446)	1,753,121	1,828,975	916,186	1,767,496	2,407,631
Financial assets at FVTPL	(16,431,920)	(6,756,591)	(2,770,324)	(16,574,004)	(6,760,765)	(2,767,461)
Loans and receivables	(105,898,105)	(24,950,769)	(31,932,808)	(105,171,326)	(24,989,443)	(32,024,821)
Other assets	(2,974,971)	(3,692,159)	(2,608,270)	(3,755,062)	(4,350,333)	(2,505,688)
Increase (decrease) in amounts of:						
Financial liabilities at FVTPL	(638,490)	368,241	(483,965)	(636,131)	365,882	(483,965)
Deposit liabilities	94,129,994	51,906,002	56,719,665	92,969,218	52,667,865	56,128,172
Accrued taxes, interest and other expenses	774,316	(1,484,782)	1,435,027	757,530	(1,323,623)	1,623,234
Other liabilities	(1,432,885)	3,424,027	(1,584,110)	(1,302,071)	3,572,811	(1,053,706)
Net cash generated from operations	6,644,524	48,801,796	45,301,280	5,963,014	48,242,008	45,043,163
Income taxes paid	(4,306,362)	(4,143,625)	(3,919,287)	(4,187,675)	(3,989,317)	(3,826,112)
Net cash provided by operating activities	2,338,162	44,658,171	41,381,993	1,775,339	44,252,691	41,217,051
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from:						
Disposal/maturities of financial assets at FVOCI	591,273,048	766,333,935	562,251,372	587,663,967	765,428,317	561,071,652
Maturities/early redemptions of investment securities at amortized cost	17,447,247	33,710,884	64,078,361	17,603,337	33,622,909	61,007,188
Disposal of investment properties	2,504,070	900,394	4,875,072	2,497,524	894,685	4,636,731
Disposal of property and equipment	156,190	166,638	1,295,493	94,686	147,322	1,022,920
Cash dividends from a subsidiary (Note 12)	–	–	–	400,000	–	448,900
Return of investment (Note 12)	343,000	122,500	–	343,000	122,500	–
Acquisitions of:						
Financial assets at FVOCI	(580,339,387)	(804,940,569)	(562,081,002)	(576,405,814)	(804,003,310)	(561,446,524)
Investment securities at amortized cost	(32,630,610)	(23,674,291)	(76,625,183)	(32,630,610)	(23,674,291)	(73,223,330)
Software (Note 14)	(983,808)	(946,940)	(598,969)	(969,456)	(943,546)	(597,165)
Property and equipment (Note 11)	(750,179)	(445,446)	(419,859)	(720,926)	(435,986)	(407,645)
Net cash used in investing activities	(2,980,429)	(28,772,895)	(7,224,715)	(2,124,292)	(28,841,400)	(7,487,273)

(Forward)



	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES						
Settlement of bills and acceptances payable	(P337,675,520)	(P209,254,316)	(P136,027,137)	(P337,675,520)	(P209,254,316)	(P134,014,712)
Proceeds from issuances of bills and acceptances payable	327,939,661	209,632,516	140,964,503	327,939,661	209,632,516	140,044,415
Payment of principal portion of lease liabilities (Note 29)	(1,510,025)	(1,127,583)	(1,314,516)	(1,447,467)	(1,052,523)	(1,232,928)
Settlement of LTNCD (Note 17)	(4,600,000)	(8,220,000)	–	(4,600,000)	(8,220,000)	–
Proceeds from issuance of bonds payable (Note 21)	15,682,078	17,303,959	–	15,682,078	17,303,959	–
Settlement of bonds payable (Note 21)	–	(43,383,750)	(16,560,000)	–	(43,383,750)	(16,560,000)
Cash dividends paid (Note 25)	(4,211,111)	–	–	(4,211,111)	–	–
Net cash used in financing activities	(4,374,917)	(35,049,174)	(12,937,150)	(4,312,359)	(34,974,114)	(11,763,225)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(5,017,184)	(19,163,898)	21,220,128	(4,661,312)	(19,562,823)	21,966,553
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	20,638,033	21,151,391	22,217,915	20,522,258	21,052,526	22,103,095
Due from Bangko Sentral ng Pilipinas	55,128,316	95,410,350	94,701,360	55,128,316	95,410,350	94,701,360
Due from other banks	20,183,894	21,243,856	26,010,183	11,478,178	13,626,624	17,599,374
Interbank loans receivable (Note 8)	19,861,641	30,955,766	9,782,452	19,547,264	29,934,920	8,824,713
Securities held under agreements to resell	103,480,119	69,694,538	64,523,863	103,480,119	69,694,538	64,523,863
	219,292,003	238,455,901	217,235,773	210,156,135	229,718,958	207,752,405
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	20,868,793	20,638,033	21,151,391	20,784,084	20,522,258	21,052,526
Due from Bangko Sentral ng Pilipinas	68,529,550	55,128,316	95,410,350	68,529,550	55,128,316	95,410,350
Due from other banks	24,831,235	20,183,894	21,243,856	16,682,618	11,478,178	13,626,624
Interbank loans receivable (Note 8)	27,141,882	19,861,641	30,955,766	26,595,212	19,547,264	29,934,920
Securities held under agreements to resell	72,903,359	103,480,119	69,694,538	72,903,359	103,480,119	69,694,538
	P214,274,819	P219,292,003	P238,455,901	P205,494,823	P210,156,135	P229,718,958
OPERATIONAL CASH FLOWS FROM INTEREST						
Interest paid	P16,416,744	P18,168,830	P13,298,198	P16,376,138	P18,120,709	P13,269,068
Interest received	74,748,246	62,770,452	55,438,281	73,588,365	61,559,767	54,445,224

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousand Pesos except When Otherwise Indicated)

1. Corporate Information

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

	2025	2024
LT Group, Inc. (LTG) (indirect ownership through its various holding companies)	59.83%	59.83%
PCD Nominee Corporation*	13.15%	14.35%
Other stockholders owning less than 10% each	27.02%	25.82%
	100.00%	100.00%

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

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

The Parent Company provides a full range of banking and other financial services, which include deposit-taking, lending, bills discounting, trade finance, foreign exchange dealings, treasury operations, wealth management, fund transfers, remittance and trust services. The Parent Company operates through 635 and 631 domestic branches as of December 31, 2025 and 2024, respectively. The increase reflects ongoing branch network optimization initiatives, including selective consolidations alongside targeted expansions to strengthen customer reach through both physical and digital channels. As of the same dates, the Parent Company has 67 and 71 overseas branches, respectively, representative offices, remittance centers and subsidiaries in 17 locations in Asia, North America and Europe.

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

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

2. Summary of Material Accounting Policies

2.1 Basis of Preparation of the Financial Statements

The Group prepared the accompanying financial statements on a historical cost basis, except for the following accounts which are measured at fair value:

- financial assets and liabilities at fair value through profit or loss (FVTPL); and
- financial assets at fair value through other comprehensive income (FVOCI).

The financial statements of the Parent Company which include its Head Office in Pasay City, Philippines, and all of its domestic and foreign branches, reflect the accounts maintained in its Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine pesos (₱ or PHP) and United States Dollar (USD), respectively. The



individual financial statements of these units are combined and any inter-unit accounts and transactions are eliminated. The presentation currency is the PHP.

The Group presents the amounts in the financial statements to the nearest thousand pesos (₱000), unless otherwise stated.

2.2 Statement of Compliance

The Group prepared these financial statements in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards include all applicable PFRS Accounting Standards, Philippine Accounting Standards (PAS) and interpretations as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the Philippine Securities and Exchange Commission (SEC).

2.3 Presentation of the Financial Statements

The Group presents the statements of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 24.

The Group generally presents financial assets and financial liabilities at their gross amounts in the statement of financial position, unless the offsetting criteria under PFRS Accounting Standards are met. The Group does not also set off items of income and expenses, unless offsetting is required or permitted by PFRS Accounting Standards, or is specifically disclosed in the Group's accounting policies.

The Group presents its consolidated financial statements and parent company financial statements side-by-side to comply with the requirements of the Bangko Sentral ng Pilipinas (BSP).

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The financial statements of the subsidiaries are prepared on the same reporting period as the Parent Company using consistent accounting policies. In the consolidation, the Group eliminates in full all significant intra-group balances, transactions, and results of intra-group transactions.

The Group consolidates its subsidiaries from the date on which the Group obtains control over the subsidiary (see definition of 'control' in *2.12 Investments in Subsidiaries, Associates and Joint Ventures*). For partially-owned subsidiaries, the Group attributes the subsidiary's income, expenses and components of other comprehensive income (OCI) to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in deficit balances of the NCI. NCI represents the portion of profit or loss and the net assets not held by the Group, which are presented separately in the consolidated financial statements. NCI consists of the amount attributed to such interest from the date of business combination and its share in any changes in equity of the subsidiary.

When the Group's ownership interest in a subsidiary changes but does not result in a loss of control, the Group adjusts the carrying amounts of the controlling interests and the NCI to their new relative interests in the subsidiary. The Group recognizes any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received directly in equity as 'Other equity reserves', which is attributed to the owners of the Parent Company.



Consolidation of a subsidiary ceases when the Group loses control over the subsidiary. In such circumstances, the Group derecognizes the assets (including goodwill), liabilities, NCI, and other components of equity of the subsidiary, and recognizes the consideration received and any investment retained at their fair values. The Group records any resulting difference in the statement of income as ‘Gain on loss of control of subsidiaries - net’.

2.5 Foreign Currency Translation

For financial reporting purposes, the Group translates all accounts in the FCDU books and foreign currency-denominated accounts in the RBU books into their equivalents in Philippine pesos. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency.

2.5.1 Transactions and Balances

As at reporting date, the Group translates the following foreign currency-denominated accounts in the RBU in Philippine peso using:

Financial statement accounts in RBU	Exchange rate
Monetary assets and liabilities	Bankers Association of the Philippines (BAP) closing rate and BSP published rate at end of year and
Income and expenses	Rate prevailing at transaction date
Non-monetary items measured at historical cost in a foreign currency	Rate at the date of initial transaction
Non-monetary items measured at fair value in a foreign currency	Rate at the date when fair value is determined

The Group recognizes in the statement of income any foreign exchange differences arising from revaluation of monetary assets and liabilities. For non-monetary items measured at fair values, the Group recognizes any foreign exchange differences arising from revaluation in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

2.5.2 FCDU and Overseas Branches and Subsidiaries

As at the reporting date, the Group translates the assets and liabilities of the FCDU and overseas branches and subsidiaries in Philippine peso at the BAP closing rate prevailing at the reporting date, and their income and expenses at the average exchange rate for the year. Foreign exchange differences arising on translation are taken directly to OCI under ‘Accumulated translation adjustment’. Upon disposal of a foreign entity or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in OCI relating to the particular foreign operation is recognized in the statement of income.



2.6 Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new pronouncements effective as at January 1, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements.

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

2.7 Business Combinations

The Group accounts for business combinations using the acquisition method. Under this method, the Group measures the acquisition cost as the aggregate of the acquisition-date fair value of the consideration transferred and any amount of NCI in the acquiree. The Group then allocates that cost to the acquired identifiable assets and liabilities based on their respective fair values. Any excess acquisition cost over the fair value of the net assets acquired is allocated to goodwill (see related accounting policy under 2.13.3 *Intangible Assets*). If the fair value of the net assets acquired exceeds the acquisition cost, the gain is recognized in the statement of income. The Group recognizes any acquisition-related costs as administrative expenses as they are incurred. The Group also recognizes any contingent consideration to be transferred by the acquirer at its fair value at the acquisition date.

In business combinations involving entities under common control, the Group determines whether or not the business combination has commercial substance. When there is commercial substance, the Group accounts for the transaction using the acquisition method as discussed above. Otherwise, the Group accounts for the transaction similar to a pooling of interests (i.e., the assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values, and any resulting difference with the fair value of the consideration given is accounted for as an equity transaction).

2.8 Fair Value Measurement

Fair value is the price that the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value measurement is based on the presumption that these transactions take place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The Group measures the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. If an asset or a liability measured at fair value has both bid and ask prices, the Group uses the price within the bid-ask spread, which is the most representative of fair value in the circumstances.

For nonfinancial assets, the Group measures their fair value considering a market participant's ability to generate economic benefits by using an asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described in Note 5, based on the lowest level input that is significant to the fair value measurement as a whole.

2.9 'Day 1' Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income, except when transactions involve parties under common control. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount. 'Day 1' difference arising from transactions involving parties under common control are accounted for as equity transactions.

2.10 Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items (COCI), amounts due from BSP and other banks, interbank loans receivable and securities held under agreements to resell that are convertible to known amounts of cash, with original maturities of three months or less from dates of placements and that are subject to an insignificant risk of changes in fair value. Due from BSP includes statutory reserves required by the BSP, which the Group considers as cash equivalents wherein drawings can be made to meet cash requirements.

2.11 Financial Instruments

2.11.1 Initial Recognition of Financial Instruments

The Group recognizes purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace on settlement date (i.e., the date that an asset is delivered to or by the Group), while derivatives are recognized on trade date (i.e., the date that the Group commits to purchase or sell). The Group recognizes deposits, amounts due to banks and customers and loans when cash is received by the Group or advanced to the borrowers.

All financial instruments are initially recognized at fair value. Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

2.11.2 Classification and Subsequent Measurement of Financial Instruments

The Group classifies and measures financial assets at FVTPL unless these are measured at FVOCI or at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing those financial assets.



The Group first assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test ('solely payments of principal and interest' or SPPI test). For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium or discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than insignificant exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL.

Only financial assets that pass the SPPI test are eligible to be measured at FVOCI or at amortized cost.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

For financial liabilities, the Group classifies them as either financial liabilities at FVTPL or financial liabilities at amortized cost.

Financial assets at FVTPL

Financial assets at FVTPL include the following:

- Financial assets held for trading – those acquired for the purpose of selling or repurchasing in the near term;
- Derivative instruments – contracts entered into by the Group (such as currency forwards, currency swaps and interest rate swaps and warrants) as a service to customers and as a means of reducing or managing their respective financial risk exposures, as well as for trading purposes;
- Financial assets that are not SPPI, irrespective of the business model; or
- Debt financial assets designated upon initial recognition at FVTPL – those assets where the Group applied the fair value option at initial recognition if doing so eliminates or significantly reduces an accounting mismatch.

The Group carries financial assets at FVTPL in the statement of financial position at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group recognizes any gains or losses arising from changes in fair values of financial assets at FVTPL directly in the statement of income under 'Trading and investment securities gains (losses) - net', except for currency forwards and currency swaps, where fair value changes are included under 'Foreign exchange gains - net'.

Financial assets at FVOCI

Financial assets at FVOCI include debt and equity securities, which are subsequently measured at fair value. The Group recognizes the unrealized gains and losses arising from the fair valuation of financial assets at FVOCI, net of tax, in the statement of comprehensive income as 'Net change in unrealized gains (losses) on debt securities at FVOCI'.

Debt securities at FVOCI are those that meet both of the following conditions:

- the asset is held within a business model whose objective is to hold the financial asset in order to both collect contractual cash flows and sell the financial asset; and



- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

The Group reports the effective yield component of debt securities at FVOCI, as well as the impact of restatement on foreign currency-denominated debt securities at FVOCI, in the statement of income. When the debt securities at FVOCI are disposed of, the cumulative gains or losses previously recognized in OCI is recognized as 'Trading and investment securities gains (losses) - net' in the statement of income. The Group recognizes the expected credit losses (ECL) arising from impairment of such financial assets in OCI with a corresponding charge to 'Provision for impairment, credit and other losses' in the statement of income (see related accounting policy under *2.11.5 Impairment of Financial Assets*).

Equity securities designated at FVOCI are those that the Group made an irrevocable election at initial recognition to present in OCI the subsequent changes in fair value. The Group recognizes the dividends earned on holding the equity securities at FVOCI in the statement of income when the right to payment has been established. Gains and losses on disposal of these equity securities at FVOCI are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the OCI is reclassified to 'Surplus' or any other appropriate equity account upon disposal. The Group does not subject equity securities at FVOCI to impairment assessment.

Financial assets at amortized cost

Financial assets at amortized cost are debt financial assets that meet both of the following conditions:

- the asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

This accounting policy relates to the statement of financial position captions 'Due from Bangko Sentral ng Pilipinas', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', 'Investment securities at amortized cost', and 'Loans and receivables'.

The Group subsequently measures financial assets at amortized cost using the effective interest method of amortization, less allowance for credit losses. The Group includes the amortization in 'Interest income', and the ECL arising from impairment of such financial assets in 'Provision for impairment, credit and other losses' in the statement of income (see related accounting policy under *2.11.5 Impairment of Financial Assets*).

Financial liabilities at FVTPL

These are recorded in the statements of financial position at fair value with changes in fair value recognized in 'Trading and securities gain/(loss) - net', with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in OCI and do not get recycled to the statement of income. Interest incurred is accrued in 'Interest expense' using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of the instrument.

Financial liabilities at amortized cost

The Group classifies issued financial instruments or their components which are not designated at FVTPL, as financial liabilities at amortized cost under 'Deposit liabilities', 'Bills and acceptances payable', 'Bonds payable' or other appropriate financial liability accounts. The substance of the contractual arrangement for these instruments results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity



shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Group capitalizes the costs incurred in connection with the issuance of debt securities (other than those designated at FVTPL) and amortizes over the terms of the instruments using EIR. The Group includes any unamortized debt issuance costs in the carrying value of the related debt instruments in the statement of financial position.

The Group subsequently measures financial liabilities at amortized cost using the EIR.

Repurchase and reverse repurchase agreements

The Group does not derecognize from the statement of financial position securities sold under agreements to repurchase at a specified future date ('repos'). Instead, the Group recognizes the corresponding cash received, including accrued interest, as a loan to the Group, reflecting the economic substance of such transaction.

Conversely, the Group does not recognize securities purchased under agreements to resell at a specified future date ('reverse repos'). The Group is not permitted to sell or repledge the securities in the absence of default by the owner of the collateral. The Group recognizes the corresponding cash paid, including accrued interest, as a loan to the counterparty. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the EIR.

2.11.3 Reclassification of Financial Instruments

Subsequent to initial recognition, the Group may reclassify its financial assets only when there is a change in the business models for managing these financial assets. Reclassification of financial liabilities is not allowed.

2.11.4 Derecognition of Financial Instruments

Financial Assets

The Group derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred control over the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the Group recognizes the asset only to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing recovery. If a write-off is later recovered, any amounts formerly charged are credited to 'Recoveries' under 'Miscellaneous Income' in the statements of income.

Financial liabilities

The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the Group treats such an exchange or modification as a derecognition of the original liability and recognition of a new liability, and Group recognizes the difference in the respective carrying amounts in the statement of income.

2.11.5 Impairment of Financial Assets

ECL methodology

The Group's loss impairment method on financial instruments applies a forward-looking ECL approach, which covers all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The ECL allowance is based on the credit losses expected to arise on a 12-month duration if there has been no significant increase in credit risk (SICR) of the financial instrument since origination (12-month ECL). Otherwise, if an SICR is observed, then the Group extends its ECL estimation until the end of the life of the financial instrument (Lifetime ECL). Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Staging assessment

The Group categorizes financial instruments subject to the ECL methodology into three stages:

- Stage 1 – comprised of all non-impaired financial instruments which have not experienced an SICR since initial recognition. The Group recognizes 12-month ECL for Stage 1 financial instruments.
- Stage 2 – comprised of all non-impaired financial instruments which have experienced an SICR since initial recognition. The Group recognizes Lifetime ECL for Stage 2 financial instruments.
- Stage 3 – comprised of financial instruments which have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on their estimated future cash flows. The Group recognizes Lifetime ECL for Stage 3 (credit-impaired) financial instruments.

Definition of "default" and "cure"

The Group considers default to have occurred when:

- the obligor is past due for more than 90 days on any material credit obligation to the Group; or
- the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing collateral, as applicable.

The Group no longer considers an instrument to be in default when it no longer meets any of the default criteria and has exhibited satisfactory and acceptable track record for six consecutive payment periods, subject to applicable rules and regulations of the BSP.

Determining SICR

At each reporting date, the Group assesses whether the credit risk on a loan or credit exposure has increased significantly since initial recognition. The Group's assessment of SICR involves looking at both the qualitative and quantitative elements, as well as if the loan or credit exposure is unpaid for at least 30 days ("backstop").



The Group assesses SICR on loans or credit exposures having potential credit weaknesses based on current and/or forward-looking information that warrant management's close attention. Such weaknesses, if left uncorrected, may affect the repayment of these exposures. The loan or credit exposure also exhibits SICR if there are adverse or foreseen adverse economic or market conditions that may affect the counterparty's ability to meet the scheduled repayments in the future.

The Group looks at the quantitative element through statistical models or credit ratings process or scoring process that captures certain information, which the Group considers as relevant in assessing changes in credit risk. The Group also looks at the number of notches downgrade of credit risk rating (CRR) or certain thresholds for the probabilities of default being generated from statistical models to determine whether SICR has occurred subsequent to initial recognition date.

Transfer between stages

The Group transfers credit exposures from Stage 1 to Stage 2 if there is an SICR from initial recognition date. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer an SICR since initial recognition, then the Group reverts them to Stage 1.

The Group transfers credit exposures from Stage 3 (non-performing) to Stage 1 (performing) when there is sufficient evidence to support their full collection. Such exposures should exhibit both of the following indicators:

- quantitative – characterized by payments made within an observation period; and
- qualitative – pertain to the results of assessment of the borrower's financial capacity.

Generally, the Group considers that full collection is probable when payments of interest and/or principal are received for at least six months.

Modified or restructured loans and other credit exposures

In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule, which may be provided depending on the borrower's current or expected financial difficulties. Modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date and schedule of periodic payments.

If modifications are considered by the Group as substantial based on qualitative factors, the loan is derecognized as discussed under *2.11.4 Derecognition of Financial Instruments*.

If a loan or credit exposure has been renegotiated or modified without resulting in derecognition, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded, based on the change in cash flows discounted at the loan's original EIR. The Group also assesses whether there has been a SICR by comparing the risk of default at reporting date based on modified terms, and the risk of default at initial recognition date based on original terms.

Derecognition decisions and classification between Stages 2 and 3 are determined on a case-by-case basis.

Purchased or originated credit-impaired loans

The Group considers a loan as credit-impaired on purchase or origination if there is evidence of impairment at the time of initial recognition (i.e., acquired/purchased at a deep discounted price). The Group recognizes the cumulative changes in Lifetime ECL since initial recognition as a loss allowance for purchased or originated credit-impaired loan.



Measurement of ECL

ECLs are generally measured based on the risk of default over one of two different time horizons, depending on whether there has been SICR since initial recognition. ECL calculations are based on the following components:

- Probability of default (PD) – an estimate of the likelihood that a borrower will default on its obligations over the next 12 months for Stage 1 or over the remaining life of the credit exposure for Stages 2 and 3.
- Loss-given-default (LGD) – an estimate of the loss arising in case where default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from any collateral.
- Exposure-at-default (EAD) – an estimate of the exposure at a future/default date taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdown on committed facilities and accrued interest from missed payments.
- Discount rate – represents the rate to be used to discount an expected loss to present value at the reporting date using the original EIR determined at initial recognition.

In measuring ECL, the Group considers forward-looking information depending on the credit exposure. The Group applies experienced credit judgment, which is essential in assessing the soundness of forward-looking information and in ensuring that these are adequately supported. Forward-looking macroeconomic information and scenarios consider:

- factors that may affect the general economic or market conditions in which the Group operates, such as gross domestic product growth rates, foreign exchange rates, inflation rate, among others;
- changes in government policies, rules and regulations, such as adjustments to policy rates;
- other factors pertinent to the Group, including the proper identification and mitigation of risks such as incidences of loan defaults or losses.

The Group also measures ECL by evaluating a range of possible outcomes and using reasonable and supportable pieces of information that are available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.11.6 Financial Guarantees and Undrawn Loan Commitments

The Group gives loan commitments and financial guarantees consisting of letters of credit, letters of guarantees, and acceptances.

Financial guarantees are contracts that require the Group as issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. The Group initially recognizes financial guarantees on trade receivables at fair value under 'Bills and acceptances payable' or 'Other liabilities' in the statement of financial position. Subsequent to initial recognition, the Group measures these financial guarantees at the higher of:

- the initial fair value less any cumulative amount of income or amortization recognized in the statement of income; and
- the ECL determined under PFRS 9.

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer.

The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.



The Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and loan commitments without outstanding drawn amounts is recognized in 'Allowance for credit losses' under 'Loans and receivables'.

2.12 Investments in Subsidiaries, Associates and Joint Ventures

The Group's subsidiaries pertain to investees where the Group demonstrates control. The Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., those existing rights that give the Group the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, such as contractual arrangements with other voting shareholders of the investee, rights arising from other contractual arrangements, or any potential voting rights of the Group.

The Group's associate pertains to the investee over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's joint venture pertains to joint arrangements whereby the Group and other parties have joint control of the arrangement and have rights to the net assets of the arrangement.

The Group accounts for its investments in subsidiaries, associates and joint venture under the equity method of accounting. Under this method, the Group carries the investment in the statement of financial position at cost plus post-acquisition changes in the share in the net assets of the investee less accumulated impairment losses, if any (see related accounting policy under 2.13.5 *Impairment of Nonfinancial Assets*). The Group reflects its share in the results of operations of the investee and any impairment losses in the statement of income. When there has been a change recognized in the investee's OCI, the Group recognizes its share in any changes and discloses this in the statement of comprehensive income. The Group eliminates any profits or losses arising from transactions between the Group and the investee to the extent of the interest of the Group in the investee. Once the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the related OCI recorded in equity and recycles the same to statement of income or 'Surplus';
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the statement of income; and
- Reclassifies the Parent Company's share of components' gains (losses) previously recognized in OCI to profit or loss or surplus, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.



Upon loss of control over a subsidiary or significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any resulting difference between the aggregate of the investee's carrying amount upon disposal and the fair value of the retained investment, and proceeds from disposal is recognized in the statement of income.

For transactions where ownership interest in a subsidiary, associate or joint venture that did not result in a loss of control or significant influence, as applicable, the Parent Company recognizes the gain or loss in the profit and loss representing the difference between the proceeds from sale and the carrying value of the investment.

2.13 Other Nonfinancial Assets

2.13.1 Property and Equipment

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use (see related accounting policy under 2.16.5 *Expenditures on Nonfinancial Assets*).

The Group carries its land at cost less any impairment in value, and its depreciable properties such as buildings, right-of-use assets, furniture, fixtures and equipment, long-term leasehold land, and leasehold improvements at cost less accumulated depreciation and amortization and any impairment in value (see related accounting policy under 2.13.5 *Impairment of Nonfinancial Assets*).

For right-of-use assets included under 'Property and equipment', see related accounting policy under 2.18.1 *Group as a Lessee Under Lease Contracts*.

2.13.2 Investment Properties and Chattel Mortgage Properties

The Group initially measures investment properties and chattel mortgage properties initially at cost, including transaction costs (see related accounting policy under 2.16.5 *Expenditures on Nonfinancial Assets*). When the investment property or chattel mortgage property is acquired through an exchange transaction, the Group measures the asset at its fair value, unless the fair value of such an asset cannot be reliably measured in which case the asset acquired is measured at the carrying amount of asset given up. The Group recognizes any gain or loss on exchange in the statement of income under 'Net gains (losses) on sale or exchange of assets'.

Foreclosed properties are classified under 'Investment properties' upon:

- entry of judgment in case of judicial foreclosure;
- execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or
- notarization of the Deed of Dacion in case of payment in kind (dacion en pago).

Subsequent to initial recognition, the Group carries the investment properties and chattel mortgage properties at cost less accumulated depreciation (for depreciable properties) and any impairment in value (see related accounting policy under 2.13.5 *Impairment of Nonfinancial Assets*).

The Group transfers assets to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Conversely, the Group transfers out of investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.



2.13.3 Intangible Assets

The Group initially measures separately acquired intangible assets at cost, and the intangible assets acquired in a business combination at their fair values at the date of acquisition. The Group does not capitalize internally generated intangibles, excluding capitalized development costs, and reflects in profit or loss the related expenditures in the period in which the expenditure is incurred.

Intangibles with finite lives

The Group capitalizes software costs, included in 'Intangible assets', on the basis of the cost incurred to acquire and bring to use the specific software (see related accounting policy under 2.16.5 *Expenditures on Nonfinancial Assets*).

Customer relationship intangibles (CRI) and core deposits intangibles (CDI) are the intangible assets acquired by the Group through business combination. The Group initially measures these intangible assets at their fair values at the date of acquisition. The fair value of these intangible assets reflects expectations about the probability that the expected future economic benefits embodied in the asset will flow to the Group.

Following initial recognition, intangibles with finite lives are measured at cost less accumulated amortization and any accumulated impairment losses (see related accounting policy under 2.13.5 *Impairment of Nonfinancial Assets*).

Goodwill

The Group initially measures goodwill acquired in a business combination at cost. With respect to investments in an associate, the Group includes goodwill in the carrying amount of the investments. Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances that the carrying value may be impaired (see related accounting policy under 2.13.5 *Impairment of Nonfinancial Assets*).

2.13.4 Derecognition of Nonfinancial Assets

The Group derecognizes a nonfinancial asset when it has either been disposed of or when the asset is permanently withdrawn from use and no future benefit is expected from its disposal. The Group recognizes any gains or losses on the disposal of a nonfinancial asset in the statement of income under 'Net gains (losses) on sale or exchange of assets' in the period the asset is derecognized.

2.13.5 Impairment of Nonfinancial Assets

Property and equipment, investment properties, intangible assets with finite lives, chattel mortgage properties, and investments in subsidiaries and an associate

At each reporting date, the Group assesses whether there is any indication that its property and equipment, investment properties, intangible assets with finite lives, chattel mortgage properties, and investments in subsidiaries and an associate may be impaired. When an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit (CGU) to which it belongs.



When the carrying amount of an asset exceeds its recoverable amount, the Group considers the asset as impaired and writes the asset down to its recoverable amount. In assessing VIU, the Group discounts the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group charges the impairment loss against current operations. At each reporting date, the Group assesses whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount and reverses a previously recognized impairment loss only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal recognized in the statement of income cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. After such reversal, the Group adjusts the depreciation and amortization in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

The Group performs impairment test at least annually or sooner when events or changes in circumstances indicate that the carrying value may be impaired.

The Group determines impairment for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated (or to the aggregate carrying amount of a group of CGUs to which the goodwill relates but cannot be allocated), the Group recognizes an impairment loss immediately in the statement of income under 'Impairment in value of goodwill'. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

2.14 Equity

2.14.1 Capital Stock

The Group measures capital stock at par value for all shares issued and outstanding. When the shares are sold at a premium, the Group credits the difference between the proceeds and the par value to 'Capital paid in excess of par value'. 'Surplus' represents accumulated earnings (losses) of the Group less dividends declared.

2.14.2 Reserves Recorded in Equity

The reserves recorded in equity in the statement of financial position include:

- Remeasurement losses on retirement plan – pertains to the remeasurement comprising actuarial gains or losses on the present value of the defined benefit obligation, net of return on plan assets (see related accounting policy under *2.17.1 Retirement Under Defined Benefit Plan*).
- Accumulated translation adjustment – used to record exchange differences arising from the translation of the FCDU accounts and foreign operations (i.e., overseas branches and subsidiaries) to Philippine peso (see related accounting policy under *2.5.2 FCDU and Overseas Branches and Subsidiaries*).
- Net unrealized gains (losses) on financial assets at FVOCI – comprises changes in fair value of financial assets at FVOCI (see related accounting policy under *2.11.2 Classification and Subsequent Measurement of Financial Instruments*).
- Other equity reserves comprise the cumulative gains or losses resulting from intra-group transactions.



2.14.3 Dividends

The Group recognizes dividends on common shares as a liability and deduction against 'Surplus' when approved by the Board of Directors (BOD) of the Parent Company. The Group measures the liability to distribute dividends at the carrying amount of the dividends, except for distributions of non-cash assets where the Group measures the liability at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the non-cash assets declared as dividends, with any changes in the carrying amount of the non-cash dividends recognized in equity as adjustments to the amount of distribution.

For dividends that are approved after the reporting date, the Group discloses them in the financial statements as an event after the reporting date.

2.14.4 Share Issuance Costs

For underwriting, share registration, and other share issuance costs and taxes incurred in connection with the issuance of equity securities, the Group accounts for these costs as reduction of equity against 'Capital paid in excess of par value'. If the 'Capital paid in excess of par value' is not sufficient, the share issuance costs are charged against the 'Surplus'. For transaction costs that relate jointly to the offering and listing of the shares, the Group allocates the costs to those transactions (i.e., reduction against equity for those allocated to offering of shares, and expensed for those allocated to listing of shares) using a basis of allocation that is rational and consistent with similar transactions.

2.15 Revenue Recognition

Revenue is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements except for brokerage transactions.

2.15.1 Interest Income

Interest on interest-bearing financial assets at FVTPL and held-for-trading investments is recognized based on contractual rate. Interest on financial instruments measured at amortized cost and FVOCI are recognized based on effective interest method of accounting to calculate the amortized cost of a financial asset or a financial liability and allocate the interest income or interest expense.

The Group records interest income using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. In calculating EIR, the Group considers all contractual terms of the financial instrument (for example, prepayment options), and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The Group adjusts the carrying amount of the financial instrument through 'Interest income' in the statement of income based on the original EIR.

When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3, the Group calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.



The Group defers the commitment fees for loans that are likely to be drawn down (together with any incremental costs) and includes them as part of the EIR of the loan. These are amortized using EIR and recognized as 'Interest income' over the expected life of the loan.

The Group recognizes income on direct financing leases and receivables financed using the effective interest method and any unearned discounts are shown as deduction against 'Loans and receivables'. Unearned discounts are amortized over the term of the note or lease using the effective interest method and consist of:

- transaction and finance fees on finance leases and loans and receivables financed with long-term maturities; and
- excess of the aggregate lease rentals plus the estimated residual value of the leased equipment over its cost.

2.15.2 Service Fees and Commission Income

The Group earns fee and commission income from diverse range of services it provides to its customers:

Fees from services that are provided over a certain period of time

The Group accrues fees earned for the provision of services over a period of time. These fees include investment fund fees, custodian fees, fiduciary fees, credit-related fees, trust fees, portfolio and other management fees, and advisory fees.

Bancassurance fees

The Group recognizes non-refundable access fees on a straight-line basis over the term of the period of the provision of the access. Milestone fees or variable and fixed earn-out fees are recognized in reference to the stage of achievement of the milestones.

Fee income from providing transaction services

The Group recognizes the fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, only upon completion of the underlying transaction. For fees or components of fees that are linked to a certain performance, the Group recognizes revenue after fulfilling the corresponding criteria. These fees include underwriting fees, corporate finance fees, remittance fees, brokerage fees, commissions, deposit-related and other credit-related fees.

The Group recognizes loan syndication fees as revenue when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same EIR as the other participants.

2.15.3 Credit Card Fees

Interchange fees and revenue from rewards redeemed

The Group takes up as income the interchange fees under 'Service fees and commission income' upon receipt from member establishments of charges arising from credit availments by the Group's cardholders. These discounts are computed based on certain agreed rates and are deducted from amounts remitted to the member establishments.

The Group operates a loyalty points program which allows customers to accumulate points when they purchase from member establishments using the issued card of the Group. The points can then be redeemed for free products subject to a minimum number of points being redeemed.



The Group allocates a portion of the consideration received from discounts earned and interchange fees from credit cards to the reward points based on the estimated stand-alone selling prices. The Group defers the amount allocated to the loyalty program and recognizes revenue only when the loyalty points are redeemed or the likelihood of the credit cardholder redeeming the loyalty points becomes remote. The Group includes the deferred balance under ‘Other liabilities’ in the statement of financial position.

Commissions on credit cards

The Group recognizes commissions earned as revenue upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments.

Commissions on installment credit sales

The Group records the purchases by the credit cardholders, collectible on installment basis, at the cost of the items purchased plus certain percentage of cost. The Group recognizes the excess over cost as ‘Unearned and other deferred income’, which is shown as a deduction from ‘Loans and receivables’ in the statement of financial position. The Group amortizes and recognizes as ‘Interest income’ the unearned and other deferred income over the installment terms using the effective interest method.

2.15.4 Trading and Investment Securities Gains - Net

The Group recognizes in ‘Trading and investment securities gains - net’ the results arising from trading activities, all gains and losses from changes in fair value of financial assets and financial liabilities at FVTPL, and gains and losses from disposal of debt securities at FVOCI.

2.15.5 Gain on Sale or Exchange of Assets

The Group recognizes gain on sale or exchange of assets upon completion of the earning process upon transfer of control and when the collectability of the sales price is reasonably assured.

2.15.6 Other Income

Rental income

The Group accounts for rental income arising on leased properties on a straight-line basis over the lease terms, which is recorded in the statement of income under ‘Miscellaneous income’ (see related accounting policy under 2.18.2 *Group as a Lessor Under Lease Contracts*).

Dividend income

The Group recognizes dividend income when the Group’s right to receive payment is established.

2.16 Expenditures

2.16.1 Borrowing Costs

The Group recognizes borrowing costs as ‘Interest expense’ in the year in which these costs are incurred. Borrowing costs consist of interest expense calculated using the effective interest method that the Group incurs in connection with deposit-taking activities and borrowing of funds.

2.16.2 Operating Expenses

This encompasses those expenses that arise in the course of the ordinary activities of the Group, as well as any losses incurred. These are recognized in the statement of income as they are incurred.



2.16.3 Taxes and Licenses

This includes all other taxes, local and national, including gross receipts taxes, documentary stamp taxes, real estate taxes, licenses and permit fees that are recognized when incurred.

2.16.4 Depreciation and Amortization

The Group computes for depreciation and amortization of depreciable assets using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of the depreciable assets follow:

	Years
Property and equipment:	
Buildings	25 - 50
Right-of-use assets	1 - 25 or the lease term, whichever is shorter (provided that lease term is more than one year)
Furniture, fixtures and equipment	5
Long-term leasehold land	46 - 50
Leasehold improvements	10 or the lease term, whichever is shorter
Investment properties	10 - 25
Chattel mortgage properties	5
Intangible assets with finite lives:	
Software costs	5

The Group reviews periodically the useful life and the depreciation and amortization method to ensure that these are consistent with the expected pattern of economic benefits from the depreciable assets. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation and amortization period or method, as appropriate, and are treated as changes in accounting estimates.

2.16.5 Expenditures on Nonfinancial Assets

The Group charges against current operations the expenditures incurred after the nonfinancial assets (i.e., property and equipment, investment properties, software costs, and chattel mortgage properties) have been put into operation, such as repairs and maintenance. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of these nonfinancial assets beyond their originally assessed standard of performance, the Group capitalizes such expenditures as additional cost.

2.17 Employee Benefits

2.17.1 Retirement Under Defined Benefit Plan

At the end of the reporting period, the Group determines its net defined benefit liability (or asset) as the difference between the present value of the defined benefit obligation and the fair value of plan assets, adjusted for any effect of asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.



Defined benefit costs recognized in the statement of income consist of the following:

- service costs – include current service costs, past service costs (recognized when plan amendment or curtailment occurs) and gains or losses on non-routine settlements; and
- net interest on the net defined benefit liability or asset – pertains to the change during the period in the net defined benefit liability (or asset) that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Changes in the net defined benefit liability (or asset) also include remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling, excluding net interest on defined benefit liability (or asset). The Group recognizes these remeasurements immediately in OCI in the period in which they arise. The Group does not reclassify these remeasurements to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies, and are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the Group estimates the fair value of plan assets by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group recognizes its right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation as a separate asset at fair value when and only when reimbursement is virtually certain.

2.17.2 Employee Leave Entitlement

The Group recognizes entitlements of employees to annual leave as a liability when they are accrued to the employees. The Group recognizes the undiscounted liability for leave expected to be settled wholly before 12 months after the end of the reporting period for services rendered by employees up to the end of the reporting period. For leave entitlements expected to be settled for more than 12 months after the reporting date, the Group engages an actuary to estimate the long-term liability, which is reported in 'Accrued taxes, interest and other expenses' in the statement of financial position.

2.18 Leases

The Group determines at contract inception whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.18.1 Group as a Lessee Under Lease Contracts

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.



- Right-of-use assets

At the commencement date of the lease (i.e., the date the underlying asset is available for use), the Group recognizes right-of-use assets measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Subsequent to initial recognition, the Group measures the right-of-use assets at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The Group presents the right-of-use assets in 'Property and equipment' and subjects it to impairment in line with the Group's policy on impairment of nonfinancial assets (see related accounting policy under 2.13.5 *Impairment of Nonfinancial Assets*).

- Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term discounted using the Group's incremental borrowing rate, which is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The lease payments include fixed payments, any variable lease payments that depend on an index or a rate, and any amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

After the commencement date of the lease, the Group measures the lease liabilities by increasing the carrying amount to reflect interest on the lease liabilities (recorded in 'Interest expense on bills payable and other borrowings'), reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, and the leases of low-value assets recognition exemption to its leases of ATM offsite locations and other equipment that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense under 'Occupancy and equipment-related costs' on a straight-line basis over the lease term.

2.18.2 Group as a Lessor Under Lease Contracts

For finance leases where the Group transfers substantially all the risks and rewards incidental to ownership of the leased item, the Group recognizes a lease receivable in the statement of financial position at an amount equivalent to the net investment (asset cost) in the lease. The Group includes all income resulting from the receivable in 'Interest income on loans and receivables' in the statement of income.

The residual value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the sale of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee when the lessee decides to buy the leased asset.



In operating leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset, the Group recognizes rental income on a straight-line basis over the lease terms. The Group adds back the initial direct costs incurred in negotiating and arranging an operating lease to the carrying amount of the leased asset and recognizes them as rental income over the lease term on the same basis. The Group recognizes contingent rents as revenue in the period in which they are earned.

2.19 Provisions

The Group recognizes provisions when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the Group recognizes the reimbursement as a separate asset but only when the reimbursement is virtually certain. The Group presents the expense relating to any provision in the statement of income, net of any reimbursement.

If the effect of the time value of money is material, the Group determines provisions by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the Group recognizes the increase in the provision due to the passage as 'Interest expense on bills payable and other borrowings'.

2.20 Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of assets embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

2.21 Income Taxes

Income tax on profit and loss for the year comprises current and deferred tax. Income tax is determined in accordance with tax laws and is recognized in the statement of income, except to the extent that it relates to items directly recognized in OCI.

2.21.1 Current Tax

The Group measures current tax assets and liabilities for the current periods at the amount expected to be recovered from or paid to the taxation authorities using the tax rates and tax laws that are enacted or substantively enacted at the reporting date.

2.21.2 Deferred Tax

The Group provides for deferred tax using the balance sheet method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



The Group recognizes deferred tax liabilities for all taxable temporary differences, including asset revaluations. The Group recognizes deferred tax assets for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized.

The Group, however, does not recognize deferred tax on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income. The Group does not also provide deferred tax liabilities on non-taxable temporary differences associated with investments in domestic subsidiaries and an associate. With respect to investments in foreign subsidiaries, the Group does not recognize deferred tax liabilities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the recognized amount to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax asset to be utilized. The Group reassesses unrecognized deferred tax assets at each reporting date and recognizes amounts to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The Group measures deferred tax assets and liabilities at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

For current and deferred tax relating to items recognized directly in OCI, the Group recognizes them also in OCI and not in the statement of income.

In the consolidated financial statements, the Group offsets deferred tax assets and liabilities if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

When tax treatments involve uncertainty, the Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. If the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the Group reflects the effect of the uncertainty for each uncertain tax treatment using the method the Group expects to better predict the resolution of the uncertainty.

2.22 Earnings Per Share

The Group computes for the basic earnings per share (EPS) by dividing net income for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect to any bonus issue, share split or reverse share split during the period.

The Group computes for the diluted EPS by dividing the aggregate of net income for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, adjusted for the effects of any dilutive shares.



2.23 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;
- significant investors and their subsidiaries and associates called affiliates;
- subsidiaries, joint ventures and associates and their respective subsidiaries; and
- post-employment benefit plans for the benefit of the Group's employees.

2.24 Events After the Reporting Date

The Group reflects in the financial statements any post-year-end event that provides additional information about the Group's position at the reporting date (adjusting event). The Group discloses post-year-end events that are not adjusting events, if any, when material to the financial statements.

2.25 Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Refer to Note 6 for the detailed disclosure on segment information.

2.26 Fiduciary Activities

The Group excludes from these financial statements the assets and income arising from fiduciary activities, together with related undertakings to return such assets to customers, where the Group acts in a fiduciary capacity such as nominee, trustee or agent.

2.27 Changes in Accounting Standards

Listed below are accounting standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on the financial statements.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.



- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
The amendments only apply to contracts that reference nature-dependent electricity such as contracts to buy or sell nature-dependent electricity, as well as financial instruments that reference such electricity. This amendment cannot be applied by analogy to other contracts, items or transactions.

The amendments clarify the application of the ‘own-use’ requirements for in-scope contracts, amend the designation requirements for a hedge item in a cash flow hedging relationship for in-scope contracts and include new disclosure requirements.

- Annual Improvements to PFRS Accounting Standards—Volume 11
The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.
 - Amendments to PFRS 9
 - a) Lessee Derecognition of Lease Liabilities
The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.
 - b) Transaction Price
The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.
 - Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*
The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.
 - Amendments to PAS 7, *Cost Method*
The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.



Effective beginning on or after January 1, 2027

- **PFRS 17, *Insurance Contracts***

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

The adoption of PFRS 17 will have an impact on the Group's financial statements through the application of the equity method of accounting for its investment in the associate that issues insurance contracts.

- **PFRS 18, *Presentation and Disclosure in Financial Statements***

The standard replaces PAS 1, *Presentation of Financial Statements* and responds to investors' demand for better information about companies' financial performance. Entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as the Parent Company and its banking subsidiaries, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

The requirements also include:

- Required totals and subtotals in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

The Group is currently assessing the impacts the standard will have on the primary financial statements and notes to the financial statements. The Parent Company and its banking subsidiaries consider their main business activities to include the provision of financing to customers and investing in financial assets. In accordance with PFRS 18, some of the income and expenses related to those activities are classified in the operating category, as an exception to the general requirements that would otherwise have resulted in their classification in the investing or financing categories.



- PFRS 19, *Subsidiaries without Public Accountability*
The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards. The application of the standard is optional for eligible entities.

Deferred effectivity

- PFRS 10, *Consolidated Financial Statements*, and PAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments)
The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FSRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS Accounting Standards requires the Group to make judgments and estimates that affect the reported amounts and disclosures. The Group continually evaluates judgments and estimates and uses as basis its historical experience and other factors, including expectations of future events. The Group reflects the effects of any changes in estimates in the financial statements as they become reasonably determinable.

3.1 Judgments

3.1.1 Assessment of Control Over a Subsidiary

The Group demonstrates control over an investee when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the following elements must all be present to exercise control over an investee:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the amount of the investor's returns

The Group considers all facts and circumstances when assessing whether it controls an investee.

In making this assessment, the Group considers the following factors:

- The purpose and design of the investee
- What the relevant activities are and how decisions about those activities are made
- Whether the rights of the Group give it the current ability to direct the relevant activities
- Whether the Group is exposed, or has rights, to variable returns from its involvement with the investee
- Whether the Group has the ability to use its power over the investee to affect the amount of the investor's returns



The assessment of the Group on its control over a subsidiary is further discussed in Note 12.

3.1.2 Assessment of Significant Influence Over an Associate

The Group generally accounts for an investment as an associate when the Group holds 20% or more of the voting power of the investee company held directly or indirectly through subsidiaries, unless it can be clearly demonstrated that this is not the case.

In assessing whether the Group exercises significant influence over an investee company, the Group considers the following factors:

- Representation in the BOD or equivalent governing body of the investee company
- Participation in policy-making processes, including participation in decisions about dividends and other distributions
- Material transactions between the Group and the investee company
- Interchange of management personnel
- Provision of essential technical performance

The assessment of the Group on its significant influence over an investee company is further discussed in Note 12.

3.1.3 Classification of Financial Assets

The Group classifies its financial assets depending on the results of the SPPI test and on the business model used for managing those financial assets.

When performing the SPPI test, the Group applies judgment and evaluates relevant factors and characteristics such as the behavior and nature of contractual cash flows, its original currency denomination, the timing and frequency of interest rate repricing, contingent events that would alter the amount and/or timing of cash flows, leverage features, prepayment or extension options and other features that may modify the consideration for the time value of money.

As a second step, the Group performs business model assessment to reflect how financial assets are managed in order to generate net cash inflows based on the following factors:

- business objectives and strategies for holding the financial assets;
- performance measures and benchmarks being used to evaluate the Group's key management personnel accountable to the financial assets;
- risks associated to the financial assets and the tools applied in managing those risks;
- compensation structure of business units, including whether based on fair value changes of the investments managed or on the generated cash flows from transactions; and
- frequency and timing of disposals.

In applying judgment, the Group also considers the circumstances surrounding the transaction as well as the prudential requirements of the BSP.

3.1.4 Fair Valuation of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, the Group uses valuation techniques and mathematical models. The Group derives the inputs to these models from observable markets where possible, otherwise, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer-dated derivatives. The Bank exercises significant judgment in determining the fair value of its unquoted



PHC shares classified as FVOCI due to the absence of an active market. The valuation is based on analyses prepared by independent experts, who primarily used an Adjusted Price-to-Book method and applied market-based adjustments reflecting asset quality, redevelopment considerations, liquidity, and broader property market conditions. Management also applied a probability-weighted assessment of the valuation range provided by the experts to arrive at an indicative value before applying a 16.5% liquidity discount, consistent with market practice for non-listed shares..

3.1.5 Contingencies

The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the outside legal counsels handling the Group's defense in these matters and is based upon an analysis of potential results. Management does not believe that the outcome of these matters will affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to the proceedings (refer to Note 34).

3.2 Accounting Estimates

3.2.1 Credit Losses on Financial Assets

The Group's ECL calculations are mainly derived from outputs of complex statistical models and expert judgment, with a number of underlying assumptions regarding the choice of variable inputs as well as their independencies. The Group considers the following elements of the ECL models, among others, as significant accounting judgments and estimates:

- segmentation of the portfolio, where the appropriate ECL approach and/or model is used, including whether assessments should be done individually or collectively;
- quantitative and qualitative criteria for determining whether there has been SICR as at a given reporting date and the corresponding transfers between stages;
- determination of expected life of the financial asset and expected recoveries from defaulted accounts;
- development of ECL models, including the various formulas and the choice of inputs;
- determination of correlations and interdependencies between risk factors, macroeconomic scenarios and economic inputs, such as inflation, policy rates and collateral values, and the resulting impact to PDs, LGDs and EADs; and
- selection of forward-looking information and determination of probability-weightings to derive the ECL.

While the interest and inflation rates have already stabilized, other 'black swan' events (such as political tensions and extreme El Niño phenomenon, other ESG factors, etc.) may still potentially occur. In response to such potential risk, the Group reviews on a monthly basis its loan portfolio, particularly for accounts that have shown or are beginning to show increases in credit risk. The Group performs comprehensive review of the default profile of its accounts to determine if there are factors or indicators not captured in the risk rating model. If there are noted weaknesses in the model, where possible, the Group recalibrates the parameter estimates to the ECL models to incorporate internal default experience, as well as most recent available external data affecting each segment of the Group's loan portfolio.

The Group revisits the segmentation of its portfolio based on industry vulnerability and resiliency assessment. The Group also reassesses the framework for macroeconomic overlay, incorporating stress scenarios to ensure that changes in economic conditions are captured in the ECL calculations.



Refer to Note 16 for the details of the carrying values of financial assets subject to ECL and for the details of the ECL.

3.2.2 Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the availability of future taxable income in reference to financial forecast and tax strategies. The Group takes into consideration the loan portfolio and deposit growth rates in assessing its taxable income forecast.

The Group reassesses its business plan, as well as tax strategies, in the next three to five years, considering various economic scenarios including recovery outlook and effects on specific industries of the rising interest rates, inflation, and other ‘black swan’ events (see further discussion of these events under 3.2.1 *Credit Losses on Financial Assets*).

Refer to Note 30.3 for the carrying amount of recognized and unrecognized deferred tax assets.

3.2.3 Impairment of Goodwill

The Group conducts an annual review for any impairment in the value of goodwill. Goodwill is written down for impairment where the recoverable amount is insufficient to support its carrying value. The recoverable amount of the CGU is determined based on a VIU calculation, which considers the present value of cash flow projections from financial budgets approved by senior management and BOD of the Parent Company covering a three-year period. The assumptions used in the calculation of VIU are sensitive to estimates of future cash flows from business, interest margins, discount rates, projected long-term growth rates (derived based on the forecast local gross domestic product) used to extrapolate cash flows beyond the budget period.

Estimating future earnings involves judgment which takes into account past and actual performance and expected developments in the respective markets and in the overall macro-economic environment. Similar with its considerations discussed under 3.2.2 *Recognition of Deferred Tax Assets*, the Group revisits its business plan and applies judgment to reassess the projections of future cash flows as of December 31, 2025, considering various economic scenarios and recovery outlook.

The carrying values of the Group’s goodwill, accumulated impairment losses, and key assumptions used in determining VIU are disclosed in Note 14.2.

3.2.4 Valuation of Unquoted Equity Securities

The fair value of the Bank’s unquoted PHC shares, classified as FVOCI, involves significant estimation due to the absence of an active market. The valuation is determined using an Adjusted Price-to-Book method with market-based adjustments for asset quality, redevelopment considerations, liquidity, and prevailing market conditions. Management also applied a probability-weighted assessment of the valuation range and a 16.5% liquidity discount to reflect the non-listed nature of the shares.

Refer to Note 9.2 for the carrying amount of unquoted PHC shares.



4. Financial Risk Management Objectives and Policies

The Parent Company's BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The Risk Oversight Committee (ROC) is created by the BOD to assist the Board in overseeing the risk profile and review the enterprise risk management framework. It is mandated to provide advice on the risk appetite and oversee senior management's adherence to the risk appetite statement, frameworks, policies, plans, programs, and processes for managing risk. Details of the Parent Company's risk framework are discussed under the Risk Management Disclosure Section of the Parent Company's annual report.

The Group's activities are principally related to the development, delivery, servicing and use of lending and financial instruments. Risk is inherent in these activities, but it is managed through a process of identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability.

The Group defines material risks (at group level) as those risks from any business activity that are significant enough to threaten the Bank's capital position, potentially causing it to fall below its desired level. This may result in either an increase in risk-weighted assets or a reduction in earnings and/or qualifying capital, which would translate into a reduction in the Capital Adequacy Ratio (CAR) by 20 basis points (bps).

On the other hand, risks not significant enough to impact to the CAR by less than 20 bps will also be considered "material" by the Group if these fall under the following:

- Pillar 1 risks, i.e., Credit, Market, and Operational Risks;
- Other risks under BSP Cir. No. 510, i.e., Interest Rate Risk in the Banking Book (IRRBB), Liquidity Risk, Reputational Risk and Strategic Business Risk;
- Information Technology Risk (BSP Cir. No. 808);
- Information Security / Cyber Security Risk (BSP Cir. No. 982) and
- Other risks identified as "material" by the Board and Management Committees, such as Credit Concentration, Data Privacy, and Human Resource Risk.

Based on the assessments undertaken using the premise identified above, the Bank agrees on and regularly reviews the material risks that require focused attention, using the three lines model. For the assessment period 2025-2027, these consist of eleven (11) material risks grouped under Pillar 1 and Pillar 2 risks covered in the Bank's Internal Capital Adequacy Assessment Process (ICAAP) Document submitted to the BSP and required for monitoring.

Types and definition of each of these risks are discussed hereunder:

Pillar 1 Risks:

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

Pillar 2 Risks:

4. Credit Concentration Risk
5. Human Resource Risk
6. Information Security / Cyber Security / Data Privacy Risk
7. Information Technology
8. Interest Rate Risk in the Banking Book (IRRBB)
9. Liquidity Risk



10. Reputational Risk

11. Strategic Business Risk

The Enterprise Risk Management Group (ERMG) provides support for the ROC in its role of formulating the risk management strategy, the development and maintenance of the internal risk management framework, and the definition of the governing risk management principles. The ERMG provides assistance to the Asset/Liability Committee (ALCO) on capital management and the Board Strategy and Policy Committee (BSPC) on the management of regulatory capital.

The mandate of the ERMG involves:

- Implementing the risk management framework of identifying, measuring, controlling and monitoring the various risk-taking activities of the Group, inherent in all financial institutions;
- Providing services to the risk-taking units and personnel in the implementation of risk mitigation strategies; and
- Establishing recommended limits based on the results of its analysis of exposures.

4.1 Credit Risk

Credit risk is the non-recovery of credit exposures (on-and-off balance sheet exposures). Managing credit risk also involves monitoring of migration risk, concentration risk, country risk and settlement risk. The Group manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual transaction).

The credit risk management of the entire loan portfolio is under the direct oversight of the ROC and Executive Committee. Credit risk assessment of individual borrower is performed by the business sector, remedial management group and credit management group. Risk management is embedded in the entire credit process, i.e., from credit origination to remedial management, as applicable.

Among the tools used by the Group in identifying, assessing and managing credit risk include:

- Documented credit policies and procedures: sound credit granting process, risk asset acceptance criteria, target market and approving authorities;
- System for administration and monitoring of exposure;
- Post approval review of implemented loans;
- Work out system for managing problem credits;
- Regular review of the sufficiency of valuation reserves;
- Monitoring of adequacy of capital for credit risk via the Capital Adequacy Ratio (CAR) report;
- Monitoring of breaches in regulatory and internal limits;
- Credit risk management monitoring and reporting;
- Diversification;
- Internal risk rating system for corporate accounts;
- Credit scoring for retail accounts; and
- Active loan portfolio management undertaken to determine the quality of the loan portfolio and identify: portfolio growth, movement of loan portfolio, adequacy of loan loss reserves, trend of nonperforming loans (NPLs), and concentration risk (per classified account, per industry, clean exposure, large exposure, contingent exposure, currency, security, facility, demographic, etc.)

The Group follows the BOD-approved policy on the generic classification of loans based on the type of borrowers and the purpose of the loan. The loan portfolio is grouped based on the underlying risk characteristics that are expected to respond in a similar manner to macroeconomic factors and forward-looking conditions.



4.1.1 Credit-Related Commitments

The exposures represent guarantees, standby letters of credit (LCs) issued by the Parent Company and documentary/commercial LCs which are written undertakings by the Parent Company. To mitigate this risk, the Parent Company requires hard collaterals for standby LC lines while commercial LCs are collateralized by the underlying shipments of goods to which they relate.

4.1.2 Derivative Financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

4.1.3 Collateral and Other Credit Enhancements

As a general rule, character is the single most important consideration in granting loans. However, collaterals are requested to mitigate risk. The loan value and type of collateral required depend on the assessment of the credit risk of the borrower or counterparty. The Group follows guidelines on the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For corporate accounts - deposit hold-outs, guarantees, securities, physical collaterals (e.g., real estate, chattels, inventory, etc.); generally, commercial, industrial and residential lots are preferred
- For retail lending - mortgages on residential properties and vehicles financed
- For securities lending and reverse repurchase transactions - cash or securities

The disposal of the foreclosed properties is handled by the Acquired Assets Management Group which adheres to the general policy of disposing assets at the highest possible market value.

Management regularly monitors the market value of the collateral and requests additional collateral in accordance with the underlying agreement. The existing market value of the collateral is considered during the review of the adequacy of the allowance for credit losses. Generally, collateral is not held over loans and advances to banks except for reverse repurchase agreements. The Group is not permitted to sell or repledge the collateral held over loans and advances to counterparty banks and BSP in the absence of default by the owner of the collateral.

4.1.4 Maximum Exposure to Credit Risk After Collateral Held or Other Credit Enhancements

An analysis of the maximum exposure to credit risk after taking into account any collateral held or other credit enhancements for the Group and the Parent Company is shown below:

	Consolidated			
	2025			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱72,903,359	₱74,379,685	₱-	₱72,903,359
Loans and receivables:				
Receivables from customers:				
Corporates	655,876,047	184,427,435	544,722,738	111,153,309
Local government units (LGU)	1,152,434	-	1,152,434	-
Credit Cards	20,088,093	-	20,088,093	-
Retail small and medium enterprises (SME)	5,265,606	4,638,580	2,815,146	2,450,460
Housing Loans	28,161,537	35,220,022	10,809,061	17,352,476
Auto Loans	6,216,750	13,006,652	752,656	5,464,094
Others	10,993,909	7,961,596	6,554,594	4,439,315
Other receivables	12,263,369	-	12,263,369	-
	₱812,921,104	₱319,633,970	₱599,158,091	₱213,763,013



	Consolidated			
	2024			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱103,480,119	₱104,909,516	₱-	₱103,480,119
Loans and receivables:				
Receivables from customers*				
Corporates	567,369,203	168,917,808	474,138,853	93,230,350
Local government units (LGU)	1,656,292	-	1,656,292	-
Credit Cards	16,524,978	-	16,524,978	-
Retail small and medium enterprises (SME)	4,441,602	2,412,899	2,763,520	1,678,082
Housing Loans	22,988,322	27,775,258	8,020,645	14,967,677
Auto Loans	5,579,760	8,985,903	1,286,153	4,293,607
Others	7,515,747	4,815,580	4,322,668	3,193,079
Other receivables	10,743,721	-	10,743,721	-
	₱740,299,744	₱317,816,964	₱519,456,830	₱220,842,914

*Receivables from customers exclude residual value of the leased asset (Note 10)

	Parent Company			
	2025			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱72,903,359	₱74,379,685	₱-	₱72,903,359
Loans and receivables:				
Receivables from customers:				
Corporates	642,154,655	166,357,641	544,423,391	97,731,264
LGU	1,152,434	-	1,152,434	-
Credit Cards	20,088,093	-	20,088,093	-
Retail SME	5,265,606	4,638,580	2,815,146	2,450,460
Housing Loans	27,403,362	33,627,747	10,809,060	16,594,302
Auto Loans	6,216,750	13,006,652	752,656	5,464,094
Others	10,834,860	7,762,332	6,474,439	4,360,421
Other receivables	11,913,982	-	11,913,982	-
	₱797,933,101	₱299,772,637	₱598,429,201	₱199,503,900

	Parent Company			
	2024			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱103,480,119	₱104,909,516	₱-	₱103,480,119
Loans and receivables:				
Receivables from customers:				
Corporates	554,283,497	146,521,191	472,932,651	81,350,846
LGU	1,656,292	-	1,656,292	-
Credit Cards	16,524,978	-	16,524,978	-
Retail SME	4,441,602	2,412,899	2,763,520	1,678,082
Housing Loans	22,226,195	26,475,861	8,082,178	14,144,017
Auto Loans	5,579,760	8,985,903	1,286,153	4,293,607
Others	7,316,826	4,609,807	4,209,400	3,107,426
Other receivables	10,363,020	-	10,363,020	-
	₱725,872,289	₱293,915,177	₱517,818,192	₱208,054,097

The maximum credit risk, without taking into account the fair value of any collateral and netting agreements, is limited to the amounts on the statement of financial position plus commitments to customers such as unused commercial letters of credit, outstanding guarantees and others.



4.1.5 Credit Risk Concentrations

Credit risk concentrations can arise whenever a significant number of borrowers have similar characteristics. The Group analyzes the credit risk concentration to an individual borrower, related group of accounts, industry, geographic, internal rating buckets, currency, term and security. For risk concentration monitoring purposes, the financial assets are broadly categorized into (1) loans and receivables and (2) trading and investment securities. To mitigate risk concentration, the Group constantly checks for breaches in regulatory and internal limits. Clear escalation process and override procedures are in place, whereby any excess in limits are covered by appropriate approving authority to regularize and monitor breaches in limits.

Limit per client or counterparty

For each CRR, the Parent Company sets limits per client or counterparty based on the regulatory Single Borrowers Limit. For trading and investment securities, the Group limits investments to government issues and securities issued by entities with high-quality investment ratings.

Geographic concentration

The table below shows the credit risk exposures, before taking into account any collateral held or other credit enhancements, categorized by geographic location:

	Consolidated				
	2025				
	Loans and receivables		Trading and investment securities	Other financial assets*	Total
	Amount	%			
Philippines	₱694,695,226	93.87	₱301,555,594	₱121,839,225	₱1,118,090,045
Asia (excluding the Philippines)	26,548,771	3.59	6,493,363	33,068,514	66,110,648
USA and Canada	16,774,586	2.26	15,609,946	10,775,396	43,159,928
Other European Union Countries	1,612,439	0.22	3,055,185	17,197,589	21,865,213
United Kingdom	62,840	0.01	158,909	14,122,378	14,344,127
Middle East	48,682	0.01	3,761,082	2,115	3,811,879
Oceania	275,201	0.04	-	180,087	455,288
	₱740,017,745	100.00	₱330,634,079	₱197,185,304	₱1,267,837,128

* Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)

	Consolidated				
	2024				
	Loans and receivables		Trading and investment securities	Other financial assets*	Total
	Amount	%			
Philippines	₱590,193,321	92.68	₱327,197,919	₱126,003,788	₱1,043,395,028
Asia (excluding the Philippines)	27,502,193	4.32	5,543,839	43,064,412	76,110,444
USA and Canada	17,024,502	2.67	1,342,723	6,943,463	25,310,688
Other European Union Countries	1,780,062	0.28	4,731,069	3,184,968	9,696,099
United Kingdom	98,013	0.01	164,296	22,765,803	23,028,112
Middle East	52,795	0.01	3,106,304	7,902	3,167,001
Oceania	168,739	0.03	-	56,660	225,399
	₱636,819,625	100.00	₱342,086,150	₱202,026,996	₱1,180,932,771

* Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)



Parent Company					
2025					
	Loans and receivables		Trading and investment securities	Other financial assets*	Total
	Amount	%			
Philippines	₱693,272,237	95.62	₱301,041,115	₱121,737,845	₱1,116,051,197
Asia (excluding the Philippines)	13,022,257	1.79	6,486,587	23,311,137	42,819,981
USA and Canada	16,736,086	2.31	15,054,213	10,450,157	42,240,456
Other European Union Countries	1,612,439	0.22	3,055,185	17,185,312	21,852,936
United Kingdom	62,840	0.01	57,032	13,196,850	13,316,722
Middle East	48,682	0.01	3,761,082	2,115	3,811,879
Oceania	275,201	0.04	–	176,771	451,972
	₱725,029,742	100.00	₱329,455,214	₱186,060,187	₱1,240,545,143

*Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)

Parent Company					
2024					
	Loans and receivables		Trading and investment securities	Other financial assets*	Total
	Amount	%			
Philippines	₱589,617,070	94.73	₱326,739,735	₱126,130,132	₱1,042,486,937
Asia (excluding the Philippines)	13,736,617	2.21	5,543,027	33,984,841	53,264,485
USA and Canada	16,993,941	2.73	960,736	6,657,226	24,611,903
Other European Union Countries	1,780,062	0.28	4,731,069	3,173,875	9,685,006
United Kingdom	42,947	0.01	–	21,788,860	21,831,807
Middle East	52,795	0.01	3,106,304	7,230	3,166,329
Oceania	168,738	0.03	–	53,766	222,504
	₱622,392,170	100.00	₱341,080,871	₱191,795,930	₱1,155,268,971

*Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)

Concentration by industry

The tables below show the industry sector analysis of financial assets at amounts before taking into account the fair value of the loan collateral held or other credit enhancements.

Consolidated					
2025					
	Loans and receivables		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Government	₱1,146,030	0.15	₱297,021,841	₱89,949,779	₱388,117,650
Financial intermediaries	98,451,563	13.30	4,048,459	106,689,251	209,189,273
Electricity, gas and water	150,513,441	20.34	13,751,624	–	164,265,065
Wholesale and retail	125,911,611	17.01	7,266,823	–	133,178,434
Real estate, renting and business activities	132,411,112	17.89	–	14,625	132,425,737
Manufacturing	65,906,031	8.91	1,935	–	65,907,966
Construction	39,599,845	5.35	–	–	39,599,845
Transport, storage and communication	31,330,025	4.23	–	73	31,330,098
Agriculture, hunting and forestry	5,106,723	0.69	–	–	5,106,723
Public administration and defense	1,703,804	0.23	–	–	1,703,804
Others*	87,937,560	11.90	8,543,397	531,576	97,012,533
	₱740,017,745	100.00	₱330,634,079	₱197,185,304	₱1,267,837,128

*Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

**Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)



	Consolidated				
	2024				
	Loans and receivables		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Government	₱1,656,292	0.26	₱281,476,704	₱58,013,102	₱341,146,098
Financial intermediaries	95,402,771	14.98	1,697,498	143,572,258	240,672,527
Electricity, gas and water	100,473,295	15.78	8,251,366	–	108,724,661
Wholesale and retail	110,724,538	17.39	16,309,984	–	127,034,522
Real estate, renting and business activities	105,531,826	16.57	235,681	13,588	105,781,095
Manufacturing	62,254,787	9.78	70,453	–	62,325,240
Construction	37,948,520	5.96	–	–	37,948,520
Transport, storage and communication	34,460,783	5.41	–	73	34,460,856
Agriculture, hunting and forestry	5,424,089	0.85	–	–	5,424,089
Public administration and defense	1,554,338	0.24	–	–	1,554,338
Others*	81,388,386	12.78	34,044,464	427,975	115,860,825
	₱636,819,625	100.00	₱342,086,150	₱202,026,996	₱1,180,932,771

*Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

**Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)

	Parent Company				
	2025				
	Loans and receivables		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Government	₱1,144,253	0.16	₱296,130,491	₱89,949,779	₱387,224,523
Financial intermediaries	97,949,874	13.51	4,040,682	95,579,677	197,570,233
Electricity, gas and water	150,509,529	20.76	13,473,819	–	163,983,348
Real estate, renting and business activities	128,933,729	17.78	–	–	128,933,729
Wholesale and retail	119,113,656	16.43	7,266,823	–	126,380,479
Manufacturing	64,069,844	8.84	–	–	64,069,844
Construction	39,599,845	5.46	–	–	39,599,845
Transport, storage and communication	30,857,522	4.25	–	–	30,857,522
Agriculture, hunting and forestry	4,972,352	0.69	–	–	4,972,352
Public administration and defense	1,703,804	0.23	–	–	1,703,804
Others*	86,175,334	11.89	8,543,399	530,731	95,249,464
	₱725,029,742	100.00	₱329,455,214	₱186,060,187	₱1,240,545,143

*Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

**Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15).

	Parent Company				
	2024				
	Loans and receivables		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Government	₱1,656,292	0.27	₱280,799,512	₱58,013,102	₱340,468,906
Financial intermediaries	94,979,255	15.26	1,695,695	133,355,678	230,030,628
Electricity, gas and water	100,473,295	16.14	8,162,809	–	108,636,104
Real estate, renting and business activities	102,434,092	16.46	–	–	102,434,092
Wholesale and retail	104,940,102	16.86	16,309,984	–	121,250,086

(Forward)



	Parent Company				
	2024				
	Loans and receivables		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Manufacturing	₱60,256,428	9.68	₱68,577	₱-	₱60,325,005
Construction	37,948,520	6.10	-	-	37,948,520
Transport, storage and communication	33,939,953	5.45	-	-	33,939,953
Agriculture, hunting and forestry	5,269,973	0.85	-	-	5,269,973
Public administration and defense	1,554,338	0.25	-	-	1,554,338
Others*	78,939,922	12.68	34,044,294	427,150	113,411,366
	₱622,392,170	100.00	₱341,080,871	₱191,795,930	₱1,155,268,971

*Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.

**Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15).

Internal industry limits structure of the Parent Company calculates the capital required for the exposure under each industry and industry clusters and expressing these as percentage to total qualifying capital. The internal limits model also considers projected bookings and paydowns. As of December 31, 2025 and 2024, the Group and the Parent Company did not exceed the limit in any of its industry concentration.

4.1.6 Credit Quality Per Class of Financial Assets

Loans and receivables

The segmentation of the Group's loan portfolio is based on the underlying risk characteristics that are expected to respond in a similar manner to macroeconomic factors and forward-looking conditions.

Generally, the Group's exposures can be categorized as either of the following:

- Non-Retail Portfolio – consists of debt obligations of sovereigns, financial institutions, corporations, partnerships, or proprietorships. In particular, the Group's Non-Retail Portfolio segments are as follows: Sovereigns, Financial Institutions, Specialized Lending (e.g., Project Finance), Large Corporates, Middle Market and Commercial SME, government-owned and controlled corporations and LGUs.
- Retail Portfolio – consists of exposures to individual person/s or to a small business, and are not usually managed on an individual basis but as groups of exposures with similar credit risk characteristics. This includes Credit Cards, Consumer Loans and Retail SME, among others.

The credit quality of the Non-Retail Portfolio is evaluated and monitored using external ratings and internal credit risk rating system. The Parent Company maintains a two-dimensional risk rating structure: that is, there is a borrower risk rating (BRR) and a facility risk rating (FRR).

The Group developed specific borrower rating models to capture specific and unique risk characteristics of each of the Non-Retail Portfolio segments. The BRR is measured based on financial condition of the borrower combined with an assessment of non-financial factors such as management, industry outlook and market competition. The BRR models captures overlays and early warning signals as well. The Group uses a single scale with 26 risk grades for all its BRR models.

The 26-risk grade internal default masterscale is a representation of a common measure of relative default risk associated with the obligors/counterparties. The internal default masterscale is mapped to a global rating scale.



FRR, on the other hand, assesses potential loss of the Group in case of default, which considers collateral type and level of collateralization of the facility. The FRR has 9 grades, i.e. FRR A to FRR I.

The CRR or final credit risk rating shall be expressed in alphanumeric terms, e.g. CRR 1A which is a combination of the general creditworthiness of the borrower (BRR 1) and the potential loss of the Group in the event of the borrower's default (FRR A).

The credit quality and corresponding BRRs of the Group's receivables from customers are defined below:

Credit quality	26-Grade BRR system
<p>High</p> <p>S&P Equivalent Global Rating: AAA to BBB-</p>	<p><i>BRR 1 Excellent</i> Borrower has an exceptionally strong capacity to meet its financial commitments. No existing disruptions or future disruptions are highly unlikely. Probability of going into default in the coming year is very minimal/low.</p> <p><i>BRR 2 Very Strong</i> Borrower has a very strong capacity to meet its financial commitments. No existing disruptions or future disruptions are unlikely. It differs from BRR 1 borrowers only to a small degree. Probability of going into default in the coming year is very minimal/low.</p> <p><i>BRR 3 Strong</i> Borrower has a strong capacity to meet its financial commitments. No existing disruptions or future disruptions are unlikely. However, adverse economic conditions or changing circumstances could lead to somewhat lesser capacity to meet financial obligations than in higher-rated borrowers. Probability of going into default in the coming year is very minimal/low.</p> <p><i>BRR 4-6 Good</i> Borrower has an adequate capacity to meet its financial commitments in the normal course of its business. With identified disruptions from external factors but company has or will likely overcome. Default possibility is minimal/low.</p> <p><i>BRR 7-9 Satisfactory</i> Borrower under this rating scale basically possesses the characteristics of borrowers rated as BRR 4 to BRR 6 with slightly lesser quality. Default possibility is minimal/low.</p> <p><i>BRR 10-12 Adequate</i> Borrower has an adequate capacity to meet its financial commitments under the normal course of business. However, adverse economic conditions and changing circumstances are more likely to weaken the borrower's capacity to meet its financial commitments. Default possibility is minimal/low.</p>
<p>Standard</p> <p>S&P Equivalent Global Rating: BB+ to BB-</p>	<p><i>BRR 13-15 Average</i> Borrower still has the capacity to meet its financial commitments and withstand normal business cycles, however, any prolonged unfavorable economic and/or market conditions would create an immediate deterioration beyond acceptable levels. With identified disruptions from external forces, impact on the borrower is uncertain. Default is a possibility.</p> <p><i>BRR 16-18 Acceptable</i> Borrower under this rating scale basically possesses the characteristics of borrowers rated as BRR 13 to BRR 15 with slightly lesser quality. Default is a possibility.</p> <p><i>BRR 19-20 Vulnerable</i> Borrower is less vulnerable in the near term than other low-rated borrowers. However, it faces major ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the borrower's inadequate capacity to meet its financial commitment. Default is a possibility</p>
<p>Substandard</p> <p>S&P Equivalent Global Rating: B+ to CCC-</p>	<p><i>BRR 21-22 Weak</i> Borrower is more vulnerable than the borrowers rated BRR 19 and BRR 20 but the borrower currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the borrower's capacity or willingness to meet its financial commitments. Default is more than a possibility.</p> <p><i>BRR 23-25 Watchlist</i> Borrower is currently vulnerable and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments. Borrower may already be experiencing losses and impaired capital in the case of BRR 25.</p>
<p>Impaired</p> <p>S&P Equivalent Global Rating:</p>	<p><i>BRR 26 Default</i> Default will be a general default. Borrower will fail to pay all or substantially all of its obligations as they come due.</p>



	Parent Company			
	2025			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail - Corporate				
High	₱274,795,413	₱	₱-	₱274,795,413
Standard	300,794,322	719,305	-	301,513,627
Substandard	31,435,529	20,172,740	-	51,608,269
Impaired	-	-	32,107,819	32,107,819
	607,025,264	20,892,045	32,107,819	660,025,128
Subject to Scoring and Unrated				
Non-Retail	9,720,983	100,271	543,123	10,364,377
Corporate	8,571,390	86,539	485,079	9,143,008
LGU	1,149,593	13,732	58,044	1,221,369
Retail	56,825,805	1,844,680	6,795,417	65,465,902
Auto Loans	5,876,245	101,597	347,570	6,325,412
Housing Loans	25,312,164	871,502	5,094,489	31,278,155
Retail SME	5,546,259	180,254	709,061	6,435,574
Credit Card	20,091,137	691,327	644,297	21,426,761
Others	9,853,489	1,211,637	453,533	11,518,659
	76,400,277	3,156,588	7,792,073	87,348,938
	₱683,425,541	₱24,048,633	₱39,899,892	₱747,374,066

	Parent Company			
	2024			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail - Corporate				
High	₱234,976,619	₱-	₱-	₱234,976,619
Standard	246,214,981	4,763,028	-	250,978,009
Substandard	36,851,793	19,858,093	-	56,709,886
Impaired	-	-	33,775,932	33,775,932
	518,043,393	24,621,121	33,775,932	576,440,446
Subject to Scoring and Unrated				
Non-Retail	9,287,762	136,615	934,239	10,358,616
Corporate	7,640,893	113,281	876,195	8,630,369
LGU	1,646,869	23,334	58,044	1,728,247
Retail	46,801,777	950,987	7,987,259	55,740,023
Auto Loans	5,382,399	35,654	807,414	6,225,467
Housing Loans	20,403,311	312,234	5,244,192	25,959,737
Retail SME	4,370,985	123,985	995,964	5,490,934
Credit Card	16,645,082	479,114	939,689	18,063,885
Others	6,819,797	343,569	1,589,410	8,752,776
	62,909,336	1,431,171	10,510,908	74,851,415
	₱580,952,729	₱26,052,292	₱44,286,840	₱651,291,861

The analysis of past due status of receivables from customers that are subject to scoring and unrated follows:

	Consolidated				
	2025				
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱616,702	₱117,157	₱144,861	₱4,617,684	₱5,496,404
Auto Loans	86,106	41,331	37,291	284,439	449,167
Retail SME	26,913	512	17,180	682,467	727,072
Credit Card	621,149	571,490	534,050	187,883	1,914,572
LGU	7,523	-	-	50,521	58,044
Others	136,820	9,363	7,940	343,969	498,092
Total	₱1,495,213	₱739,853	₱741,322	₱6,166,963	₱9,143,351



Consolidated					
2024					
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱252,972	₱127,239	₱119,802	₱5,095,857	₱5,595,870
Auto Loans	19,684	28,772	35,676	758,937	843,069
Retail SME	34,626	5,563	8,886	949,477	998,552
Credit Card	682,120	405,750	342,506	683,022	2,113,398
LGU	7,523	—	—	50,521	58,044
Others	264,959	76,299	20,592	1,430,469	1,792,319
Total	₱1,261,884	₱643,623	₱527,462	₱8,968,283	₱11,401,252

Parent Company					
2025					
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱616,050	₱112,567	₱125,227	₱4,560,338	₱5,414,182
Auto Loans	86,106	41,331	37,291	284,439	449,167
Retail SME	26,913	512	17,180	682,467	727,072
Credit Card	621,149	571,490	534,050	187,883	1,914,572
LGU	7,523	—	—	50,521	58,044
Others	135,263	8,335	7,940	343,969	495,507
Total	₱1,493,004	₱734,235	₱721,688	₱6,109,617	₱9,058,544

Parent Company					
2024					
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱252,854	₱127,239	₱119,802	₱5,042,398	₱5,542,293
Auto Loans	19,684	28,772	35,676	758,937	843,069
Retail SME	34,626	5,563	8,886	949,477	998,552
Credit Card	682,120	405,750	342,506	683,022	2,113,398
LGU	7,523	—	—	50,521	58,044
Others	263,503	75,385	20,592	1,430,469	1,789,949
Total	₱1,260,310	₱642,709	₱527,462	₱8,914,824	₱11,345,305

Trading and investment securities and other financial assets

In ensuring quality investment portfolio, the Group uses the credit risk rating based on the external ratings of eligible external credit rating institutions (i.e. Moody's Investors Service) as follows:

- Aaa to Aa3 - fixed income are judged to be of high quality and are subject to very low credit risk, but their susceptibility to long-term risks appears somewhat greater.
- A1 to A3 - fixed income obligations are considered upper-medium grade and are subject to low credit risk, but have elements present that suggest a susceptibility to impairment over the long term.
- Baa1 and below - represents those investments which fall under any of the following grade:
 - Baa1, Baa2, Baa3 - fixed income obligations are subject to moderate credit risk. They are considered medium grade and as such protective elements may be lacking or may be characteristically unreliable.
 - Ba1, Ba2, Ba3 - obligations are judged to have speculative elements and are subject to substantial credit risk.
 - B1, B2, B3 - obligations are considered speculative and are subject to high credit risk.
 - Caa1, Caa2, Caa3 - are judged to be of poor standing and are subject to very high credit risk.
 - Ca - are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
 - C - are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.



Below are the financial assets of the Group and the Parent Company, gross of allowance for credit losses, excluding receivables from customers, which are monitored using external ratings.

Consolidated						
2025						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	₱-	₱-	₱-	₱-	₱68,529,550	₱68,529,550
Due from other banks	5,383,734	15,834,766	311,733	21,530,233	3,306,825	24,837,058
Interbank loans receivables	1,965,783	22,171,199	4,000,000	28,136,982	2,243,034	30,380,016
Securities held under agreements to resell	-	19,461,594	23,824,906	43,286,500	29,664,113	72,950,613
Financial assets at FVOCI						
Government securities	12,074,619	3,172,806	130,041,625	145,289,050	3,231,340	148,520,390
Private debt securities	-	277,805	302,904	580,709	19,560,924	20,141,633
Investment securities at amortized cost						
Government securities	728,244	-	103,178,153	103,906,397	11,951,751	115,858,148
Private debt securities	1,296,110	1,515,090	1,001,412	3,812,612	7,802,694	11,615,306
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	-	-	-	-	16,228,432	16,228,432

^{1/} 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

Consolidated						
2024						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	₱-	₱-	₱-	₱-	₱55,128,316	₱55,128,316
Due from other banks	4,915,242	11,127,337	1,037,804	17,080,383	3,108,255	20,188,638
Interbank loans receivables	3,240,924	17,814,043	-	21,054,967	1,738,365	22,793,332
Securities held under agreements to resell	-	12,581,872	12,355,747	24,937,619	78,588,740	103,526,359
Financial assets at FVOCI						
Government securities	1,640,210	2,933,248	135,510,598	140,084,056	27,740,717	167,824,773
Private debt securities	949,491	202,950	291,643	1,444,084	14,134,116	15,578,200
Investment securities at amortized cost						
Government securities	437,694	805,453	81,099,109	82,342,256	14,475,124	96,817,380
Private debt securities	753,184	523,078	713,605	1,989,867	13,762,605	15,752,472
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	-	-	-	-	14,791,311	14,791,311

^{1/} 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

Parent Company						
2025						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	₱-	₱-	₱-	₱-	₱68,529,550	₱68,529,550
Due from other banks	1,063,706	11,918,651	824,593	13,806,950	2,877,921	16,684,871
Interbank loans receivables	-	22,171,199	4,000,000	26,171,199	1,251,245	27,422,444
Securities held under agreements to resell	-	19,461,594	23,824,906	43,286,500	29,664,113	72,950,613
Financial assets at FVOCI						
Government securities	11,668,320	3,172,806	130,214,185	145,055,311	3,129,463	148,184,774
Private debt securities	-	-	302,904	302,904	19,560,924	19,863,828
Investment securities at amortized cost						
Government securities	172,511	-	103,178,153	103,350,664	11,951,751	115,302,415
Private securities	1,296,110	1,515,090	1,001,412	3,812,612	7,802,694	11,615,306
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	-	-	-	-	15,570,698	15,570,698

^{1/} 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).



Parent Company						
2024						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	₱-	₱-	₱-	₱-	₱55,128,316	₱55,128,316
Due from other banks	331,819	7,775,537	285,567	8,392,923	3,090,030	11,482,953
Interbank loans receivables	1,735,350	17,814,043	-	19,549,393	1,738,365	21,287,758
Securities held under agreements to resell	-	12,581,872	12,355,747	24,937,619	78,588,740	103,526,359
Financial assets at FVOCI						
Government securities	1,336,741	2,933,248	135,683,158	139,953,147	27,576,421	167,529,568
Private debt securities	949,491	199,434	291,643	1,440,568	14,134,116	15,574,684
Investment securities at amortized cost						
Government securities	55,707	805,453	81,099,109	81,960,269	14,475,124	96,435,393
Private securities	753,184	523,078	713,605	1,989,867	13,762,605	15,752,472
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	-	-	-	-	14,084,022	14,084,022

^{1/} Due from BSP¹ is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.

^{2/} Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

4.2 Liquidity Risk and Funding Management

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they come due without incurring unacceptable losses or costs.

The Group's liquidity management involves maintaining funding capacity to accommodate fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. The Parent Company seeks to ensure liquidity through a combination of active management of liabilities, a liquid asset portfolio composed substantially of deposits in primary and secondary reserves, and the securing of money market lines and the maintenance of repurchase facilities to address any unexpected liquidity situations.

Liquidity risk is monitored and controlled primarily by a gap analysis of maturities of relevant assets and liabilities reflected in the maximum cumulative outflow (MCO) report, as well as an analysis of available liquid assets. The MCO focuses on a 12-month period wherein the 12-month cumulative outflow is compared to the acceptable MCO limit set by the BOD. Furthermore, an internal liquidity ratio has been set to determine sufficiency of liquid assets over deposit liabilities.

Liquidity is monitored by the Parent Company on a daily basis through the Global Markets Group. Likewise, the ERMG monitors the static liquidity via the MCO under normal and stressed scenarios.



The table below shows the liquidity information of financial assets and financial liabilities which includes coupon cash flows categorized based on the expected date on which the asset will be realized and the liability will be settled. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date the assets will be realized.

	Consolidated					Total
	2025					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	
Financial Assets						
COCI	₱20,868,793	₱-	₱-	₱-	₱-	₱20,868,793
Due from BSP and other banks	95,572,921	-	-	-	-	95,572,921
Interbank loans receivable	27,933,806	1,852,025	36,060	674,537	-	30,496,428
Securities held under agreements to resell	61,205,462	12,058,748	65,961	-	-	73,330,171
Financial assets at FVTPL:						
Government securities	11,340,890	706,457	643,535	643,950	30,347,651	43,682,483
Private debt securities	3,324	-	3,324	6,648	296,405	309,701
Equity securities	2,935	-	-	-	-	2,935
Derivative assets:						
Gross contractual receivable	77,892,478	18,014,006	5,554,696	275,829	1,030,001	102,767,010
Gross contractual payable	(77,485,694)	(17,852,028)	(5,437,199)	(268,641)	(926,937)	(101,970,499)
Financial assets at FVOCI:						
Government securities	54,664,191	1,393,669	1,998,234	2,726,565	117,742,465	178,525,124
Private debt securities	143,880	1,769,309	744,001	1,368,426	21,570,168	25,595,784
Equity securities	-	-	-	-	27,868,750	27,868,750
Investment securities at amortized cost						
Government securities	99	1,112,269	5,046,743	6,349,157	145,918,985	158,427,253
Private debt securities	5	101,895	2,281,120	1,704,922	11,849,840	15,937,782
Financial assets at amortized cost:						
Receivables from customers	290,549,382	47,743,099	11,275,580	13,477,781	577,051,008	940,096,850
Other receivables	13,249,964	1,476,230	528,682	90,395	883,161	16,228,432
Other assets	530,851	-	-	-	20,428	551,279
Total financial assets	₱576,473,287	₱68,375,679	₱22,740,737	₱27,049,569	₱933,651,925	₱1,628,291,197
Financial Liabilities						
Deposit liabilities:						
Demand	₱243,069,051	₱-	₱-	₱-	₱-	₱243,069,051
Savings *	412,454,818	-	-	-	-	412,454,818
Time and LTNCDs *	271,657,671	96,143,109	21,004,762	10,798,320	10,241,944	409,845,806
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual payable	49,482,664	9,502,125	5,634,596	920,064	436,349	65,975,798
Gross contractual receivable	(49,335,109)	(9,423,234)	(5,594,113)	(912,975)	(427,639)	(65,693,070)
Bills and acceptances payable	2,361,677	6,423,942	1,669,925	258,444	-	10,713,988
Bonds payable	-	-	-	-	36,714,800	36,714,800
Accrued interest payable and accrued other expenses payable						
	3,742,175	114,818	184,460	40,763	1,529	4,083,745
Other liabilities	9,511,394	65,823	-	71,229	1,379,221	11,027,667
Total financial liabilities	₱942,944,341	₱102,826,583	₱22,899,630	₱11,175,845	₱48,346,204	₱1,128,192,603

* High-yield savings accounts are included under time deposits

	Consolidated					Total
	2024					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	
Financial Assets						
COCI	₱20,638,033	₱-	₱-	₱-	₱-	₱20,638,033
Due from BSP and other banks	79,665,312	-	-	-	-	79,665,312
Interbank loans receivable	14,391,519	8,269,891	-	237,736	-	22,899,146
Securities held under agreements to resell	86,336,489	17,442,188	45,606	-	-	103,824,283
Financial assets at FVTPL:						
Government securities	6,019,858	37,152	327,922	3,428,645	10,851,259	20,664,836
Private debt securities	1,963	501,293	161,953	76	2,500	667,785
Equity securities	2,866	-	-	-	-	2,866
Derivative assets:						
Gross contractual receivable	63,016,118	17,487,420	4,695,516	1,177,732	718,884	87,095,670
Gross contractual payable	(62,348,904)	(17,225,028)	(4,630,933)	(1,148,725)	(657,203)	(86,010,793)

(Forward)



Consolidated						
2024						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial assets at FVOCI:						
Government securities	₱45,163,800	₱23,772,893	₱3,594,679	₱27,001,776	₱96,698,783	₱196,231,931
Private debt securities	102,545	1,612,398	338,704	2,077,196	14,916,954	19,047,797
Equity securities	–	–	–	–	28,339,810	28,339,810
Investment securities at amortized cost						
Government securities	1,783,091	3,145,770	4,701,366	3,260,697	121,298,519	134,189,443
Private debt securities	5,935,265	159,585	640,783	4,501,535	7,708,861	18,946,029
Financial assets at amortized cost:						
Receivables from customers	129,354,666	112,113,503	39,252,192	36,802,831	485,624,853	803,148,045
Other receivables	12,220,461	1,254,881	432,752	65,212	818,003	14,791,309
Other assets	427,311	–	–	–	20,162	447,473
Total financial assets	₱402,710,393	₱168,571,946	₱49,560,540	₱77,404,711	₱766,341,385	₱1,464,588,975
Financial Liabilities						
Deposit liabilities:						
Demand	₱244,799,109	₱–	₱–	₱–	₱–	₱244,799,109
Savings *	392,374,872	–	–	–	–	392,374,872
Time and LTNCDs *	184,634,425	119,952,066	22,108,662	9,754,371	5,045,284	341,494,808
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual payable	30,063,432	17,447,332	12,617,891	1,356,393	–	61,485,048
Gross contractual receivable	(29,925,130)	(17,133,537)	(12,163,154)	(1,339,194)	–	(60,561,015)
Bills and acceptances payable	974,286	2,537,017	3,611,405	8,057,956	14,566	15,195,230
Bonds payable	–	–	–	–	21,573,430	21,573,430
Accrued interest payable and accrued other expenses payable	3,735,521	20,240	160,435	45,689	350	3,962,235
Other liabilities	11,510,963	–	–	–	1,626,812	13,137,775
Total financial liabilities	₱838,167,478	₱122,823,118	₱26,335,239	₱17,875,215	₱28,260,442	₱1,033,461,492

* High-yield savings accounts are included under time deposits

Parent Company						
2025						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱20,784,084	₱–	₱–	₱–	₱–	₱20,784,084
Due from BSP and other banks	85,379,722	–	–	–	–	85,379,722
Interbank loans receivable	26,750,581	687,946	19,269	–	–	27,457,796
Securities held under agreements to resell	61,219,614	12,058,748	–	–	–	73,278,362
Financial assets at FVTPL:						
Government securities	11,340,890	706,457	643,535	643,950	30,347,651	43,682,483
Private debt securities	3,324	–	3,324	6,648	296,405	309,701
Equity securities	–	–	–	–	–	–
Derivative assets:						
Gross contractual receivable	77,891,436	18,010,855	5,552,113	275,829	1,030,001	102,760,234
Gross contractual payable	(77,485,694)	(17,852,028)	(5,437,199)	(268,641)	(926,937)	(101,970,499)
Financial assets at FVOCI:						
Government securities	54,564,181	1,387,646	1,998,234	2,616,016	117,403,465	177,969,542
Private debt securities	143,560	1,769,309	735,761	1,364,306	21,319,743	25,332,679
Equity securities	–	–	–	–	27,705,083	27,705,083
Investment securities at amortized cost:						
Government securities	99	683,869	5,046,743	6,221,823	145,918,985	157,871,519
Private debt securities	5	101,895	2,281,120	1,704,922	11,849,840	15,937,782
Financial assets at amortized cost:						
Receivables from customers	286,843,648	43,116,091	9,232,351	11,739,378	573,992,688	924,924,156
Other receivables	12,687,532	1,466,767	526,305	27,913	862,181	15,570,698
Other assets	530,231	–	–	–	500	530,731
Total financial assets	₱560,653,213	₱62,137,555	₱20,601,556	₱24,332,144	₱929,799,605	₱1,597,524,073
Financial Liabilities						
Deposit liabilities:						
Demand	₱242,462,389	₱–	₱–	₱–	₱–	₱242,462,389
Savings *	410,981,594	–	–	–	–	410,981,594
Time and LTNCDs *	273,334,113	93,297,387	17,085,858	10,221,471	10,241,944	404,180,773

(Forward)



Parent Company						
2025						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual receivable	₱49,482,664	₱9,502,125	₱5,634,596	₱920,064	₱436,349	₱65,975,798
Gross contractual payable	(49,335,109)	(9,423,234)	(5,594,113)	(912,957)	(427,639)	(65,693,052)
Bills and acceptances payable	2,361,677	6,423,942	1,669,925	258,444	–	10,713,988
Bonds payable	–	–	–	–	36,714,800	36,714,800
Accrued interest payable and accrued other expenses payable	3,765,557	92,207	165,119	1,286	–	4,024,169
Other liabilities	8,921,731	65,823	–	71,229	1,379,221	10,438,004
Total financial liabilities	₱941,974,616	₱99,958,250	₱18,961,385	₱10,559,537	₱48,344,675	₱1,119,798,463

* High-yield savings accounts are included under time deposits

Parent Company						
2024						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱20,522,258	₱–	₱–	₱–	₱–	₱20,522,258
Due from BSP and other banks	68,407,714	–	–	–	–	68,407,714
Interbank loans receivable	13,799,929	7,577,478	–	–	–	21,377,407
Securities held under agreements to resell	86,350,640	17,442,188	–	–	–	103,792,828
Financial assets at FVTPL:						
Government securities	6,019,858	37,152	327,922	3,428,645	10,851,259	20,664,836
Private debt securities	1,963	499,831	12,266	76	2,500	516,636
Equity securities	–	–	–	–	–	–
Derivative assets:						
Gross contractual receivable	63,016,045	17,487,373	4,694,825	1,177,732	718,884	87,094,859
Gross contractual payable	(62,348,904)	(17,225,028)	(4,630,933)	(1,148,725)	(657,203)	(86,010,793)
Financial assets at FVOCI:						
Government securities	45,163,800	23,766,870	3,429,917	26,993,976	96,344,183	195,698,746
Private debt securities	102,545	1,612,346	338,651	2,077,081	14,912,826	19,043,449
Equity securities	–	–	–	–	28,166,082	28,166,082
Investment securities at amortized cost:						
Government securities	1,783,091	3,145,770	4,673,697	3,260,697	120,933,945	133,797,200
Private debt securities	5,935,265	159,585	640,783	4,501,535	7,708,861	18,946,029
Financial assets at amortized cost:						
Receivables from customers	125,410,180	108,111,242	37,907,583	35,037,355	482,137,644	788,604,004
Other receivables	11,618,507	1,212,223	423,072	16,772	813,447	14,084,021
Other assets	426,650	–	–	–	500	427,150
Total financial assets	₱386,209,541	₱163,827,030	₱47,817,783	₱75,345,144	₱761,932,928	₱1,435,132,426

Financial Liabilities						
Deposit liabilities:						
Demand	₱244,265,623	₱–	₱–	₱–	₱–	₱244,265,623
Savings *	391,145,423	–	–	–	–	391,145,423
Time and LTNCDs *	183,443,376	117,002,007	18,847,934	9,272,776	4,988,759	333,554,852
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual receivable	30,062,057	17,446,351	12,617,887	1,356,393	–	61,482,688
Gross contractual payable	(29,925,130)	(17,133,537)	(12,163,154)	(1,339,176)	–	(60,560,997)
Bills and acceptances payable	974,286	2,537,017	3,611,405	8,057,956	14,565	15,195,229
Bonds payable	–	–	–	–	21,573,430	21,573,430
Accrued interest payable and accrued other expenses payable	3,741,442	11,470	160,435	–	–	3,913,347
Other liabilities	10,854,712	–	–	–	1,626,812	12,481,524
Total financial liabilities	₱834,561,789	₱119,863,308	₱23,074,507	₱17,347,949	₱28,203,566	₱1,023,051,119

* High-yield savings accounts are included under time deposits

4.2.1 BSP Reporting for Liquidity Positions and Leverage

To promote short-term resilience of banks' liquidity risk profile, BSP requires banks and other regulated entities to maintain:

- over a 30-calendar day horizon, an adequate level of unencumbered high-quality liquid assets (HQLA) that consist of cash or assets that can be converted into cash to offset the net cash outflows they could encounter under a liquidity stress scenario; and



- a stable funding profile in relation to the composition of their assets and off-balance sheet activities.

To monitor the liquidity levels, the Group computes for its Liquidity Coverage Ratio (LCR), which is the ratio of HQLA to the total net cash outflows. As of December 31, 2025 and 2024, LCR reported to the BSP with certain adjustments is shown in the table below:

	Consolidated		Parent Company	
	2025	2024	2025	2024
LCR	259.98%	254.46%	248.20%	244.55%

The Group also computes for its Net Stable Funding Ratio (NSFR), which is the ratio of the available stable funding to the required stable funding. Both LCR and NSFR should be maintained no lower than 100.00% on a daily basis under normal situations. As of December 31, 2025 and 2024, NSFR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2025	2024	2025	2024
Available stable funding	₱1,033,503	₱955,109	₱1,023,829	₱943,044
Required stable funding	671,425	598,326	674,057	600,847
NSFR	153.93%	159.63%	151.89%	156.95%

4.3 Market Risk

Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of instruments, products, and transactions in an institutions' overall portfolio. Market risk arises from market making, dealing, and position taking in interest rate, foreign exchange and equity markets. The succeeding sections provide discussion on the impact of market risk on the Parent Company's trading and structural portfolios.

4.3.1 Trading Market Risk

Trading market risk exists in the Parent Company as the values of its trading positions are sensitive to changes in market rates such as interest rates, foreign exchange rates and equity prices. The Parent Company is exposed to trading market risk in the course of market making as well as from taking advantage of market opportunities. For internal monitoring of the risks in the trading portfolio, the Parent Company uses the Value at Risk (VaR) as a primary risk measurement tool. It adopts both the Parametric VaR methodology and Historical Simulation Methodology (with 99.00% confidence level) to measure the Parent Company's trading market risk. Both the Parametric models and Historical Simulation models were validated. Volatilities used in the parametric are updated on a daily basis and are based on historical data for a rolling 400-day period while yields and prices in the historical VaR approach are also updated daily. The ERMG reports the VaR utilization and breaches to limits to the risk taking personnel on a daily basis and to the ALCO and ROC on a monthly basis. All risk reports discussed in the ROC meeting are noted by the BOD. The VaR figures are back tested to validate the robustness of the VaR model. Results of backtesting on a rolling one year period are reported also to the ROC.



The parametric VaR models are designed to measure market risk in a normal market environment. The models assume that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution. The use of VaR has limitations because it is based on historical volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market movements may be under-estimated if changes in risk factors fail to align with historical movements. VaR may also be under- or over- estimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99.00% confidence level.

VaR estimates the potential loss on the current portfolio assuming a specified time horizon and level of confidence at 99.00%. The use of a 99.00% confidence level means that, within a one day horizon, losses exceeding the VaR figure should occur, on average, not more than once every one hundred days.

The validity of the assumptions underlying the Parent Company's VaR models can only be checked by appropriate backtesting procedures. Backtesting is a formal statistical framework that consists of verifying that actual losses are within the projected VaR approximations. The Parent Company adopts both the clean backtesting and dirty backtesting approaches approach in backtesting. Clean backtesting, consists of comparing the VaR estimates with some hypothetical profit or loss (P&L) values of the portfolio, having kept its composition unchanged. In this case, the same portfolio is repriced or marked-to-market at the end of the time interval and the hypothetical P&L is then compared with the VaR. The other method, called dirty backtesting, consists of comparing the VaR estimates with the actual P&L values at the end of the time horizon. This method, however, may pose a problem if the portfolio has changed drastically because of trading activities between the beginning and the end of the time horizon since VaR models assume that the portfolio is "frozen" over the horizon. The Parent Company uses the regulatory 3-zone (green, yellow and red) boundaries in evaluating the backtesting results.

The VaR models undergo close monitoring and regular review of the model's parameters and assumptions to determine model quality.

To complement the VaR approximations, the Parent Company conducts stress testing on a quarterly basis, the results of which are being reported to the BOD. Scenarios used in the conduct of stress test are event driven and represent the worst one-off event of a specific risk factor. Results of stress testing are analyzed in terms of the impact to earnings and capital.

Since VaR is an integral part of the Parent Company's market risk management, VaR limits have been established annually for all financial trading activities and exposures. Calculated VaR compared against the VaR limits are monitored. Limits are based on the tolerable risk appetite of the Parent Company.



The tables below show the trading VaR (in millions):

Trading Portfolio	Foreign Exchange*	Interest Rate	Equities Price	Total VaR**
December 29, 2025	₱7.20	₱273.41	₱–	₱280.61
Average Daily	6.87	358.78	–	365.65
Highest	21.43	638.22	–	645.38
Lowest	1.12	106.89	–	114.15

* *FX VaR is the bankwide foreign exchange risk*

** *The high and low for the total portfolio may not equal the sum of the individual components as the highs and lows of the individual trading portfolios may have occurred on different trading days*

Trading Portfolio	Foreign Exchange*	Interest Rate	Equities Price	Total VaR**
December 29, 2024	₱15.74	₱239.88	₱–	₱255.63
Average Daily	8.45	171.61	–	180.06
Highest	24.10	425.89	–	443.69
Lowest	1.31	70.83	–	73.49

* *FX VaR is the bankwide foreign exchange risk*

** *The high and low for the total portfolio may not equal the sum of the individual components as the highs and lows of the individual trading portfolios may have occurred on different trading days*

4.4.2 Non-Trading Market Risk

Interest rate risk

The Group seeks to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. Interest margins may increase as a result of such changes but may be reduced or may create losses in the event that unexpected movements arise.

Repricing mismatches will expose the Group to interest rate risk. The Group measures the sensitivity of its assets and liabilities to interest rate fluctuations by way of a “repricing gap” analysis using the repricing characteristics of its financial instrument positions tempered with approved assumptions. To evaluate earnings exposure, interest rate sensitive liabilities in each time band are subtracted from the corresponding interest rate assets to produce a “repricing gap” for that time band. The difference in the amount of assets and liabilities maturing or being repriced over a one-year period would then give the Group an indication of the extent to which it is exposed to the risk of potential changes in net interest income. A negative gap occurs when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. Vice versa, positive gap occurs when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities.

During a period of rising interest rates, a company with a positive gap is better positioned because the company’s assets are refinanced at increasingly higher interest rates increasing the net interest margin of the company over time. During a period of falling interest rates, a company with a positive gap would show assets repricing at a faster rate than one with a negative gap, which may restrain the growth of its net income or result in a decline in net interest income.

For risk management purposes, the loan accounts are assessed based on next repricing date, thus as an example, if a loan account is scheduled to reprice three years from year-end report date, slotting of the account will be based on the date of interest repricing. Deposits with no specific maturity dates are excluded in the one-year repricing gap except for the portion of volatile regular savings deposits which are assumed to be withdrawn during the one year period and assumed to be replaced by a higher deposit rate.



The Group uses the Earnings at Risk (EaR) methodology to measure the likely interest margin compression in case of adverse change in interest rates given the Group's repricing gap. The repricing gap covering the one-year period is multiplied by an assumed change in interest rates to yield an approximation of the change in net interest income that would result from such an interest rate movement. The Parent Company's BOD sets a limit on the level of EaR exposure tolerable to the Group. EaR exposure and compliance to the EaR limit is monitored every two weeks and reported monthly by the ERMG and subject to a quarterly stress test.

The following table sets forth the repricing gap position of the Group and the Parent Company:

	Consolidated					Total
	2025					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	
Financial Assets*						
Due from BSP and other banks	₱53,614,623	₱6,360,456	₱2,062,503	₱3,282,816	₱28,040,387	₱93,360,785
Interbank loans receivable and securities held under agreements to resell	84,560,428	17,856,631	186,517	669,664	–	103,273,240
Receivables from customers and other receivables - gross	177,081,792	85,342,682	49,570,091	24,783,100	130,564,501	467,342,166
Total financial assets	₱315,256,843	₱109,559,769	₱51,819,111	₱28,735,580	₱158,604,888	₱663,976,191
Financial Liabilities*						
Deposit liabilities:						
Savings	₱130,612,775	₱64,174,867	₱28,392,582	₱54,270,384	₱280,706,941	₱558,157,549
Time	185,000,496	47,046,519	8,900,894	4,952,341	14,405,932	260,306,182
Bonds payable	–	–	–	–	33,278,399	33,278,399
Bills and acceptances payable	8,354,655	–	1,419,547	–	968,546	10,742,748
Total financial liabilities	₱323,967,926	₱111,221,386	₱38,713,023	₱59,222,725	₱329,359,818	₱862,484,878
Repricing gap	(₱8,711,083)	(₱1,661,617)	₱13,106,088	(₱30,487,145)	(₱170,754,930)	(₱198,508,687)
Cumulative gap	(8,711,083)	(10,372,700)	2,733,388	(27,753,757)	(198,508,687)	

* Financial instruments that are not subject to repricing/rollforward were excluded

	Consolidated					Total
	2024					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	
Financial Assets*						
Due from BSP and other banks	₱38,455,828	₱7,681,906	₱3,454,493	₱4,415,792	₱21,304,191	₱75,312,210
Interbank loans receivable and securities held under agreements to resell	108,224,491	17,800,638	–	242,184	–	126,267,313
Receivables from customers and other receivables - gross	157,138,553	68,585,452	21,366,921	61,472,690	104,245,092	412,808,708
Total financial assets	₱303,818,872	₱94,067,996	₱24,821,414	₱66,130,666	₱125,549,283	₱614,388,231
Financial Liabilities*						
Deposit liabilities:						
Savings	₱158,681,470	₱72,692,839	₱27,724,999	₱51,339,044	₱264,897,175	₱575,335,527
Time**	82,979,912	40,903,297	6,699,749	5,023,468	11,762,306	147,368,732
Bonds payable	–	–	–	–	17,304,421	17,304,421
Bills and acceptances payable	7,869,449	2,324,009	2,295,405	7,719,588	–	20,208,451
Total financial liabilities	₱249,530,831	₱115,920,145	₱36,720,153	₱64,082,100	₱293,963,902	₱760,217,131
Repricing gap	₱54,288,041	(₱21,852,149)	(₱11,898,739)	₱2,048,566	(₱168,414,619)	(₱145,828,900)
Cumulative gap	54,288,041	32,435,892	20,537,153	22,585,719	(145,828,900)	

* Financial instruments that are not subject to repricing/rollforward were excluded

** Excludes LTNCD



Parent Company						
2025						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱50,286,645	₱3,710,939	₱1,587,776	₱2,953,749	₱26,673,059	₱85,212,168
Interbank loans receivable and securities held under repurchase agreement	83,533,823	16,764,769	18,696			100,317,288
Receivable from customers and other receivables - gross	177,081,792	85,342,683	49,570,091	24,783,100	130,564,501	467,342,167
Total financial assets	₱310,902,260	₱105,818,391	₱51,176,563	₱27,736,849	₱157,237,560	₱652,871,623
Financial Liabilities*						
Deposit liabilities:						
Savings	₱130,434,031	₱64,037,066	₱28,254,781	₱54,058,214	₱280,037,618	₱556,821,710
Time	189,451,689	46,971,653	8,798,098	4,937,918	6,172,586	256,331,944
Bonds payable					33,278,399	33,278,399
Bills and acceptances payable	8,354,655	-	1,419,547	-	968,546	10,742,748
Total financial liabilities	₱328,240,375	₱111,008,719	₱38,472,426	₱58,996,132	₱320,457,149	₱857,174,801
Repricing gap	(₱17,338,115)	(₱5,190,328)	₱12,704,137	(₱31,259,283)	(₱163,219,589)	(₱204,303,178)
Cumulative gap	(17,338,115)	(22,528,443)	(9,824,306)	(41,083,589)	(204,303,178)	

* Financial instruments that are not subject to repricing/rollforward were excluded.

Parent Company						
2024						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱33,464,849	₱5,593,770	₱1,899,764	₱4,386,159	₱21,261,952	₱66,606,494
Interbank loans receivable and securities held under repurchase agreement	107,900,848	16,861,438	-	-	-	124,762,286
Receivable from customers and other receivables - gross	157,138,553	68,585,452	21,366,921	61,472,689	104,245,092	412,808,707
Total financial assets	₱298,504,250	₱91,040,660	₱23,266,685	₱65,858,848	₱125,507,044	₱604,177,487
Financial Liabilities*						
Deposit liabilities:						
Savings	₱158,530,209	₱72,580,213	₱27,612,373	₱51,165,635	₱264,350,130	₱574,238,560
Time**	87,650,002	40,764,217	6,585,830	4,955,855	4,186,727	144,142,631
Bonds payable	-	-	-	-	17,304,421	17,304,421
Bills and acceptances payable	7,869,449	2,324,009	2,295,405	7,719,588	-	20,208,451
Total financial liabilities	₱254,049,660	₱115,668,439	₱36,493,608	₱63,841,077	₱285,841,278	₱755,894,062
Repricing gap	₱44,454,590	(₱24,627,779)	(₱13,226,923)	(₱2,017,771)	(₱160,334,234)	(₱151,716,575)
Cumulative gap	44,454,590	19,826,811	6,599,888	8,617,659	(151,716,575)	

* Financial instruments that are not subject to repricing/rollforward were excluded

** Excludes LTNCD

The following table sets forth, for the year indicated, the impact of changes in interest rates on the Group's and the Parent Company's repricing gap for the years ended December 31, 2024 and 2023:

Consolidated				
	2025		2024	
	Statement of Income	Equity	Statement of Income	Equity
+50bps	(₱38,066)	(₱38,066)	₱135,755	₱135,755
-50bps	38,066	38,066	(135,755)	(135,755)
+100bps	(76,131)	(76,131)	271,509	271,509
-100bps	76,131	76,131	(271,509)	(271,509)



	Parent Company			
	2025		2024	
	Statement of Income	Equity	Statement of Income	Equity
+50bps	(₱95,189)	(₱95,189)	₱73,918	₱73,918
-50bps	95,189	95,189	(73,918)	(73,918)
+100bps	(190,378)	(190,378)	147,837	147,837
-100bps	190,378	190,378	(147,837)	(147,837)

In addition to EaR, the Parent Company also employs economic value-based measures that assess the present value of the expected net cash flows of assets and liabilities, particularly those that are interest-bearing, discounted to reflect market rates. At the same time that fluctuations in interest rates will affect the Parent Company's earnings, these will also have an impact on its net worth or capital position. In coming up with present values, the relevant risk-free rate shall be used to formulate discount factors. Resulting weighted net positions across tenors are aggregated to determine the Economic Value of Equity (EVE) per book and per major currency under different shock scenarios.

Delta EVE is the difference between the total net present value of expected asset and liability cash flows when discounted at prevailing market rates and when discounted against shocked interest rates. Delta EVE is computed based on several interest rate shock scenarios (e.g. parallel up, parallel down, short rates up, short rates down, steepening rates, flattening rates). The scenario with the most negative Delta EVE, pertaining to the highest decline in net present value, is compared to the medium to long-term Delta EVE trigger, which corresponds to a percentage of the Parent Company's Common Equity Tier 1 (CET1) capital.

As of December 31, 2025 and 2024, the maximum negative Delta EVE is at ₱15.8 billion and ₱10.5 billion, respectively, coming from the parallel up rates scenario and is 10.0% and 7.9%, respectively, of CET1 capital and 66.5% and 63.06%, respectively, of the corresponding Delta EVE trigger.

Foreign currency risk

Foreign exchange is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financials and cash flows.

Foreign currency liabilities generally consist of foreign currency deposits in the Parent Company's FCDU books, accounts 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.

Foreign currency deposits are generally used to fund the Parent Company's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the foreign currency assets held through FCDUs. In addition, the BSP requires a 30.00% liquidity eligible reserve on all foreign currency liabilities held through FCDUs. Outside the FCDU, the Parent Company has additional foreign currency assets and liabilities in its foreign branch network.

The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for a financial institution engaged in the type of business in which the Group is involved.



The table below summarizes the exposure to foreign exchange rate risk excluding those under the FCDU, categorized by currency (amounts in Philippine peso equivalent).

	Consolidated					
	2025			2024		
	USD	Others*	Total	USD	Others*	Total
Assets						
COCI and due from BSP	₱87,738	₱702,216	₱789,954	₱116,927	₱823,342	₱940,269
Due from other banks	13,338,040	7,142,151	20,480,191	11,386,859	4,193,010	15,579,869
Interbank loans receivable and securities held under agreements to resell	2,023,285	5,725,734	7,749,019	1,993,708	3,683,161	5,676,869
Loans and receivables	19,960,935	12,690,933	32,651,868	18,941,355	11,721,952	30,663,307
Financial assets at FVTPL	6,829	308	7,137	812	–	812
Financial assets at FVOCI	1,030,370	1,775,812	2,806,182	975,132	1,579,942	2,555,074
Investment securities at amortized cost	555,733	575,993	1,131,726	381,987	621,679	1,003,666
Other assets	14,656,557	957,548	15,614,105	13,371,776	963,598	14,335,374
Total assets	51,659,487	29,570,695	81,230,182	47,168,556	23,586,684	70,755,240
Liabilities						
Deposit liabilities	₱10,136,206	₱10,544,082	₱20,680,288	₱8,740,905	₱8,643,238	₱17,384,143
Derivative liabilities	1	2,833	2,834	2,413	–	2,413
Bills and acceptances payable	9,162,914	285,301	9,448,215	8,221,706	79,267	8,300,973
Accrued interest payable	97,621	30,066	127,687	41,372	1,580	42,952
Other liabilities	2,195,730	2,679,818	4,875,548	7,719,166	2,301,882	10,021,048
Total liabilities	21,592,472	13,542,100	35,134,572	24,725,562	11,025,967	35,751,529
Net Exposure	₱30,067,015	₱16,028,595	₱46,095,610	₱22,442,994	₱12,560,717	₱35,003,711

*Other currencies pertain to third currencies

	Parent Company					
	2025			2024		
	USD	Others*	Total	USD	Others*	Total
Assets						
COCI and due from BSP	₱32,697	₱308,333	₱341,030	₱52,070	₱246,546	₱298,616
Due from other banks	8,651,844	3,272,045	11,923,889	5,738,354	923,894	6,662,248
Interbank loans receivable and securities held under agreements to resell	1,080,068	3,645,930	4,725,998	1,594,955	2,573,865	4,168,820
Loans and receivables	17,563,726	647,658	18,211,384	16,779,768	22,100	16,801,868
Financial assets at FVTPL	52	308	360	–	–	–
Financial assets at FVOCI	1,030,370	1,673,935	2,704,305	975,132	1,415,646	2,390,778
Investment securities at amortized cost	–	575,993	575,993	–	621,679	621,679
Other assets	14,651,770	66,686	14,718,456	13,364,004	–	13,364,004
Total assets	43,010,527	10,190,888	53,201,415	38,504,283	5,803,730	44,308,013
Liabilities						
Deposit liabilities	3,808,330	6,351,439	10,159,769	2,404,861	5,314,275	7,719,136
Derivative liabilities	1	2,833	2,834	53	–	53
Bills and acceptances payable	9,162,914	285,301	9,448,215	8,221,706	79,267	8,300,973
Accrued interest payable	68,170	17,803	85,973	41,372	1,580	42,952
Other liabilities	2,067,535	2,203,151	4,270,686	7,309,695	1,877,022	9,186,717
Total liabilities	15,106,950	8,860,527	23,967,477	17,977,687	7,272,144	25,249,831
Net Exposure	₱27,903,577	₱1,330,361	₱29,233,938	₱20,526,596	(₱1,468,414)	₱19,058,182

* Other currencies pertain to third currencies

The exchange rates used to convert the Group and the Parent Company's US dollar-denominated assets and liabilities into Philippine peso were ₱58.79 to USD1.00 as of December 31, 2025 and ₱57.85 to USD1.00 as of December 31, 2024. The following tables set forth the impact of the range of reasonably possible changes in the USD:PHP exchange rate on the Group and the Parent Company's income before income tax and equity which includes the impact on the income (due to the revaluation of monetary assets and liabilities) for the years ended December 31, 2025 and 2023:

	2025			
	Consolidated		Parent Company	
	Statement of Income	Equity	Statement of Income	Equity
+1.00%	₱290,366	(₱300,670)	₱268,732	(₱279,036)
-1.00%	(290,366)	300,670	(268,732)	279,036



	2024			
	Consolidated		Parent Company	
	Statement of Income	Equity	Statement of Income	Equity
+1.00%	₱215,387	(₱225,138)	₱195,515	(₱205,266)
-1.00%	(215,387)	225,138	(195,515)	205,266

The Group and the Parent Company do not expect the impact of the volatility on other currencies to be material.

5. Fair Value Measurement

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

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

Notes:

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

² using the most relevant multiples (e.g. adjusted price to book value)

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

⁴ using the current incremental lending rates for similar loans



- ⁵ considering other factors such as size, shape and location of the properties, price per square meter, reproduction costs new, time element, discount, among others
- ⁶ using recent sales of similar properties within the same vicinity and considering the economic conditions prevailing at the time of the valuations and comparability of similar properties sold
- ⁷ estimating the investment required to duplicate the property in its present condition
- ⁸ using the current incremental borrowing rates for similar borrowings

Fair value hierarchy

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

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

The Group and the Parent Company held the following assets and liabilities measured at fair value, and at cost but for which fair values are disclosed:

	Consolidated				Total
	Carrying Value	Level 1	Level 2	Level 3	
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱33,672,894	₱19,769,214	₱13,903,680	₱-	₱33,672,894
Private debt securities	180,071	180,071	-	-	180,071
Derivative assets	796,814	-	796,814	-	796,814
Equity securities	2,935	2,935	-	-	2,935
Financial assets at FVOCI:					
Government securities	148,520,390	78,757,015	69,763,375	-	148,520,390
Equity securities	27,868,750	151,831	1,263,007	26,453,912	27,868,750
Private debt securities	20,141,633	10,278,879	9,862,754	-	20,141,633
	₱231,183,487	₱109,139,945	₱95,589,630	₱26,453,912	₱231,183,487
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱285,562	₱-	₱285,562	₱-	₱285,562
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱127,319,342	₱72,614,318	₱55,241,729	₱-	₱127,856,047
Receivables from customers**	727,754,376	-	-	778,733,104	778,733,104
	₱855,073,718	₱72,614,318	₱55,241,729	₱778,733,104	₱906,589,151
Nonfinancial Assets					
Investment property:					
Land***	₱13,067,375	₱-	₱-	₱36,049,059	₱36,049,059
Buildings and improvements***	3,889,908	-	-	6,247,341	6,247,341
	₱16,957,283	₱-	₱-	₱42,296,400	₱42,296,400
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱260,306,182	₱-	₱-	₱260,291,457	₱260,291,457
Bonds payable	33,278,399	-	33,433,081	-	33,433,081
Bills payable	2,595,160	-	-	2,595,160	2,595,160
	₱296,179,741	₱-	₱33,433,081	₱262,886,617	₱296,319,698

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)



Consolidated					
2024					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P16,181,821	P9,280,986	P6,900,835	P-	P16,181,821
Private debt securities	649,191	646,996	2,195	-	649,191
Derivative assets	1,087,107	-	1,087,107	-	1,087,107
Equity securities	2,866	2,866	-	-	2,866
Financial assets at FVOCI:					
Government securities	167,824,773	84,332,614	83,492,159	-	167,824,773
Equity securities	28,339,810	2,390,053	671,154	25,278,603	28,339,810
Private debt securities	15,578,200	8,144,021	7,434,179	-	15,578,200
	P229,663,768	P104,797,536	P99,587,629	P25,278,603	P229,663,768
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P924,053	P-	P924,053	P-	P924,053
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	P112,422,382	P44,626,557	P67,159,150	P-	P111,785,707
Receivables from customers**	626,089,235	-	-	657,189,212	657,189,212
	P738,511,617	P44,626,557	P67,159,150	P657,189,212	P768,974,919
Nonfinancial Assets					
Investment property:					
Land***	P12,656,948	P-	P-	P30,731,999	P30,731,999
Buildings and improvements***	3,307,319	-	-	5,820,255	5,820,255
	P15,964,267	P-	P-	P36,552,254	P36,552,254
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P147,368,732	P-	P-	P147,177,687	P147,177,687
LTNCDs	4,598,770	-	4,541,491	-	4,541,491
Bonds payable	17,304,421	-	17,001,745	-	17,001,745
Bills payable	14,152,442	-	-	14,152,442	14,152,442
	P183,424,365	P-	P21,543,236	P161,330,129	P182,873,365

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)

Parent Company					
2025					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P33,672,895	P19,769,215	P13,903,680	P-	P33,672,895
Private debt securities	180,071	180,071	-	-	180,071
Derivative assets	790,037	-	790,037	-	790,037
Financial assets at FVOCI:					
Government securities	148,184,774	78,248,839	69,935,935	-	148,184,774
Equity securities	27,705,083	151,661	1,099,510	26,453,912	27,705,083
Private debt securities	19,863,828	10,278,879	9,584,949	-	19,863,828
	P230,396,688	P108,628,665	P95,314,111	P26,453,912	P230,396,688
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P285,562	P-	P285,562	P-	P285,562

(Forward)



Parent Company					
2025					
	Carrying Value	Level 1	Level 2	Level 3	Total
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost					
Investment securities at amortized cost*	₱126,763,609	₱72,058,585	₱55,241,729	₱-	₱127,300,314
Receivables from customers**	713,115,760	-	-	764,094,488	764,094,488
	₱839,879,369	₱72,058,585	₱55,241,729	₱764,094,488	₱891,394,802
Nonfinancial Assets					
Investment property:					
Land***	₱12,577,369	₱-	₱-	₱35,592,852	₱35,592,852
Buildings and improvements***	4,055,278	-	-	6,123,633	6,123,633
	₱16,632,647	₱-	₱-	₱41,716,485	₱41,716,485
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱256,331,944	₱-	₱-	₱256,317,220	₱256,317,220
Bonds payable	33,278,399	-	33,433,081	-	33,433,081
Bills payable	2,595,160	-	-	2,595,160	2,595,160
	₱292,205,503	₱-	₱33,433,081	₱258,912,380	₱292,345,461

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)

Parent Company					
2024					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱16,181,821	₱9,280,986	₱6,900,835	₱-	₱16,181,821
Private debt securities	502,026	499,831	2,195	-	502,026
Derivative assets	1,086,295	-	1,086,295	-	1,086,295
Financial assets at FVOCI:					
Government securities	167,529,568	83,864,849	83,664,719	-	167,529,568
Equity securities	28,166,082	2,389,883	497,596	25,278,603	28,166,082
Private debt securities	15,574,684	8,144,021	7,430,663	-	15,574,684
	₱229,040,476	₱104,179,570	₱99,582,303	₱25,278,603	₱229,040,476
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱921,693	₱-	₱921,693	₱-	₱921,693
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost					
Investment securities at amortized cost*	₱112,040,395	₱44,244,571	₱67,159,150	₱-	₱111,403,721
Receivables from customers**	612,043,695	-	-	643,143,671	643,143,671
	₱724,084,090	₱44,244,571	₱67,159,150	₱643,143,671	₱754,547,392
Nonfinancial Assets					
Investment property:					
Land***	₱12,089,552	₱-	₱-	₱30,395,861	₱30,395,861
Buildings and improvements***	3,455,365	-	-	5,755,096	5,755,096
	15,544,917	₱-	₱-	36,150,957	36,150,957
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱144,142,631	₱-	₱-	₱143,951,586	₱143,951,586
LTNCDs	4,598,770	-	4,541,491	-	4,541,491
Bonds payable	17,304,421	-	17,001,745	-	17,001,745
Bills payable	14,152,442	-	-	14,152,442	14,152,442
	₱180,198,264	₱-	₱21,543,236	₱158,104,028	₱179,647,264

* Net of expected credit losses (Note 9)

** Net of expected credit losses and unearned and other deferred income (Note 10)

*** Net of impairment losses (Note 13)



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

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

		Significant		2025		2024	
		Unobservable Input		-2%	+2%	-2%	+2%
Equity securities	Discount for lack of marketability	₱601,974	(₱601,974)	₱601,974	(₱601,974)		
	Structured adjustment factor to P/B	518,135	481,784	-	-		

For certain unquoted equity securities, the Group determined fair value using the Adjusted Price-to-Book method as it best reflects market pricing for asset-backed entities in current conditions. Considering the soft commercial property market and conservative investor sentiment, the Group applied probability weighting. A 16.5% liquidity discount was then applied to reflect the non-listed nature of the shares and prevailing market practice. This process resulted in an indicative fair value per share aligned with both current market risks and its long-term redevelopment potential.

6. Segment Information

6.1 Business Segments

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

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

Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is credited to or charged against business segments based on pool rate which approximates the marginal cost of funds.

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



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

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

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

Business segment information of the Group follows:

	2025					
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(₱1,612,675)	₱31,201,341	₱22,469,852	₱175,895	₱312,037	₱52,546,450
Inter-segment	27,857,299	(21,032,568)	(6,824,731)	-	-	-
Net interest margin after inter-segment transactions	26,244,624	10,168,773	15,645,121	175,895	312,037	52,546,450
Other income	5,997,554	3,609,928	3,158,882	1,577,345	89,622	14,433,331
Segment revenue	32,242,178	13,778,701	18,804,003	1,753,240	401,659	66,979,781
Other expenses	14,994,345	3,767,608	1,599,203	1,103,660	401,659	21,866,475
Segment result	₱17,247,833	₱10,011,093	₱17,204,800	649,580	₱-	45,113,306
Unallocated expenses						12,938,342
Income before income tax						32,174,964
Income tax						6,833,202
Net income						25,341,762
Non-controlling interests						86,600
Net income for the year attributable to equity holders of the Parent Company						₱25,255,162
Other segment information:						
Capital expenditures	₱826,219	₱194,358	₱77,476	₱36,633	₱-	₱1,134,686
Unallocated capital expenditures						599,301
Total capital expenditures						₱1,733,987
Depreciation and amortization	₱1,178,260	₱434,934	₱28,534	₱132,642	₱-	₱1,774,370
Unallocated depreciation and amortization						1,676,194
Total depreciation and amortization						₱3,450,564
Provision for (reversal of) impairment, credit and other losses	₱1,514,061	(₱45,201)	₱100,680	₱86,742	₱-	₱1,656,282

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



2024						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(P2,452,001)	P30,293,075	P21,578,661	P	(P79,265)	P49,340,470
Inter-segment	31,620,138	(18,404,659)	(13,215,479)	-	-	-
Net interest margin after inter-segment transactions	29,168,137	11,888,416	8,363,182	-	(79,265)	49,340,470
Other income	5,327,067	2,906,587	1,635,190	1,647,580	365,830	11,882,254
Segment revenue	34,495,204	14,795,003	9,998,372	1,647,580	286,565	61,222,724
Other expenses	14,742,420	7,046,665	1,357,644	1,079,763	286,565	24,513,057
Segment result	P19,752,784	P7,748,338	P8,640,728	P567,817	P-	36,709,667
Unallocated expenses						10,431,970
Income before income tax						26,277,697
Income tax						5,099,732
Net income						21,177,965
Non-controlling interests						125,069
Net income for the year attributable to equity holders of the Parent Company						<u>P21,052,896</u>
Other segment information:						
Capital expenditures	P215,994	P78,006	P15,021	P6,951	P-	P315,972
Unallocated capital expenditures						1,062,700
Total capital expenditures						<u>P1,378,672</u>
Depreciation and amortization	P1,053,740	P670,686	P22,533	P146,894	P-	P1,893,854
Unallocated depreciation and amortization						1,765,160
Total depreciation and amortization						<u>P3,659,014</u>
Provision for impairment, credit and other losses	P318,822	P3,450,344	P53,875	P45,070	P-	P3,868,111

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

2023						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(P717,463)	P28,943,234	P16,370,415	P91,085	(P94,428)	P44,592,843
Inter-segment	28,959,163	(16,642,135)	(12,317,028)	-	-	-
Net interest margin after inter-segment transactions	28,241,700	12,301,099	4,053,387	91,085	(94,428)	44,592,843
Other income	5,053,691	6,180,122	1,433,814	1,580,429	(214,234)	14,033,822
Segment revenue	33,295,391	18,481,221	5,487,201	1,671,514	(308,662)	58,626,665
Other expenses	13,242,125	9,270,074	1,133,976	1,844,253	(308,662)	25,181,766
Segment result	P20,053,266	P9,211,147	P4,353,225	(P172,739)	P-	33,444,899
Unallocated expenses						11,471,704
Income before income tax						21,973,195
Income tax						4,007,375
Net income						17,965,820
Non-controlling interests						(13,437)
Net income for the year attributable to equity holders of the Parent Company						<u>P17,979,257</u>
Other segment information:						
Capital expenditures	P348,679	P147,739	P5,350	P141,085	P-	P642,853
Unallocated capital expenditures						375,975
Total capital expenditures						<u>P1,018,828</u>
Depreciation and amortization	P1,182,493	P424,316	P19,483	P293,714	P-	P1,920,006
Unallocated depreciation and amortization						2,056,063
Total depreciation and amortization						<u>P3,976,069</u>
Provision for (reversal of) impairment, credit and other losses	P160,141	P5,804,991	(P69,600)	P27,522	P-	P5,923,054

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



As of December 31, 2025						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	₱739,071,728	₱422,854,466	₱133,162,459	₱96,656,489	(₱16,911,289)	₱1,374,833,853
Segment liabilities	₱717,970,653	₱353,793,770	₱55,989,133	₱24,301,445	(₱17,500,949)	₱1,134,554,052

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

As of December 31, 2024						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	₱720,134,571	₱355,055,573	₱85,145,453	₱114,961,848	(₱17,686,592)	₱1,257,610,853
Segment liabilities	₱696,116,123	₱294,672,764	₱46,098,678	₱23,847,015	(₱19,752,668)	₱1,040,981,912

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

6.2 Geographical Segments

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

	Non-current Assets*		Liabilities		Credit Commitments	
	2025	2024	2025	2024	2024	2024
Philippines	₱613,281,407	₱512,659,841	₱1,095,494,722	₱1,004,841,665	₱57,448,806	₱53,614,874
Asia (excluding Philippines)	8,975,454	14,987,916	34,498,109	32,134,134	-	-
USA and Canada	2,556,056	2,705,244	4,411,874	3,879,385	-	-
United Kingdom	339	645	149,347	126,728	-	-
	₱624,813,256	₱530,353,646	₱1,134,554,052	₱1,040,981,912	₱57,448,806	₱53,614,874

* Gross of allowance for impairment and credit losses (Note 16) and unearned and other deferred income (Note 10)

	Capital Expenditures			Revenues		
	2025	2024	2023	2025	2024	2023
Philippines	₱1,710,241	₱1,369,057	₱1,015,634	₱81,146,889	₱75,345,161	₱69,828,059
Asia (excluding Philippines)	22,444	818	2,173	2,020,824	2,956,452	2,639,017
USA and Canada	1,302	2,227	1,021	820,785	913,107	1,042,962
United Kingdom	-	6,570	-	124,888	126,124	118,313
	₱1,733,987	₱1,378,672	₱1,018,828	₱84,113,386	₱79,340,844	₱73,628,351

The Philippines is the home country of the Parent Company, which is also the main operating company. The Group offers a wide range of financial services as discussed in Note 1. Additionally, most of the remittance services are managed and conducted in Asia, Canada, USA and United Kingdom. The areas of operations include all the primary business segments.

7. Due from Bangko Sentral ng Pilipinas

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Demand deposit (Note 17)	₱45,439,550	₱44,628,316	₱45,439,550	₱44,628,316
Overnight deposit facility (ODF)	18,090,000	10,500,000	18,090,000	10,500,000
Term deposit facility (TDF)	5,000,000	-	5,000,000	-
	₱68,529,550	₱55,128,316	₱68,529,550	₱55,128,316



In 2025, 2024 and 2023, the combined interest income on ODF and TDF of the Group and the Parent Company amounted to ₱0.5 billion, ₱1.0 billion and ₱1.8 billion, respectively, with interest rates ranging from:

	2025	2024	2023
ODF	4.00% - 5.25%	5.25% - 6.00%	5.00% - 6.00%
TDF	4.49% - 6.00%	6.00% - 6.65%	6.28% - 6.75%

8. Interbank Loans Receivable and Securities Held Under Agreements to Resell

8.1 Interbank Loans Receivables

Interbank loans receivables of the Group and the Parent Company bear interest ranging from:

	2025	2024	2023
Peso-denominated	5.1% - 6.0%	5.9% - 6.6%	5.5% - 6.4%
Foreign currency-denominated	0.0% - 4.9%	0.0% - 5.6%	0.9% - 6.1%

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

	Consolidated		Parent Company	
	2025	2024	2025	2024
Interbank loans receivable	₱30,380,016	₱22,793,332	₱ 27,422,444	₱21,287,758
Less: Allowance for credit losses (Note 16)	10,135	6,138	8,515	5,591
	30,369,881	22,787,194	27,413,929	21,282,167
Less: Interbank loans receivable not considered as cash and cash equivalents	3,227,999	2,925,553	818,717	1,734,903
	₱27,141,882	₱19,861,641	₱26,595,212	₱19,547,264

8.2 Securities Held Under Agreements to Resell

Securities held under agreements to resell bear interest ranging from 3.85% to 6.05% in 2025, from 4.42% to 6.85% in 2024, and from 4.20% to 7.00% in 2023. As of December 31, 2025 and 2024, allowance for credit losses on securities held under agreements to resell amounted to ₱47.3 million and ₱46.2 million, respectively (refer to Note 16.2).

The fair value of the ROP securities and treasury bills pledged under these agreements as of December 31, 2025 and 2024 amounted to ₱74.4 billion and ₱104.9 billion, respectively, for the Group and the Parent Company (refer to Note 35).

8.3 Interest Income on Interbank Loans Receivable and Securities Held Under Agreements to Resell

In 2025, 2024 and 2023, interest income on interbank loans receivable and securities held under agreements to resell amounted to ₱4.6 billion, ₱4.6 billion, and ₱3.4 billion, respectively, for the Group and ₱4.5 billion, ₱4.6 billion, and ₱3.4 billion, respectively, for the Parent Company.



9. Trading and Investment Securities

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Financial assets at FVTPL	₱34,652,714	₱17,920,985	₱34,643,003	₱17,770,142
Financial assets at FVOCI	196,530,773	211,742,783	195,753,685	211,270,334
Investment securities at amortized cost	127,319,342	112,422,382	126,763,609	112,040,395
	₱358,502,829	₱342,086,150	₱357,160,297	₱341,080,871

9.1 Financial Assets at FVTPL

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Government securities	₱33,672,894	₱16,181,821	₱33,672,895	₱16,181,821
Private debt securities	180,071	649,191	180,071	502,026
Derivative assets (Notes 18, 23 and 35)	796,814	1,087,107	790,037	1,086,295
Equity securities	2,935	2,866	-	-
	₱34,652,714	₱17,920,985	₱34,643,003	₱17,770,142

The nominal interest rates of debt securities at FVTPL of the Group and the Parent Company range from:

	2025	2024	2023
Government securities	2.6% - 8.6%	0.6% - 8.6%	1.4% - 8.6%
Private debt securities	0.7% - 9.0%	4.9% - 6.9%	2.8% - 8.8%

9.2 Financial Assets at FVOCI

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Government securities (Note 19)	₱148,520,390	₱167,824,773	₱148,184,774	₱167,529,568
Private debt securities (Note 19)	20,141,633	15,578,200	19,863,828	15,574,684
Equity securities				
Quoted	2,325,135	2,831,277	2,161,468	2,657,550
Unquoted (Note 33)	25,543,615	25,508,533	25,543,615	25,508,532
	₱196,530,773	₱211,742,783	₱195,753,685	₱211,270,334

Unquoted equity securities include the Parent Company's retained 49.00% interest in PNB Holdings Corporation (PNB Holdings) amounting to ₱25.1 billion as of December 31, 2025 and 2024, respectively (refer to Note 12.4).

As of December 31, 2020, PNB owns all of the 2,551,000 shares issued by PNB Holdings, with par value of ₱100 per share. On January 13, 2021, the SEC approved the increase in the authorized capital stock of PNB Holdings from ₱500.0 million divided into 5,000,000 shares with par value of ₱100 per share, to ₱50.5 billion divided into 505,000,000 shares with the same par value. On the



same date, the Parent Company proceeded with the subscription of additional 466,770,000 shares of PNB Holdings shares in exchange for certain real estate properties with fair values of ₱46.7 billion.

On April 23, 2021, the Parent Company's BOD approved the property dividend declaration of up to 239,353,710 common shares of PNB Holdings, representing 51.00% ownership, with a par value of ₱100 per share, to all stockholders of record as of May 18, 2021, or ₱23.9 billion.

On December 24, 2021, the SEC approved the property dividend declaration. On the same date, the Parent Company assessed that it has lost control over PNB Holdings, and accordingly classified its retained interest of 49.00% in PNB Holdings as financial asset at FVOCI with no recycling to profit or loss, in accordance with PFRS 9. Such investment was remeasured from its carrying amount of ₱6.6 billion to its fair value as of December 24, 2021 of ₱23.0 billion, resulting in a gain on remeasurement of ₱16.5 billion and ₱16.4 billion in the 2021 consolidated and parent company financial statements, respectively (refer to Note 33).

Further, the Group and the Parent Company recognized gain on loss of control over PNB Holdings of ₱17.0 billion and ₱17.1 billion in the 2021 consolidated and parent company financial statements, respectively. On December 21, 2021, the Parent Company was able to secure ruling from the Bureau of Internal Revenue (BIR) that the transfer of properties to PNB Holdings is not subject to tax, except for documentary stamps tax (DST). Further, on March 10, 2022, the Parent Company was able to secure another ruling from the BIR that the property dividends distribution is exempt from tax, except for DST.

The Parent Company was able to demonstrate loss of control over PNB Holdings because of the following:

- Declaration of 51.00% ownership in PNB Holdings as property dividends;
- Execution of proxy in favor of LTG for the remaining 49.00% held by the Group;
- Appointment of key management personnel by the BOD of PNB Holdings, resulting in the Group having no officers and staff participating in the day-to-day operations of PNB Holdings; and
- Approval of the SEC of the property dividend declaration and distribution to all stockholders as of May 18, 2021.

The foregoing corporate actions were taken by PNB and LTG to allow PNB to focus on its core banking business. These demonstrate that the Group no longer exercises control over PNB Holdings as certain elements of control under PFRS 10, *Consolidated Financial Statements*, are no longer demonstrated.

Further, the Group no longer has a significant influence over PNB Holdings by virtue of the execution of a proxy in favor of LTG to vote all shares registered in the name of PNB on any and all matters in the Annual Stockholders' Meeting of PNB Holdings and the fact that LTG controls both PNB and PNB Holdings.

On 26 December 2025, PNB Holdings Corporation ("PHC") filed a Registration Statement with the SEC and submitted a Listing Application to the PSE for the listing of its subscribed capital stock by way of introduction under the PSE Consolidated Listing and Disclosure Rules (Part G, Article III) wherein shares are listed without immediate public offering.



In April 2024, the Bank and PAL Holdings, Inc. completed a share swap transaction wherein the Bank exchanged the 19.86 million PAL shares held to 309.15 million PAL Holdings, Inc. shares. The share swap transaction resulted in the recycling of OCI to Surplus in the amount of ₱894.90 million and recognition of Other Equity Reserves amounting to ₱940.17 million. PAL Holdings, Inc. shares are recognized in the books as FVOCI amounting ₱1.19 billion and ₱1.53 billion as of December 31, 2025 and 2024, respectively.

The effective interest rates of debt securities at FVOCI of the Group and the Parent Company range from:

	2025	2024	2023
Government securities	0.6% - 14.9%	0.6% - 14.9%	0.2% - 19.1%
Private debt securities	1.4% - 14.0%	0.5% - 6.9%	0.5% - 6.4%

As of December 31, 2025 and 2024, the fair value of FVOCI in the form of government bonds pledged to fulfill its collateral requirements with securities sold under repurchase agreement transactions amounted to nil billion and ₱1.9 billion, respectively (refer to Note 19.1). The counterparties have an obligation to return the securities to the Parent Company once the obligations have been settled. In case of default, the counterparties have the right to hold the securities and sell them as settlement of the repurchase agreement.

The movements in 'Net unrealized gains (losses) on financial assets at FVOCI' of the Group and the Parent Company are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Balance at the beginning of the year	₱142,134	(₱1,722,653)	₱142,134	(₱1,722,653)
Changes in fair values:				
Debt securities	(123,361)	1,455,450	(132,387)	1,457,367
Equity securities	(471,060)	1,336,767	(460,999)	1,322,549
Share swap transaction (Note 25.5)	–	(894,900)	–	(894,900)
Share in net unrealized gains (losses) of subsidiaries and an associate (Note 12)	29,026	(49,895)	29,405	(35,694)
Provision for (reversals of) credit losses (Note 16)	1,895	23,250	1,245	21,401
Redemption of equity shares	(1,895)	–	(1,895)	–
Sale of equity securities	(99,154)	(6,969)	(99,154)	(6,969)
Realized losses (gains) on sale of debt Securities	1,539,487	51	1,538,723	–
	1,017,072	141,101	1,017,072	141,101
Income tax effect (Note 30)	3,441	1,033	3,441	1,033
	₱1,020,513	₱142,134	₱1,020,513	₱142,134

As of December 31, 2025 and 2024, the allowance for credit losses on debt securities at FVOCI (included in 'Net unrealized losses on financial assets at FVOCI') amounted to ₱69.7 million and ₱68.9 million, respectively, for the Group, and ₱71.1 million and ₱68.1 million, respectively, for the Parent Company (refer to Note 16.2). Movements in ECL on debt securities at FVOCI are mostly driven by movements in the corresponding gross figures.



9.3 Investment Securities at Amortized Cost

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Government securities (Notes 19 and 32)	₱115,858,148	₱96,817,380	₱115,302,415	₱96,435,393
Private debt securities	11,615,306	15,752,472	11,615,306	15,752,472
	127,473,454	112,569,852	126,917,721	112,187,865
Less allowance for credit losses (Note 16)	154,112	147,470	154,112	147,470
	₱127,319,342	₱112,422,382	₱126,763,609	₱112,040,395

The effective interest rates of investment securities at amortized cost of the Group and the Parent Company range from:

	2025	2024	2023
Government securities	0.1% - 7.5%	0.8% - 7.5%	0.8% - 7.5%
Private debt securities	1.0% - 8.3%	1.0% - 8.3%	1.0% - 8.3%

In 2025 and 2024, movements in allowance for expected credit losses on investment securities at amortized cost are mostly driven by newly originated assets which remained in Stage 1.

As of December 31, 2025 and 2024, the fair value of investment securities at amortized cost in the form of government bonds pledged to fulfill its collateral requirements with securities sold under repurchase agreements transactions amounted to ₱1.3 billion and ₱2.4 billion, respectively, with corresponding carrying value of the same amount (refer to Note 19.1). As of December 31, 2025 and 2024, government securities with carrying values of ₱2.5 billion and ₱1.9 billion, respectively, are deposited with the BSP in compliance with trust regulations (refer to Note 32).

As of December 31, 2025 and 2024, the Group set aside government securities booked under 'Investment securities at amortized cost' with total carrying value of ₱573.8 million and ₱363.4 million, respectively, as liquidity cover for 50.0% of the outstanding balances of electronic money (e-money) products in compliance with BSP Circular 1166, *Amendments to the Regulations on Electronic Money and the Operations of Electronic Money Issuers in the Philippines*. This is on top of the fund held in trust to cover for the other 50.0% of the outstanding e-money balances (refer to Note 15).

9.4 Interest Income on Investment Securities at Amortized Cost and FVOCI

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Financial assets at FVOCI	₱10,453,555	₱10,407,888	₱5,509,001	₱10,385,129	₱10,375,649	₱5,468,097
Investment securities at amortized cost	6,892,805	6,369,819	7,099,169	6,873,777	6,357,707	7,092,433
	₱17,346,360	₱16,777,707	₱12,608,170	₱17,258,906	₱16,733,356	₱12,560,530



9.5 Trading and Investment Securities Gains - net

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Financial assets at FVTPL						
Government securities	₱297,534	₱619,254	₱411,828	₱297,534	₱619,254	₱411,828
Private debt securities	2,142	29,295	(12,928)	1,306	27,979	(12,280)
Equity securities	118	95	(170)	-	-	(44)
Derivatives (Note 23)	16	(1,115)	609	16	(1,115)	609
Financial assets at FVOCI						
Private debt securities	1,479,105	51	122	1,479,105	-	-
Government securities	60,382	-	-	59,618	-	-
Investment securities at amortized cost	17,656	-	(5,358)	17,656	-	(5,358)
	₱1,856,953	₱647,580	₱394,103	₱1,855,235	₱646,118	₱394,755

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

10. Loans and Receivables

10.1 Breakdown of Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Receivables from customers:				
Loans and discounts	₱722,787,136	₱627,885,539	₱708,928,488	₱614,772,869
Credit card receivables	21,426,761	18,063,885	21,426,761	18,063,885
Customers' liabilities on acceptances (Note 19)	8,177,165	6,126,005	8,096,812	6,012,626
Customers' liabilities on letters of credit and trust receipts	7,680,536	9,177,471	7,680,536	9,177,471
Bills purchased (Note 22)	1,784,088	3,829,665	1,241,469	3,265,010
	761,855,686	665,082,565	747,374,066	651,291,861
Other receivables:				
Accrued interest receivable	10,055,125	8,783,078	9,917,228	8,625,740
Accounts receivable	3,751,468	3,964,379	3,260,799	3,451,030
Sales contract receivables	1,879,112	1,589,298	1,862,073	1,565,601
Miscellaneous	542,727	454,556	530,601	441,651
	16,228,432	14,791,311	15,570,701	14,084,022
Less: Unearned and other deferred income	910,000	845,862	892,621	828,479
Allowance for credit losses (Note 16)	37,156,373	42,208,389	37,022,404	42,155,234
	₱740,017,745	₱636,819,625	₱725,029,742	₱622,392,170

Included in 'Surplus reserves' is the amount of ₱4.4 billion and ₱4.2 billion as of December 31, 2025 and 2024, respectively, which pertains to the excess of 1.00% general loan loss provisions over the computed ECL for Stage 1 accounts as prescribed by BSP Circular 1011, *Guidelines on the Adoption of PFRS 9* (refer to Note 25.3).



Below is the reconciliation of loans and receivables as to classes:

	Consolidated								
	2025								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱665,319,743	₱1,221,369	₱-	₱6,358,531	₱32,064,404	₱6,325,412	₱11,497,677	₱-	₱722,787,136
Credit card receivables	-	-	21,426,761	-	-	-	-	-	21,426,761
Customers' liabilities on acceptances (Note 19)	8,177,165	-	-	-	-	-	-	-	8,177,165
Customers' liabilities on letters of credit and trust receipts	7,630,198	-	-	50,338	-	-	-	-	7,680,536
Bills purchased (Note 22)	1,577,134	-	-	26,705	-	-	180,249	-	1,784,088
	682,704,240	1,221,369	21,426,761	6,435,574	32,064,404	6,325,412	11,677,926	-	761,855,686
Other receivables:									
Accrued interest receivable	-	-	-	-	-	-	-	10,055,125	10,055,125
Accounts receivable	-	-	-	-	-	-	-	3,751,468	3,751,468
Sales contract receivables (Note 33)	-	-	-	-	-	-	-	1,879,112	1,879,112
Miscellaneous	-	-	-	-	-	-	-	542,727	542,727
	682,704,240	1,221,369	21,426,761	6,435,574	32,064,404	6,325,412	11,677,926	16,228,432	778,084,118
Less: Unearned and other deferred income	342,277	7,523	-	7,397	13,152	(141,572)	284,627	396,596	910,000
Allowance for credit losses (Note 16)	26,485,916	61,412	1,338,668	1,162,571	3,889,715	250,234	399,390	3,568,467	37,156,373
	₱655,876,047	₱1,152,434	₱20,088,093	₱5,265,606	₱28,161,537	₱6,216,750	₱10,993,909	₱12,263,369	₱740,017,745

	Consolidated								
	2024								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱581,108,848	₱1,728,247	₱-	₱5,337,167	₱26,744,123	₱6,225,467	₱6,741,687	₱-	₱627,885,539
Credit card receivables	-	-	18,063,885	-	-	-	-	-	18,063,885
Customers' liabilities on letters of credit and trust receipts	8,949,225	-	-	134,477	-	-	93,769	-	9,177,471
Customers' liabilities on acceptances (Note 19)	6,126,005	-	-	-	-	-	-	-	6,126,005
Bills purchased (Note 22)	1,694,021	-	-	19,290	-	-	2,116,354	-	3,829,665
	597,878,099	1,728,247	18,063,885	5,490,934	26,744,123	6,225,467	8,951,810	-	665,082,565
Other receivables:									
Accrued interest receivable	-	-	-	-	-	-	-	8,783,078	8,783,078
Accounts receivable	-	-	-	-	-	-	-	3,964,379	3,964,379
Sales contract receivables (Note 33)	-	-	-	-	-	-	-	1,589,298	1,589,298
Miscellaneous	-	-	-	-	-	-	-	454,556	454,556
	597,878,099	1,728,247	18,063,885	5,490,934	26,744,123	6,225,467	8,951,810	14,791,311	679,873,876
Less: Unearned and other deferred income	541,796	8,246	-	14,873	(362)	(95,094)	389,733	(13,330)	845,862
Allowance for credit losses (Note 16)	29,967,100	63,709	1,538,907	1,034,459	3,756,163	740,801	1,046,330	4,060,920	42,208,389
	₱567,369,203	₱1,656,292	₱16,524,978	₱4,441,602	₱22,988,322	₱5,579,760	₱7,515,747	₱10,743,721	₱636,819,625

	Parent Company								
	2025								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱652,406,612	₱1,221,369	₱-	₱6,358,531	₱31,278,155	₱6,325,412	₱11,338,409	₱-	₱708,928,488
Credit card receivables	-	-	21,426,761	-	-	-	-	-	21,426,761
Customers' liabilities on acceptances (Note 19)	8,096,812	-	-	-	-	-	-	-	8,096,812
Customers' liabilities on letters of credit and trust receipts	7,630,198	-	-	50,338	-	-	-	-	7,680,536
Bills purchased (Note 22)	1,034,514	-	-	26,705	-	-	180,250	-	1,241,469
	669,168,136	1,221,369	21,426,761	6,435,574	31,278,155	6,325,412	11,518,659	-	747,374,066
Other receivables:									
Accrued interest receivable	-	-	-	-	-	-	-	9,917,228	9,917,228
Accounts receivable	-	-	-	-	-	-	-	3,260,799	3,260,799
Sales contract receivables	-	-	-	-	-	-	-	1,862,073	1,862,073
Miscellaneous	-	-	-	-	-	-	-	530,601	530,601
	669,168,136	1,221,369	21,426,761	6,435,574	31,278,155	6,325,412	11,518,659	15,570,701	762,944,767
Less: Unearned and other deferred income	324,897	7,523	-	7,397	13,152	(141,572)	284,627	396,597	892,621
Allowance for credit losses (Note 16)	26,688,584	61,412	1,338,668	1,162,571	3,861,641	250,234	399,172	3,260,122	37,022,404
	₱642,154,655	₱1,152,434	₱20,088,093	₱5,265,606	₱27,403,362	₱6,216,750	₱10,834,860	₱11,913,982	₱725,029,742



	Parent Company								Total
	2024								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	
Receivables from customers:									
Loans and discounts	P568,979,597	P1,728,247	P-	P5,337,167	P25,959,737	P6,225,467	P6,542,654	P-	P614,772,869
Credit card receivables	-	-	18,063,885	-	-	-	-	-	18,063,885
Customers' liabilities on letters of credit and trust receipts	8,949,225	-	-	134,477	-	-	93,769	-	9,177,471
Customers' liabilities on acceptances (Note 19)	6,012,626	-	-	-	-	-	-	-	6,012,626
Bills purchased (Note 22)	1,129,366	-	-	19,290	-	-	2,116,354	-	3,265,010
	585,070,814	1,728,247	18,063,885	5,490,934	25,959,737	6,225,467	8,752,777	-	651,291,861
Other receivables:									
Accrued interest receivable	-	-	-	-	-	-	-	8,625,740	8,625,740
Accounts receivable	-	-	-	-	-	-	-	3,451,030	3,451,030
Sales contract receivables	-	-	-	-	-	-	-	1,565,601	1,565,601
Miscellaneous	-	-	-	-	-	-	-	441,651	441,651
	585,070,814	1,728,247	18,063,885	5,490,934	25,959,737	6,225,467	8,752,777	14,084,022	665,375,883
Less: Unearned and other deferred income	524,413	8,246	-	14,873	(362)	(95,094)	389,733	(13,330)	828,479
Allowance for credit losses (Note 16)	30,262,904	63,709	1,538,907	1,034,459	3,733,904	740,801	1,046,218	3,734,332	42,155,234
	P554,283,497	P1,656,292	P16,524,978	P4,441,602	P22,226,195	P5,579,760	P7,316,826	P10,363,020	P622,392,170

10.2 Interest Income on Loans and Receivables

As of December 31, 2025 and 2024, loans having variable rates approximate 49.0% of the total loans. Remaining receivables carry annual fixed interest rates ranging from 1.1% to 9.0% in 2025, 2024 and 2023 for foreign currency-denominated receivables, and from 1.1% to 24.0% in 2025, 2024 and 2023 for peso-denominated receivables.

Sales contract receivables bear fixed interest rates per annum ranging from 5.0% to 12.0% in 2025 and 2024 and from 5.0% to 20.2% in 2023.

11. Property and Equipment

11.1 Details of Property and Equipment

The composition of and movements in property and equipment follow:

	Consolidated						Right-of-Use Asset – Bank Premises (Notes 29 and 33)	Total
	2025							
	Land	Building	Furniture, Fixtures and Equipment	Long-term Leasehold Land	Construction in-Progress	Leasehold Improvements		
Cost								
Balance at beginning of year	P4,913,503	P3,605,877	P7,644,602	P607,730	P318,242	P1,927,523	P6,105,374	P25,122,851
Additions	-	18,409	261,838	-	356,062	113,870	811,650	1,561,829
Disposals	(48,149)	(18,579)	(522,519)	-	-	(11,393)	-	(600,640)
Transfers/others	-	(1,051)	99,459	4,667	-	6,761	(772,016)	(662,180)
Balance at end of year	4,865,354	3,604,656	7,483,380	612,397	674,304	2,036,761	6,145,008	25,421,860
Accumulated Depreciation and Amortization								
Balance at beginning of year	-	2,545,843	6,744,328	98,032	-	1,553,200	2,861,130	13,802,533
Depreciation and amortization	-	138,384	487,933	6,322	-	78,504	1,124,067	1,835,210
Disposals	-	(12,476)	(465,132)	-	-	(11,393)	-	(489,001)
Transfers/others	-	1,888	(19,908)	2,549	-	4,286	(927,692)	(938,877)
Balance at end of year	-	2,673,639	6,747,221	106,903	-	1,624,597	3,057,505	14,209,865
Allowance for Impairment Losses (Note 16)								
	534,262	585,054	-	-	-	-	-	1,119,316
Net Book Value at End of Year	P4,331,092	P345,963	P736,159	P505,494	P674,304	P412,164	P3,087,503	P10,092,679



Consolidated								
2024								
	Land	Building	Furniture, Fixtures and Equipment	Long-term Leasehold Land	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Notes 29 and 33)	Total
Cost								
Balance at beginning of year	₱4,932,017	₱3,577,231	₱7,782,684	₱593,532	₱315,619	₱1,879,925	₱5,945,050	₱25,026,058
Additions	–	44,446	336,944	–	23,622	40,434	950,548	1,395,994
Disposals	(3,735)	(16,589)	(324,250)	–	–	(17)	–	(344,591)
Transfers/others	(14,779)	789	(150,776)	14,198	(20,999)	7,181	(790,224)	(954,610)
Balance at end of year	4,913,503	3,605,877	7,644,602	607,730	318,242	1,927,523	6,105,374	25,122,851
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	2,393,257	6,679,411	84,691	–	1,467,076	2,514,313	13,138,748
Depreciation and amortization	–	157,730	494,427	6,214	–	80,602	1,126,875	1,865,848
Disposals	–	(9,028)	(307,710)	–	–	(17)	–	(316,755)
Transfers/others	–	3,884	(121,800)	7,127	–	5,539	(780,058)	(885,308)
Balance at end of year	–	2,545,843	6,744,328	98,032	–	1,553,200	2,861,130	13,802,533
Allowance for Impairment Losses (Note 16)								
	539,725	585,054	–	–	–	–	–	1,124,779
Net Book Value at End of Year	₱4,373,778	₱474,980	₱900,274	₱509,698	₱318,242	₱374,323	₱3,244,244	₱10,195,539

Parent Company							
2025							
	Land	Building	Furniture, Fixtures and Equipment	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Notes 29 and 33)	Total
Cost							
Balance at beginning of year	₱4,913,503	₱3,526,974	₱6,764,381	₱318,242	₱1,819,488	₱6,403,356	₱23,745,944
Additions	–	18,409	257,613	356,062	88,842	733,899	1,454,825
Disposals	(48,149)	(18,579)	(223,155)	–	–	–	(289,883)
Transfers/others	–	(1,723)	93,939	–	218	(708,198)	(615,762)
Balance at end of year	4,865,354	3,525,081	6,892,778	674,304	1,908,548	6,429,057	24,295,122
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	2,527,299	6,021,175	–	1,456,169	3,243,627	13,248,270
Depreciation and amortization	–	137,167	473,594	–	73,866	1,076,773	1,761,400
Disposals	–	(12,476)	(223,049)	–	–	–	(235,525)
Transfers/others	–	1,486	(24,889)	–	622	(858,995)	(881,776)
Balance at end of year	–	2,653,476	6,246,831	–	1,530,657	3,461,405	13,892,369
Allowance for Impairment Losses (Note 16)							
	534,262	585,054	–	–	–	–	1,119,316
Net Book Value at End of Year	₱4,331,092	₱286,551	₱645,947	₱674,304	₱377,891	₱2,967,652	₱9,283,437

Parent Company							
2024							
	Land	Building	Furniture, Fixtures and Equipment	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Notes 29 and 33)	Total
Cost							
Balance at beginning of year	₱4,932,018	₱3,500,371	₱6,724,154	₱315,619	₱1,781,197	₱6,252,240	₱23,505,599
Additions	–	44,446	330,196	23,622	37,722	936,169	1,372,155
Disposals	(3,735)	(16,589)	(279,942)	–	–	–	(300,266)
Transfers/others	(14,780)	(1,254)	(10,027)	(20,999)	569	(785,053)	(831,544)
Balance at end of year	4,913,503	3,526,974	6,764,381	318,242	1,819,488	6,403,356	23,745,944
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	2,377,063	5,827,361	–	1,377,400	2,928,264	12,510,088
Depreciation and amortization	–	156,526	475,784	–	77,348	1,079,792	1,789,450
Disposals	–	(9,028)	(279,165)	–	–	–	(288,193)
Transfers/others	–	2,738	(2,805)	–	1,421	(764,429)	(763,075)
Balance at end of year	–	2,527,299	6,021,175	–	1,456,169	3,243,627	13,248,270
Allowance for Impairment Losses (Note 16)							
	539,725	585,054	–	–	–	–	1,124,779
Net Book Value at End of Year	₱4,373,778	₱414,621	₱743,206	₱318,242	₱363,319	₱3,159,729	₱9,372,895

The total recoverable value of certain property and equipment of the Group and the Parent Company for which impairment loss has been recognized amounted to ₱1.5 billion as of December 31, 2025 and 2024, the carrying value of which amounted to ₱2.5 billion as of December 31, 2025 and 2024.

Certain property and equipment of the Parent Company with carrying amount of ₱55.3 million and ₱79.9 million are temporarily idle as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, property and equipment of the Parent Company with gross carrying amount of ₱9.9 billion and ₱9.4 billion are fully depreciated but are still being used.



Gain on disposal of property and equipment in 2025, 2024 and 2023 amounted to ₱44.6 million, ₱138.8 million and ₱712.5 million, respectively, for the Group and ₱40.3 million, ₱135.2 million, and ₱793.1 million, respectively, for the Parent Company (refer to Note 26.2).

11.2 Depreciation and Amortization

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Depreciation						
Property and equipment (Note 33)	₱1,835,210	₱1,865,848	₱2,364,650	₱1,761,400	₱1,789,450	₱2,167,406
Investment properties (Note 13)	276,960	215,569	191,153	260,128	195,518	167,339
Chattel mortgage properties	175,274	417,005	296,105	175,275	417,145	285,610
Amortization of intangible assets (Note 14)	1,163,120	1,160,592	1,124,161	1,148,341	1,146,235	1,099,879
	₱3,450,564	₱3,659,014	₱3,976,069	₱3,345,144	₱3,548,348	₱3,720,234

12. Investments in Subsidiaries and an Associate

The consolidated financial statements of the Group include:

	Industry	Principal Place of Business/Country of Incorporation	Functional Currency	Percentage of Ownership	
				Direct	Indirect
Subsidiaries					
Allied Integrated Holdings, Inc. (AIHI) ^(a)	Holding Company	Philippines	PHP	100.00	–
PNB Capital and Investment Corporation (PNB Capital)	Investment	- do -	PHP	100.00	–
PNB Securities, Inc. (PNB Securities)	Securities Brokerage	- do -	PHP	100.00	–
PNB Corporation – Guam ^(b)	Remittance	USA	USD	100.00	–
PNB International Investments Corporation (PNB IIC)	Investment	- do -	USD	100.00	–
PNB Remittance Centers, Inc. (PNB RCI) ^(c)	Remittance	- do -	USD	–	100.00
PNB RCI Holding Co. Ltd. (PNB RHCL) ^(d)	Holding Company	- do -	USD	–	100.00
PNB Remittance Co. (Canada) ^(e)	Remittance	Canada	CAD	–	100.00
PNB Europe PLC (PNB Europe)	Banking	United Kingdom	GBP	100.00	–
Allied Commercial Bank (ACB)	Banking	China	CNY	99.04	–
PNB-Mizuho Leasing and Finance Corporation (PMLFC) ^(f)	Leasing/Financing	Philippines	PHP	75.00	–
PNB-Mizuho Equipment Rentals Corporation (PMERC) ^(g)	Rental	- do -	PHP	–	75.00
PNB Global Remittance & Financial Co. (HK) Ltd. (PNB GRF)	Remittance	Hong Kong	HKD	100.00	–
Allied Banking Corporation (Hong Kong) Limited (ABCHKL)	Banking	- do -	HKD	51.00	–
ACR Nominees Limited ^(h)	Service	- do -	HKD	–	51.00
Oceanic Holding (BVI) Ltd. (OHBVI) ⁽ⁱ⁾	Holding Company	British Virgin Islands	USD	27.78	–
Associate					
Allianz-PNB Life Insurance, Inc. (APLII)	Insurance	Philippines	PHP	44.00	–

^(a) In the process of winding down and liquidation after shortening of corporate life until December 31, 2022

^(b) Ceased operations on June 30, 2012 and license status became dormant thereafter

^(c) Owned through PNB IIC

^(d) Owned through PNB RCI

^(e) Owned through PNB RHCL

^(f) In the process of winding down and liquidation after shortening of corporate life until March 31, 2024

^(g) Owned through PMLFC; In the process of winding down and liquidation after shortening of corporate life until December 31, 2024

^(h) Owned through ABCHKL

⁽ⁱ⁾ Controlled through the Parent Company's combined voting rights of 70.56% which arises from its direct ownership of 27.78%, and voting rights of 42.78% assigned by certain stockholders of OHBVI to the Parent Company through a voting trust agreement



The details of this account follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Investment in Subsidiaries				
ACB	₱–	₱–	₱6,087,520	₱6,087,520
AIHI	–	–	3,435,041	3,435,041
PNB IIC	–	–	2,028,202	2,028,202
PNB Europe PLC	–	–	1,327,393	1,327,393
ABCHKL	–	–	947,586	947,586
PNB Capital	–	–	850,000	850,000
PNB GRF	–	–	753,061	753,061
PMLFC	–	–	481,943	481,943
OHBVI	–	–	291,841	291,841
PNB Securities	–	–	62,351	62,351
PNB Corporation – Guam	–	–	7,672	7,672
	–	–	16,272,610	16,272,610
Investment in an Associate – APLII	2,899,589	3,242,589	2,899,589	3,242,589
Accumulated equity in net earnings (losses) of subsidiaries and an associate:				
Balance at beginning of year	846,477	426,972	660,806	(170,450)
Equity in net earnings for the year	496,001	419,505	699,557	831,256
Cash dividends declared by a subsidiary	–	–	(400,000)	–
	1,342,478	846,477	960,363	660,806
Accumulated share in:				
Aggregate reserves on life insurance policies	(28,715)	21,209	(28,715)	21,209
Net unrealized losses on financial assets at FVOCI (Note 9)	(637,885)	(666,910)	(593,183)	(622,589)
Accumulated translation adjustments	–	–	2,592,109	1,968,140
Remeasurement gains on retirement plan	13,314	3,248	91,604	87,439
	(653,286)	(642,453)	2,061,815	1,454,199
	₱3,588,781	₱3,446,613	₱22,194,377	₱21,630,204

The Parent Company underwent a quasi-reorganization which was approved by the SEC on November 7, 2002. As of December 31, 2025 and 2024, the acquisition cost of the investments in the Parent Company's separate financial statements includes the balance of ₱2.1 billion consisting of the translation adjustment and accumulated equity in net earnings of investee companies, net of dividends subsequently received as of the quasi-reorganization date, that were offset against capital deficit on restructuring date and are not available for dividend declaration.

12.1 Investment in AIHI

On February 10, 2022, the SEC approved the decrease of AIHI's authorized capital stock from ₱15.0 billion divided into 149,975,000 common shares with par value of ₱100 each and the 25,000 preferred shares with par value of ₱100 each to ₱3.0 billion divided into 30,000,000 common shares with par value of ₱100 each. Consequently, on February 18, 2022, out of the ₱10.5 billion subscribed and paid-up capital of the Parent Company in AIHI, the latter returned ₱7.5 billion to the Parent Company.

AIHI's corporate term ended on December 31, 2022 but, as provided by law, it will continue to exist as a body corporate for another three years to generally wind up its affairs, including the disposal of its properties and distribution of its assets.

12.2 Investment in PNB Capital

On October 27, 2025 and October 27, 2023, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱400.0 million and ₱448.9 million, respectively, which were subsequently paid to the Parent Company on December 19, 2025 and December 27, 2023, respectively.



12.3 Investment in PMLFC

The Parent Company and its joint venture partner, Mizuho Leasing Co. Ltd., mutually agreed to wind up the operations of PMLFC due to the impact of the COVID-19 pandemic to the operations of the joint venture company and the domestic leasing industry. On June 24, 2022, the BOD of the Parent Company approved the amendment to the Articles of Incorporation of PMLFC, shortening its corporate term to March 31, 2024, which was approved by SEC on December 23, 2022. On the other hand, on November 22, 2023, the SEC approved the amendment to the Articles of Incorporation of PMERC, the wholly-owned subsidiary of PMLFC, to shorten its corporate term to December 31, 2024. To date, the winding-up process for both PMLFC and PMERC is ongoing.

In 2023 and 2022, PMLFC transferred to the Parent Company certain receivables via direct purchase or assignment. The Parent Company also accepted in 2023 certain properties of PMLFC and PMERC as partial settlement of their outstanding loans with the Parent Company. The remaining loans were eventually written off as of December 31, 2023 (refer to Note 33.1).

As of December 31, 2025 and 2024, the cost of the Parent Company's equity investment in PMLFC amounted to ₱481.9 million and is reduced by share in accumulated losses of the same amount. However, by virtue of the Parent Company's commitment to provide further funding in PMLFC, the Parent Company recognized net income (losses) amounting to ₱5.8 million, (₱18.6) million and ₱144.2 million in 2025, 2024 and 2023, respectively, representing its share in the accumulated net income (losses) of PMLFC.

12.4 Material Non-Controlling Interests

Proportion of equity interest held by material NCI follows:

	Principal Activities	Equity interest of NCI		Accumulated balances of material NCI		Profit allocated to material NCI	
		2025	2024	2025	2024	2025	2024
ABCHKL	Banking	49.00%	49.00%	₱2,537,318	₱2,430,334	₱73,584	₱98,054
OHBVI	Holding Company	72.22%	72.22%	1,196,595	1,165,390	11,898	19,968

The following table presents financial information of ABCHKL (unaudited) as of December 31, 2025 and 2024:

	2025	2024
Statement of Financial Position		
Current assets	₱12,395,739	₱11,075,821
Non-current assets	869,234	1,718,803
Current liabilities	7,907,665	7,232,400
Non-current liabilities	247,716	670,967
Statement of Comprehensive Income		
Revenues	₱568,098	₱546,924
Expenses	417,925	346,815
Net income	150,172	200,109
Total comprehensive income	496,234	414,956
Statement of Cash Flows		
Net cash provided used in operating activities	₱2,100,665	(₱87,328)
Net cash provided by investing activities	(1,062)	35,753
Net cash used in financing activities	(7,830)	—



The following table presents financial information of OHBVI (unaudited) as of December 31, 2025 and 2024:

	2025	2024
Statement of Financial Position		
Current assets	₱1,656,831	₱1,613,622
Statement of Comprehensive Income		
Revenues/Net income/Total comprehensive income	₱16,475	₱27,649
Statement of Cash Flows		
Net cash provided by operating activities	₱43,209	₱96,129

12.5 Investment in APLII

On June 6, 2016, the Parent Company entered into agreements with Allianz SE (Allianz), a German company engaged in insurance and asset management, for the sale of the 51.00% interest in PNB Life Insurance, Inc. (PNB Life) for a total consideration of USD66.0 million to form a new joint venture company named “Allianz-PNB Life Insurance, Inc.”; and a 15-year exclusive distribution access to the branch network of the Parent Company (Exclusive Distribution Rights or EDR).

The purchase consideration of USD66.0 million was allocated between the sale of the 51.00% interest in PNB Life and the EDR amounting to USD44.9 million (₱2.1 billion) and USD21.1 million (₱1.0 billion), respectively. The consideration allocated to the EDR was recognized as ‘Deferred revenue - Bancassurance’ (Note 22) and is amortized to income over 15 years from date of sale. The Parent Company also receives variable annual and fixed bonus earn-out payments based on milestones achieved over the 15-year term of the distribution agreement.

After receiving approvals from the BSP on December 6, 2022 and June 14, 2021, the Parent Company recorded additional investments in APLII amounting to ₱392.0 million and ₱245.0 million, respectively. On April 23, 2025 and June 27, 2024, APLII returned the Parent Company’s investment amounting to ₱343.0 million and ₱122.5 million, respectively, which is adjusted against the cost of the investment.

Summarized financial information of APLII as of December 31, 2025 (unaudited) and 2024 follows:

	2025	2024
Current assets	₱3,200,646	₱3,045,524
Noncurrent assets	166,637,077	135,662,332
Total assets	169,837,723	138,707,856
Current liabilities	2,267,430	2,136,824
Noncurrent liabilities	163,026,309	132,365,045
Total liabilities	165,293,739	134,501,869
Net assets	4,543,984	4,205,987
Percentage of ownership of the Group	44%	44%
Share in the net assets of the associate	₱1,999,353	₱1,850,634

The difference between the share in the net assets of APLII and the carrying value of the investments represents premium on acquisition/retained interest.



Summarized statement of comprehensive income of APLII (unaudited) in 2025 and 2024 follows:

	2025	2024
Revenues	₱6,968,490	₱7,900,955
Costs and expenses	5,870,563	6,919,372
Net income (loss)	1,097,927	981,583
Other comprehensive loss	(494,747)	(470,126)
Total comprehensive income (loss)	₱603,180	₱511,457
Group's share in comprehensive income (loss)	₱265,399	₱225,041

12.6 Significant Restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory supervisory frameworks within which insurance and banking subsidiaries operate.

13. Investment Properties

This account consists of real properties as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Foreclosed or acquired in settlement of loans	₱16,957,283	₱15,784,863	₱16,632,647	₱15,365,513
Held for lease	-	179,404	-	179,404
Total	₱16,957,283	₱15,964,267	₱16,632,647	₱15,544,917

In 2025, the Bank transferred held for lease properties to owner-occupied properties.

The composition of and movements in this account follow:

	Consolidated		
	2025		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,975,784	₱5,586,412	₱20,562,196
Additions	852,305	1,002,863	1,855,168
Disposals	(787,930)	(270,589)	(1,058,519)
Transfers/others	480,314	54,930	535,244
Balance at end of year	15,520,473	6,373,616	21,894,089
Accumulated Depreciation			
Balance at beginning of year	-	1,977,832	1,977,832
Depreciation (Note 11)	-	276,960	276,960
Disposals	-	(119,306)	(119,306)
Transfers/others	-	(24,370)	(24,370)
Balance at end of year	-	2,111,116	2,111,116
Allowance for Impairment Losses (Note 16)	2,453,098	372,592	2,825,690
Net Book Value at End of Year	₱13,067,375	₱3,889,908	₱16,957,283



	Consolidated		
	2024		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,262,534	₱4,465,437	₱18,727,971
Additions	998,131	1,270,489	2,268,620
Disposals	(288,870)	(107,707)	(396,577)
Transfers/others	3,989	(41,807)	(37,818)
Balance at end of year	14,975,784	5,586,412	20,562,196
Accumulated Depreciation			
Balance at beginning of year	–	1,829,513	1,829,513
Depreciation (Note 11)	–	215,569	215,569
Disposals	–	(65,592)	(65,592)
Transfers/others	–	(1,658)	(1,658)
Balance at end of year	–	1,977,832	1,977,832
Allowance for Impairment Losses (Note 16)	2,318,836	301,261	2,620,097
Net Book Value at End of Year	₱12,656,948	₱3,307,319	₱15,964,267

	Parent Company		
	2025		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,407,676	₱5,522,067	₱19,929,743
Additions	852,305	1,002,863	1,855,168
Disposals	(782,720)	(261,707)	(1,044,427)
Transfers/others	552,494	54,199	606,693
Balance at end of year	15,029,755	6,317,422	21,347,177
Accumulated Depreciation			
Balance at beginning of year	–	1,789,431	1,789,431
Depreciation (Note 11)	–	260,128	260,128
Disposals	–	(111,760)	(111,760)
Transfers/others	–	(24,464)	(24,464)
Balance at end of year	–	1,913,335	1,913,335
Allowance for Impairment Losses (Note 16)	2,452,386	348,809	2,801,195
Net Book Value at End of Year	₱12,577,369	4,055,278	₱16,632,647

	Parent Company		
	2024		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱13,709,658	₱4,352,211	₱18,061,869
Additions	998,131	1,270,489	2,268,620
Disposals	(288,870)	(96,711)	(385,581)
Transfers/others	(11,243)	(3,922)	(15,165)
Balance at end of year	14,407,676	5,522,067	19,929,743
Accumulated Depreciation			
Balance at beginning of year	–	1,656,063	1,656,063
Depreciation (Note 11)	–	195,518	195,518
Disposals	–	(60,305)	(60,305)
Transfers/others	–	(1,845)	(1,845)
Balance at end of year	–	1,789,431	1,789,431
Allowance for Impairment Losses (Note 16)	2,318,124	277,271	2,595,395
Net Book Value at End of Year	₱12,089,552	₱3,455,365	₱15,544,917



Foreclosed properties of the Parent Company still subject to redemption period by the borrowers amounted to ₱2.0 billion and ₱2.2 billion as of December 31, 2025 and 2024, respectively.

The total recoverable value of investment properties of the Group and the Parent Company that were impaired amounted to ₱13.1 billion and ₱13.4 billion as of December 31, 2025 and 2024, respectively. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

For the Group and the Parent Company, direct operating expenses on investment properties that generated rental income during the year (other than depreciation and amortization), included under 'Litigation and assets acquired expenses', amounted to ₱6.1 million, ₱16.8 million and ₱33.0 million in 2025, 2024, and 2023, respectively. Direct operating expenses on investment properties that did not generate rental income included under 'Litigation and assets acquired expenses', amounted to ₱417.1 million, ₱231.7 million and ₱397.6 million in 2025, 2024, and 2023, respectively (refer to Note 27.2).

14. Goodwill and Intangible Assets

These accounts consist of:

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Software Cost	Goodwill	Software Cost	Goodwill	Software Cost	Goodwill	Software Cost	Goodwill
Cost								
Balance at beginning of year	₱6,960,153	₱10,184,843	₱6,039,747	₱10,184,843	₱7,895,518	₱10,325,201	₱6,983,715	₱10,325,201
Additions	983,808	–	946,940	–	969,456	–	943,546	–
Impairment in value	–	–	–	–	–	–	–	–
Others	(22,632)	–	(26,534)	–	(40,064)	–	(31,743)	–
	7,921,329	10,184,843	6,960,153	10,184,843	8,824,910	10,325,201	7,895,518	10,325,201
Accumulated amortization								
Balance at beginning of year	5,875,198	–	4,738,021	–	6,888,058	–	5,768,825	–
Amortization (Note 11)	1,163,120	–	1,160,592	–	1,148,341	–	1,146,235	–
Others	(26,352)	–	(23,415)	–	(40,069)	–	(27,002)	–
	7,011,966	–	5,875,198	–	7,996,330	–	6,888,058	–
Net Book Value at End of Year	₱909,363	₱10,184,843	₱1,084,955	₱10,184,843	₱828,580	₱10,325,201	₱1,007,460	₱10,325,201

14.1 Software Cost

Software cost as of December 31, 2025 and 2024 includes capitalized development costs amounting to ₱2.0 billion related to the Parent Company's core banking system.

14.2 Goodwill

The Parent Company accounted for the business combination with ABC under the acquisition method of PFRS 3. The Group has elected to measure the NCI in the acquiree at proportionate share of identifiable assets and liabilities. The business combination resulted in the recognition of goodwill amounting to ₱13.4 billion, allocated to the three CGUs which are also reportable segments.

Goodwill is reviewed for impairment annually in the fourth quarter of the reporting period, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment test is done by comparing the recoverable amount of each CGU with its carrying amount. The carrying amount of a CGU is derived based on its net assets plus the amount of



goodwill allocated to the CGU. The recoverable amount is the higher of a CGU's fair value less costs to sell and its VIU.

In 2023, the goodwill impairment test performed by the Parent Company resulted in an impairment in value of ₱1.0 billion in the Treasury CGU with the recoverable amount being lower than the carrying amount.

As of December 31, 2025 and 2024, goodwill for each CGU amounted to:

	Gross carrying amount	Accumulated impairment in value	Net carrying amount
Retail Banking	₱6,110,312	₱–	₱6,110,312
Corporate Banking	4,190,365	2,153,997	2,036,368
Treasury	3,074,730	1,036,567	2,038,163
	₱13,375,407	₱3,190,564	₱10,184,843

As of December 31, 2025 and 2024, management believes that the carrying value of the goodwill will not materially exceed its recoverable value after consideration of all reasonably possible changes in the key assumptions discussed below.

The recoverable amounts of the CGUs have been determined on the basis of the VIU calculation using the discounted cash flows (DCF) model. The DCF model uses earnings projections based on financial budgets approved by senior management and the BOD of the Parent Company covering a three-year period and are discounted to their present value. Estimating future earning involves judgment which takes into account past and actual performance and expected developments in the respective markets and in the overall macro-economic environment.

The following rates were applied to the cash flow projections:

	2025			2024		
	Retail Banking	Corporate Banking	Treasury	Retail Banking	Corporate Banking	Treasury
Pre-tax discount rate	10.64%	10.64%	10.64%	11.43%	11.43%	11.43%
Projected growth rate	5.37%	5.37%	5.37%	5.73%	5.73%	5.73%

The calculation of VIU is most sensitive to estimates of future cash flows from the business, interest margin, discount rates, projected long-term growth rates (derived based on the forecast local gross domestic product) used to extrapolate cash flows beyond the budget period.

The discount rate applied has been determined based on cost of equity for the Retail, Corporate Banking and Treasury CGUs. The cost of equity is derived using the capital asset pricing model which is comprised of a market risk premium, risk-free interest rate and the beta factor, all of which were obtained from external sources of information.



15. Other Assets

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Financial				
Fund for electronic money products	₱446,065	₱400,000	₱446,065	₱400,000
Returned checks and other cash items	82,372	25,003	82,372	25,003
Security deposits (Note 33)	19,928	19,662	-	-
Miscellaneous	2,914	2,808	2,294	2,147
	551,279	447,473	530,731	427,150
Nonfinancial				
Deferred charges (Note 33)	5,547,395	3,969,199	5,538,689	3,965,120
Creditable withholding taxes	1,292,365	1,467,670	1,081,408	1,253,129
Documentary stamps on hand	698,073	406,790	697,987	406,703
Real estate inventories held under development (Note 33)	482,018	521,114	482,018	521,114
Prepaid expenses	480,679	474,397	405,233	391,743
Retirement asset (Note 28)	294,570	302,797	294,570	302,797
Chattel mortgage properties - net of depreciation	108,982	75,432	108,982	75,432
Stationeries and supplies	102,128	81,937	101,986	81,767
Other investments	26,904	26,842	22,971	22,970
Miscellaneous (Note 28)	1,119,011	1,427,061	852,265	1,135,727
	10,152,125	8,753,239	9,586,109	8,156,502
	10,703,404	9,200,712	10,116,840	8,583,652
Less allowance for credit and impairment losses (Note 16)	1,034,288	1,050,083	1,023,073	1,050,033
	₱9,669,116	₱8,150,629	₱9,093,767	₱7,533,619

‘Fund for electronic money products’ represents the fund set up held in trust by the Parent Company’s Trust Banking Group (TBG) for the specific purpose of liquidation of balances of e-money products of the Group in compliance with BSP Circular 1166. Such amount held in the trust account shall not fall below the required minimum balance of at least 50% of the outstanding e-money balances. The remaining 50% are covered by government securities booked under ‘Investment securities at amortized cost’ amounting to ₱573.8 million and ₱363.4 million as of December 31, 2025 and 2024, respectively (refer to Note 9.3).

‘Deferred charges’ include the share of the Group in the cost of transportation equipment acquired under the Group’s car plan, prepaid expenses expected to benefit the Bank for a future period exceeding one (1) year which are amortized monthly over five years.

‘Real estate inventories held under development’ represent parcels of land contributed by the Parent Company under joint arrangements with real estate developers to be developed as residential condominium units and subdivision lots.

‘Chattel mortgage properties’ pertain to motor vehicles, equipment and assets other than real estate properties, which were acquired by the Group in settlement of loans. As of December 31, 2025 and 2024, accumulated depreciation on the chattel mortgage properties amounted to ₱327.3 million and ₱511.5 million, respectively, for the Group and the Parent Company. As of December 31, 2025 and 2024, the total recoverable value of certain chattel mortgage properties of the Group and the Parent Company that were impaired is at ₱299.8 million and ₱396.5 million, respectively.

‘Miscellaneous financial assets’ include revolving fund, petty cash fund and miscellaneous cash and other cash items. ‘Miscellaneous nonfinancial assets’ include postage, refundable deposits, and sundry debits.



16. Impairment, Credit and Other Losses

16.1 Provision for Impairment, Credit and Other Losses

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Provision for credit losses	₱2,005,909	₱3,772,753	₱5,613,112	₱1,916,793	₱3,725,453	₱5,390,322
Provision for (reversal of) impairment and other losses	(349,627)	95,358	309,942	(426,538)	56,803	309,942
	₱1,656,282	₱3,868,111	₱5,923,054	₱1,490,255	₱3,782,256	₱5,700,264

16.2 Allowance for Impairment and Credit Losses

Changes in the allowance for credit losses on financial assets follow:

	Consolidated						
	2025						
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Total
Balance at beginning of year	₱46,240	₱4,744	₱6,138	₱68,923	₱147,470	₱42,155,234	₱42,428,749
Provisions (reversals)	862	(625)	2,822	1,895	6,130	1,994,825	2,005,909
Accounts charged-off	-	-	-	-	-	(7,482,011)	(7,482,011)
Transfers and others	152	1,703	1,175	294	512	488,325	492,161
Balance at end of year	₱47,254	₱5,822	₱10,135	₱71,112	₱154,112	37,156,373	₱37,444,808

	Consolidated						
	2024						
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Total
Balance at beginning of year	₱14,152	₱9,898	₱8,045	₱45,673	₱155,835	₱42,571,906	₱42,805,509
Provisions (reversals)	32,088	(5,154)	(1,907)	23,250	(8,365)	3,732,841	3,772,753
Accounts charged-off	-	-	-	-	-	(2,925,311)	(2,925,311)
Transfers and others	-	-	-	-	-	(1,171,047)	(1,171,047)
Balance at end of year	₱46,240	₱4,744	₱6,138	₱68,923	₱147,470	₱42,208,389	₱42,481,904

	Parent Company						
	2025						
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Total
Balance at beginning of year	₱46,240	₱4,774	₱5,591	₱68,177	₱147,470	42,155,234	₱42,427,486
Provisions (reversals)	862	(625)	2,822	1,245	6,130	1,906,359	1,916,793
Accounts charged-off	-	-	-	-	-	(7,482,011)	(7,482,011)
Transfers and others	152	(1,896)	102	294	512	442,822	441,986
Balance at end of year	₱47,254	₱2,253	₱8,515	₱69,716	₱154,112	37,022,404	₱37,304,254

	Parent Company						
	2024						
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Total
Balance at beginning of year	₱14,152	₱9,873	₱8,045	₱46,776	₱155,835	₱42,567,228	₱42,801,909
Provisions (reversals)	32,088	(5,099)	(2,454)	21,401	(8,365)	3,687,882	3,725,453
Accounts charged-off	-	-	-	-	-	(2,923,540)	(2,923,540)
Transfers and others	-	-	-	-	-	(1,176,336)	(1,176,336)
Balance at end of year	₱46,240	₱4,774	₱5,591	₱68,177	₱147,470	₱42,155,234	₱42,427,486



Movements in the allowance for impairment and other losses on non-financial assets follow:

	Consolidated							
	2025				2024			
	Property and Equipment	Investment Properties	Other Assets	Total	Property and Equipment	Investment Properties	Other Assets	Total
Balance at beginning of year	₱1,124,779	₱2,620,097	₱1,050,083	₱4,794,959	₱1,133,292	₱2,318,900	₱1,035,620	₱4,487,812
Provisions (reversals)	-	(362,544)	12,917	(349,627)	-	199,452	(104,094)	95,358
Disposals	(5,463)	(66,150)	(3,464)	(75,077)	(8,513)	(17,078)	(26,745)	(52,336)
Accounts charged-off	-	-	(11,722)	(11,722)	-	-	-	-
Transfers and others	-	634,287	(13,526)	620,761	-	118,823	145,302	264,125
Balance at end of year	₱1,119,316	₱2,825,690	₱1,034,288	₱4,979,294	₱1,124,779	₱2,620,097	₱1,050,083	₱4,794,959

	Parent Company							
	2025				2024			
	Property and Equipment	Investment Properties	Other Assets	Total	Property and Equipment	Investment Properties	Other Assets	Total
Balance at beginning of year	₱1,124,779	₱2,595,396	₱1,050,033	₱4,770,208	₱1,133,292	₱2,294,199	₱1,035,570	₱4,463,061
Provisions (reversals)	-	(436,300)	9,762	(426,538)	-	162,755	(105,952)	56,803
Disposals	(5,463)	(66,150)	(3,464)	(75,077)	(8,513)	(17,078)	(26,745)	(52,336)
Accounts charged-off	-	-	(11,722)	(11,722)	-	-	-	-
Transfers and others	-	708,249	(21,536)	686,713	-	155,520	147,160	302,680
Balance at end of year	₱1,119,316	₱2,801,195	₱1,023,073	₱4,943,584	₱1,124,779	₱2,595,396	₱1,050,033	₱4,770,208

The reconciliation of allowance for loans and receivables are shown below:

	Consolidated							
	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱2,246,029	₱3,159,548	₱24,561,523	₱29,967,100	₱1,774,187	₱2,895,028	₱23,612,295	₱28,281,510
Newly originated assets which remained in Stage 1 at yearend	774,193	-	-	774,193	807,286	-	-	807,286
Newly originated assets which moved to Stages 2 and 3 at yearend	-	545,986	511,499	1,057,485	-	704,905	397,431	1,102,336
Transfers to Stage 1	470,825	(470,825)	-	-	25,920	(25,799)	(121)	-
Transfers to Stage 2	(109,603)	160,916	(51,313)	-	(70,148)	839,542	(769,394)	-
Transfers to Stage 3	(489)	(301,547)	302,036	-	(280,840)	(346,220)	627,060	-
Accounts charged off	-	-	(5,221,860)	(5,221,860)	-	-	(686,290)	(686,290)
Effect of collections, foreclosures, and provision	(1,173,846)	(316,327)	1,399,171	(91,002)	(10,376)	(907,908)	1,380,542	462,258
Ending Balance	2,207,109	2,777,751	21,501,056	26,485,916	2,246,029	3,159,548	24,561,523	29,967,100
LGU								
Beginning Balance	287	5,378	58,044	63,709	391	6,684	63,216	70,291
Effect of collections, foreclosures, and provision	(84)	(2,213)	-	(2,297)	(104)	(1,306)	(5,172)	(6,582)
Ending Balance	203	3,165	58,044	61,412	287	5,378	58,044	63,709
Credit Cards								
Beginning Balance	589,648	108,264	840,995	1,538,907	508,446	109,883	696,783	1,315,112
Newly originated assets which remained in Stage 1 at yearend	177,683	-	-	177,683	78,851	-	-	78,851
Newly originated assets which moved to Stages 2 and 3 at yearend	-	36,763	47,607	84,370	-	11,526	17,272	28,798
Transfers to Stage 1	43,834	(30,614)	(13,220)	-	49,370	(37,696)	(11,674)	-
Transfers to Stage 2	(18,254)	20,426	(2,172)	-	(16,596)	18,469	(1,873)	-
Transfers to Stage 3	(20,383)	(5,332)	25,715	-	(33,449)	(19,173)	52,622	-
Accounts charged off	-	-	(1,672,820)	(1,672,820)	-	-	(799,638)	(799,638)
Effect of collections, foreclosures, and provision	(49,646)	27,791	1,232,383	1,210,528	3,026	25,255	887,503	915,784
Ending Balance	722,882	157,298	458,488	1,338,668	589,648	108,264	840,995	1,538,907

(Forward)



	Consolidated							
	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail SMEs								
Beginning Balance	₱278,965	₱20,059	₱735,435	₱1,034,459	₱188,665	₱10,116	₱788,816	₱987,597
Newly originated assets which remained in Stage 1 at yearend	193,231	-	-	193,231	114,737	-	-	114,737
Newly originated assets which moved to Stages 2 and 3 at yearend	-	4,588	127,261	131,849	-	13,621	12,785	26,406
Transfers to Stage 1	2,714	(2,714)	-	-	946	(946)	-	-
Transfers to Stage 2	(32)	1,912	(1,880)	-	(115)	430	(315)	-
Transfers to Stage 3	(856)	-	856	-	(26,339)	(6,257)	32,596	-
Accounts charged off	-	-	(38,329)	(38,329)	-	-	(115,370)	(115,370)
Effect of collections, foreclosures, and provision	32,966	46,038	(237,643)	(158,639)	1,071	3,095	16,923	21,089
Ending Balance	506,988	69,883	585,700	1,162,571	278,965	20,059	735,435	1,034,459
Housing Loans								
Beginning Balance	96,394	58,793	3,600,976	3,756,163	525,896	47,197	3,955,221	4,528,314
Newly originated assets which remained in Stage 1 at yearend	30,367	-	-	30,367	50,745	-	-	50,745
Newly originated assets which moved to Stages 2 and 3 at yearend	-	4,229	9,907	14,136	-	2,016	13,444	15,460
Transfers to Stage 1	291,724	(20,953)	(270,771)	-	50,769	(3,234)	(47,535)	-
Transfers to Stage 2	(7,123)	31,255	(24,132)	-	(39,521)	53,677	(14,156)	-
Transfers to Stage 3	(10,377)	(89,587)	99,964	-	(60,880)	(25,729)	86,609	-
Effect of collections, foreclosures, and provision	(214,065)	199,441	103,673	89,049	(430,615)	(15,134)	(392,607)	(838,356)
Ending Balance	186,920	183,178	3,519,617	3,889,715	96,394	58,793	3,600,976	3,756,163
Auto Loans								
Beginning Balance	22,547	1,178	717,076	740,801	25,693	686	1,078,920	1,105,299
Newly originated assets which remained in Stage 1 at yearend	1,636	-	-	1,636	5,154	-	-	5,154
Newly originated assets which moved to Stages 2 and 3 at yearend	-	621	2,318	2,939	-	695	2,708	3,403
Transfers to Stage 1	1,290	(103)	(1,187)	-	188	(20)	(168)	-
Transfers to Stage 2	(352)	352	-	-	(459)	479	(20)	-
Transfers to Stage 3	(265)	(732)	997	-	(8,167)	(2,091)	10,258	-
Accounts charged off	-	-	(321,617)	(321,617)	-	-	(32,938)	(32,938)
Effect of collections, foreclosures, and provision	(21,042)	587	(153,070)	(173,525)	138	1,429	(341,684)	(340,117)
Ending Balance	3,814	1,903	244,517	250,234	22,547	1,178	717,076	740,801
Other Loans								
Beginning Balance	31,858	104,246	910,226	1,046,330	71,794	264,708	928,528	1,265,030
Newly originated assets which remained in Stage 1 at yearend	6,076	-	-	6,076	4,194	-	-	4,194
Newly originated assets which moved to Stages 2 and 3 at yearend	-	360	27,415	27,775	-	-	23	23
Transfers to Stage 1	14,977	(1,527)	(13,450)	-	3,029	(85)	(2,944)	-
Transfers to Stage 2	(927)	5,067	(4,140)	-	(1,894)	5,594	(3,700)	-
Transfers to Stage 3	(1,085)	(236)	1,321	-	(2,523)	(44,240)	46,763	-
Accounts charged off	-	-	(89,186)	(89,186)	-	-	(19,654)	(19,654)
Effect of collections, foreclosures, and provision	(13,190)	(74,467)	(503,948)	(591,605)	(42,742)	(121,731)	(38,790)	(203,263)
Ending Balance	37,709	33,443	328,238	399,390	31,858	104,246	910,226	1,046,330
Other Receivables								
Beginning Balance	180,614	39,163	3,841,143	4,060,920	131,275	37,316	4,850,162	5,018,753
Newly originated assets which remained in Stage 1 at yearend	16,953	-	-	16,953	4,970	-	-	4,970
Newly originated assets which moved to Stages 2 and 3 at yearend	-	6,629	289,398	296,027	-	2,971	5,511	8,482
Transfers to Stage 1	2,420	(1,154)	(1,266)	-	320	(268)	(52)	-
Transfers to Stage 2	(257)	2,143	(1,886)	-	(346)	2,209	(1,863)	-
Transfers to Stage 3	(56,398)	(6,684)	63,082	-	3,426	(3,615)	189	-
Accounts charged off	-	-	(138,199)	(138,199)	-	-	(1,271,421)	(1,271,421)
Effect of collections, foreclosures, and provision	(6,245)	(12,891)	(648,098)	(667,234)	40,969	550	258,617	300,136
Ending Balance	137,087	27,206	3,404,174	3,568,467	180,614	39,163	3,841,143	4,060,920
Total Loans and Receivables								
Beginning Balance	3,446,342	3,496,629	35,265,418	42,208,389	3,226,347	3,371,618	35,973,941	42,571,906
Newly originated assets which remained in Stage 1 at yearend	1,200,139	-	-	1,200,139	1,065,937	-	-	1,065,937
Newly originated assets which moved to Stages 2 and 3 at yearend	-	599,176	1,015,405	1,614,581	-	735,734	449,174	1,184,908
Transfers to Stage 1	827,784	(527,890)	(299,894)	-	130,542	(68,048)	(62,494)	-
Transfers to Stage 2	(136,548)	222,071	(85,523)	-	(129,079)	920,400	(791,321)	-
Transfers to Stage 3	(89,853)	(404,118)	493,971	-	(408,772)	(447,325)	856,097	-
Accounts charged off	-	-	(7,482,011)	(7,482,011)	-	-	(2,925,311)	(2,925,311)
Effect of collections, foreclosures, and provision	(1,445,152)	(132,041)	1,192,468	(384,725)	(438,633)	(1,015,750)	1,765,332	310,949
Ending Balance	₱3,802,712	₱3,253,827	₱30,099,834	₱37,156,373	₱3,446,342	₱3,496,629	₱35,265,418	₱42,208,389



	Parent Company							
	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱1,727,417	₱3,159,548	₱25,375,939	₱30,262,904	₱1,648,613	₱2,895,028	₱24,029,657	₱28,573,298
Newly originated assets which remained in Stage 1 at yearend	774,193	–	–	774,193	807,286	–	–	807,286
Newly originated assets which moved to Stages 2 and 3 at yearend	–	545,986	511,499	1,057,485	–	704,905	397,431	1,102,336
Transfers to Stage 1	470,825	(470,825)	–	–	25,920	(25,799)	(121)	–
Transfers to Stage 2	(109,603)	160,916	(51,313)	–	(70,148)	839,542	(769,394)	–
Transfers to Stage 3	(489)	(301,547)	302,036	–	(280,840)	(346,220)	627,060	–
Accounts charged off	–	–	(5,221,860)	(5,221,860)	–	–	(686,290)	(686,290)
Effect of collections, foreclosures, and provision	(1,266,980)	(316,327)	1,399,169	(184,138)	(403,414)	(907,908)	1,777,596	466,274
Ending Balance	1,595,363	2,777,751	22,315,470	26,688,584	1,727,417	3,159,548	25,375,939	30,262,904
LGU								
Beginning Balance	287	5,378	58,044	63,709	391	6,684	63,216	70,291
Effect of collections, foreclosures, and provision	(84)	(2,213)	–	(2,297)	(104)	(1,306)	(5,172)	(6,582)
Ending Balance	203	3,165	58,044	61,412	287	5,378	58,044	63,709
Credit Cards								
Beginning Balance	589,648	108,264	840,995	1,538,907	508,446	109,883	696,783	1,315,112
Newly originated assets which remained in Stage 1 at yearend	177,683	–	–	177,683	78,851	–	–	78,851
Newly originated assets which moved to Stages 2 and 3 at yearend	–	36,763	47,607	84,370	–	11,526	17,272	28,798
Transfers to Stage 1	43,834	(30,614)	(13,220)	–	49,370	(37,696)	(11,674)	–
Transfers to Stage 2	(18,254)	20,426	(2,172)	–	(16,596)	18,469	(1,873)	–
Transfers to Stage 3	(20,383)	(5,332)	25,715	–	(33,449)	(19,173)	52,622	–
Accounts charged off	–	–	(1,672,820)	(1,672,820)	–	–	(799,638)	(799,638)
Effect of collections, foreclosures, and provision	(49,646)	27,791	1,232,383	1,210,528	3,026	25,255	887,503	915,784
Ending Balance	722,882	157,298	458,488	1,338,668	589,648	108,264	840,995	1,538,907
Retail SMEs								
Beginning Balance	278,965	20,059	735,435	1,034,459	188,665	10,105	783,996	982,766
Newly originated assets which remained in Stage 1 at yearend	193,231	–	–	193,231	114,737	–	–	114,737
Newly originated assets which moved to Stages 2 and 3 at yearend	–	4,588	127,261	131,849	–	13,621	12,785	26,406
Transfers to Stage 1	2,714	(2,714)	–	–	946	(946)	–	–
Transfers to Stage 2	(32)	1,912	(1,880)	–	(115)	430	(315)	–
Transfers to Stage 3	(856)	–	856	–	(26,339)	(6,257)	32,596	–
Accounts charged off	–	–	(38,329)	(38,329)	–	–	(115,370)	(115,370)
Effect of collections, foreclosures, and provision	32,966	46,038	(237,643)	(158,639)	1,071	3,106	21,743	25,920
Ending Balance	506,988	69,883	585,700	1,162,571	278,965	20,059	735,435	1,034,459
Housing Loans								
Beginning Balance	496,900	58,747	3,178,257	3,733,904	524,616	47,197	3,938,674	4,510,487
Newly originated assets which remained in Stage 1 at yearend	30,367	–	–	30,367	50,745	–	–	50,745
Newly originated assets which moved to Stages 2 and 3 at yearend	–	4,229	9,907	14,136	–	2,016	13,444	15,460
Transfers to Stage 1	291,724	(20,953)	(270,771)	–	50,769	(3,234)	(47,535)	–
Transfers to Stage 2	(7,123)	31,255	(24,132)	–	(39,521)	53,677	(14,156)	–
Transfers to Stage 3	(10,377)	(89,587)	99,964	–	(60,880)	(25,729)	86,609	–
Effect of collections, foreclosures, and provision	(617,272)	199,255	501,251	83,234	(28,829)	(15,180)	(798,779)	(842,788)
Ending Balance	184,219	182,946	3,494,476	3,861,641	496,900	58,747	3,178,257	3,733,904
Auto Loans								
Beginning Balance	22,547	1,178	717,076	740,801	25,693	686	1,078,920	1,105,299
Newly originated assets which remained in Stage 1 at yearend	1,636	–	–	1,636	5,154	–	–	5,154
Newly originated assets which moved to Stages 2 and 3 at yearend	–	621	2,318	2,939	–	695	2,708	3,403
Transfers to Stage 1	1,290	(103)	(1,187)	–	188	(20)	(168)	–
Transfers to Stage 2	(352)	352	–	–	(459)	479	(20)	–
Transfers to Stage 3	(265)	(732)	997	–	(8,167)	(2,091)	10,258	–
Accounts charged off	–	–	(321,617)	(321,617)	–	–	(32,938)	(32,938)
Effect of collections, foreclosures, and provision	(21,042)	587	(153,070)	(173,525)	138	1,429	(341,684)	(340,117)
Ending Balance	3,814	1,903	244,517	250,234	22,547	1,178	717,076	740,801

(Forward)



	Parent Company							
	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Other Loans								
Beginning Balance	₱31,832	₱104,246	₱910,140	₱1,046,218	₱71,784	₱264,708	₱928,528	₱1,265,020
Newly originated assets which remained in Stage 1 at yearend	6,076	–	–	6,076	4,194	–	–	4,194
Newly originated assets which moved to Stages 2 and 3 at yearend	–	360	27,415	27,775	–	–	23	23
Transfers to Stage 1	14,977	(1,527)	(13,450)	–	3,029	(85)	(2,944)	–
Transfers to Stage 2	(927)	5,067	(4,140)	–	(1,894)	5,594	(3,700)	–
Transfers to Stage 3	(1,085)	(236)	1,321	–	(2,523)	(44,240)	46,763	–
Accounts charged off	–	–	(89,186)	(89,186)	–	–	(19,654)	(19,654)
Effect of collections, foreclosures, and provision	(13,296)	(74,467)	(503,948)	(591,711)	(42,758)	(121,731)	(38,876)	(203,365)
Ending Balance	37,577	33,443	328,152	399,172	31,832	104,246	910,140	1,046,218
Other Receivables								
Beginning Balance	66,282	34,740	3,633,310	3,734,332	22,665	32,893	4,689,397	4,744,955
Newly originated assets which remained in Stage 1 at yearend	16,953	–	–	16,953	4,970	–	–	4,970
Newly originated assets which moved to Stages 2 and 3 at yearend	–	6,629	289,398	296,027	–	2,971	5,511	8,482
Transfers to Stage 1	3,669	(2,403)	(1,266)	–	320	(268)	(52)	–
Transfers to Stage 2	(257)	2,143	(1,886)	–	(346)	2,209	(1,863)	–
Transfers to Stage 3	(16)	(2,261)	2,277	–	3,426	(3,615)	189	–
Accounts charged off	–	–	(138,199)	(138,199)	–	–	(1,269,650)	(1,269,650)
Effect of collections, foreclosures, and provision	(6,360)	(12,891)	(629,740)	(648,991)	35,247	550	209,778	245,575
Ending Balance	80,271	25,957	3,153,894	3,260,122	66,282	34,740	3,633,310	3,734,332
Total Loans and Receivables								
Beginning Balance	3,213,878	3,492,160	35,449,196	42,155,234	2,990,873	3,367,184	36,209,171	42,567,228
Newly originated assets which remained in Stage 1 at yearend	1,200,139	–	–	1,200,139	1,065,937	–	–	1,065,937
Newly originated assets which moved to Stages 2 and 3 as at year-end	–	599,176	1,015,405	1,614,581	–	735,734	449,174	1,184,908
Transfers to Stage 1	829,033	(529,139)	(299,894)	–	130,542	(68,048)	(62,494)	–
Transfers to Stage 2	(136,548)	222,071	(85,523)	–	(129,079)	920,975	(791,896)	–
Transfers to Stage 3	(33,471)	(399,695)	433,166	–	(408,772)	(447,325)	856,097	–
Accounts charged off	–	–	(7,482,011)	(7,482,011)	–	–	(2,923,540)	(2,923,540)
Effect of collections, foreclosures, and provision	(1,941,714)	(132,227)	1,608,402	(465,539)	(435,623)	(1,016,360)	1,712,684	260,701
Ending Balance	₱3,131,317	₱3,252,346	₱30,638,741	₱37,022,404	₱3,213,878	₱3,492,160	₱35,449,196	₱42,155,234

16.3 Gross Carrying Amounts of Loans and Receivables

Movements of the gross carrying amounts of loans and receivables are shown below:

	Consolidated							
	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱537,669,686	₱24,671,439	₱34,995,178	₱597,336,303	₱511,739,263	₱27,482,301	₱32,976,162	₱572,197,726
Newly originated assets which remained in Stage 1 at yearend	238,853,749	–	–	238,853,749	313,540,235	–	–	313,540,235
Newly originated assets which moved to Stages 2 and 3 at yearend	–	7,058,244	1,116,081	8,174,325	–	14,542,849	6,213,419	20,756,268
Transfers to Stage 1	6,826,156	(6,826,156)	–	–	1,626,834	(1,538,339)	(88,495)	–
Transfers to Stage 2	(8,813,473)	8,978,428	(164,955)	–	(1,709,484)	3,688,218	(1,978,734)	–
Transfers to Stage 3	(222,855)	(2,810,945)	3,033,800	–	(496,633)	(1,087,075)	1,583,708	–
Accounts charged off	–	–	(5,221,860)	(5,221,860)	–	–	(686,290)	(686,290)
Collections and other movements	(145,989,988)	(9,999,553)	(791,013)	(156,780,554)	(287,030,529)	(18,416,515)	(3,024,592)	(308,471,636)
Ending Balance	628,323,275	21,071,457	32,967,231	682,361,963	537,669,686	24,671,439	34,995,178	597,336,303
LGU								
Beginning Balance	1,646,870	22,610	50,521	1,720,001	2,183,286	28,139	54,900	2,266,325
Collections and other movements	(497,277)	(8,878)	–	(506,155)	(536,416)	(5,529)	(4,379)	(546,324)
Ending Balance	1,149,593	13,732	50,521	1,213,846	1,646,870	22,610	50,521	1,720,001

(Forward)



	Consolidated							
	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit Cards								
Beginning Balance	₱17,157,460	₱489,873	₱416,552	₱18,063,885	₱14,208,553	₱440,362	₱583,930	₱15,232,845
Newly originated assets which remained in Stage 1 at yearend	4,309,473	-	-	4,309,473	1,980,502	-	-	1,980,502
Newly originated assets which moved to Stages 2 and 3 at yearend	-	172,513	105,524	278,037	-	52,126	31,425	83,551
Transfers to Stage 1	169,442	(142,080)	(27,362)	-	149,502	(125,603)	(23,899)	-
Transfers to Stage 2	(391,672)	395,818	(4,146)	-	(319,966)	323,698	(3,732)	-
Transfers to Stage 3	(402,621)	(26,891)	429,512	-	(547,031)	(87,958)	634,989	-
Accounts charged off	-	-	(1,672,820)	(1,672,820)	-	-	(799,638)	(799,638)
Collections and other movements	(750,945)	(197,906)	1,397,037	448,186	1,685,900	(112,752)	(6,523)	1,566,625
Ending Balance	20,091,137	691,327	644,297	21,426,761	17,157,460	489,873	416,552	18,063,885
Retail SMEs								
Beginning Balance	4,360,929	123,849	991,283	5,476,061	4,153,369	151,456	1,067,223	5,372,048
Newly originated assets which remained in Stage 1 at yearend	2,155,203	-	-	2,155,203	3,539,950	-	-	3,539,950
Newly originated assets which moved to Stages 2 and 3 at yearend	-	24,164	129,804	153,968	-	114,725	50,153	164,878
Transfers to Stage 1	38,845	(38,845)	-	-	7,659	(7,659)	-	-
Transfers to Stage 2	(564)	4,324	(3,760)	-	(810)	2,953	(2,143)	-
Transfers to Stage 3	(6,111)	-	6,111	-	(71,839)	(7,659)	79,498	-
Accounts charged off	-	-	(38,329)	(38,329)	-	-	(115,370)	(115,370)
Collections and other movements	(1,009,202)	66,666	(376,190)	(1,318,726)	(3,267,400)	(129,967)	(88,078)	(3,485,445)
Ending Balance	5,539,100	180,158	708,919	6,428,177	4,360,929	123,849	991,283	5,476,061
Housing Loans								
Beginning Balance	21,169,844	317,380	5,257,261	26,744,485	20,130,870	248,682	7,921,739	28,301,291
Newly originated assets which remained in Stage 1 as at yearend	10,538,228	-	-	10,538,228	3,162,128	-	-	3,162,128
Newly originated assets which moved to Stages 2 and 3 at yearend	-	33,321	33,217	66,538	-	17,757	44,110	61,867
Transfers to Stage 1	711,763	(101,805)	(609,958)	-	1,577,780	(105,411)	(1,472,369)	-
Transfers to Stage 2	(268,062)	326,461	(58,399)	-	(209,603)	281,574	(71,971)	-
Transfers to Stage 3	(369,919)	(350,327)	720,246	-	(204,135)	(105,411)	309,546	-
Collections and other movements	(5,661,942)	662,318	(298,375)	(5,297,999)	(3,287,196)	(19,811)	(1,473,794)	(4,780,801)
Ending Balance	26,119,912	887,348	5,043,992	32,051,252	21,169,844	317,380	5,257,261	26,744,485
Auto Loans								
Beginning Balance	5,477,450	35,654	807,457	6,320,561	5,216,360	22,973	1,263,450	6,502,783
Newly originated assets which remained in Stage 1 at yearend	2,765,003	-	-	2,765,003	2,515,108	-	-	2,515,108
Newly originated assets which moved to Stages 2 and 3 at yearend	-	34,777	21,758	56,535	-	18,900	24,820	43,720
Transfers to Stage 1	10,217	(3,400)	(6,817)	-	32,064	(3,394)	(28,670)	-
Transfers to Stage 2	(91,605)	91,605	-	-	(15,561)	16,513	(952)	-
Transfers to Stage 3	(70,692)	(20,229)	90,921	-	(40,217)	(3,394)	43,611	-
Accounts charged off	-	-	(321,617)	(321,617)	-	-	(32,938)	(32,938)
Collections and other movements	(2,072,556)	(36,810)	(244,132)	(2,353,498)	(2,230,304)	(15,944)	(461,864)	(2,708,112)
Ending Balance	6,017,817	101,597	347,570	6,466,984	5,477,450	35,654	807,457	6,320,561
Other Loans								
Beginning Balance	6,893,718	347,594	1,320,765	8,562,077	8,187,643	2,087,478	1,650,129	11,925,250
Newly originated assets which remained in Stage 1 at yearend	5,861,583	-	-	5,861,583	5,119,859	-	-	5,119,859
Newly originated assets which moved to Stages 2 and 3 at yearend	-	15,649	59,957	75,606	-	-	31	31
Transfers to Stage 1	42,934	(6,720)	(36,214)	-	47,303	(3,435)	(43,868)	-
Transfers to Stage 2	(87,615)	98,861	(11,246)	-	(7,521)	22,220	(14,699)	-
Transfers to Stage 3	(47,623)	(697)	48,320	-	(11,694)	(3,435)	15,129	-
Accounts charged off	-	-	(89,186)	(89,186)	-	-	(19,654)	(19,654)
Collections and other movements	(3,043,866)	761,029	(733,944)	(3,016,781)	(6,441,872)	(1,755,234)	(266,303)	(8,463,409)
Ending Balance	9,619,131	1,215,716	558,452	11,393,299	6,893,718	347,594	1,320,765	8,562,077
Other Receivables								
Beginning Balance	8,786,593	174,340	5,843,708	14,804,641	11,130,475	270,041	6,083,868	17,484,384
Newly originated assets which remained in Stage 1 at yearend	1,610,298	-	-	1,610,298	1,312,023	-	-	1,312,023
Newly originated assets which moved to Stages 2 and 3 at yearend	-	23,359	288,454	311,813	-	64,105	40,350	104,455
Transfers to Stage 1	50,702	(48,183)	(2,519)	-	23,996	(13,905)	(10,091)	-
Transfers to Stage 2	(23,079)	28,078	(4,999)	-	(6,040)	17,059	(11,019)	-
Transfers to Stage 3	(10,826)	(18,955)	29,781	-	(6,464)	(8,587)	15,051	-
Accounts charged off	-	-	(138,199)	(138,199)	-	-	(1,271,421)	(1,271,421)
Collections and other movements	1,069,716	(26,233)	(1,800,200)	(756,717)	(3,667,397)	(154,373)	996,970	(2,824,800)
Ending Balance	11,483,404	132,406	4,216,026	15,831,836	8,786,593	174,340	5,843,708	14,804,641

(Forward)



	Parent Company							
	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Auto Loans								
Beginning Balance	₱5,477,450	₱35,654	₱807,457	₱6,320,561	₱5,216,360	₱22,973	₱1,263,450	₱6,502,783
Newly originated assets which remained in Stage 1 at yearend	2,765,003	-	-	2,765,003	2,515,108	-	-	2,515,108
Newly originated assets which moved to Stages 2 and 3 at yearend	-	34,777	21,758	56,535	-	18,900	24,820	43,720
Transfers to Stage 1	10,217	(3,400)	(6,817)	-	32,064	(3,394)	(28,670)	-
Transfers to Stage 2	(91,605)	91,605	-	-	(15,561)	16,513	(952)	-
Transfers to Stage 3	(70,692)	(20,229)	90,921	-	(40,217)	(3,394)	43,611	-
Accounts charged off	-	-	(321,617)	(321,617)	-	-	(32,938)	(32,938)
Collections and other movements	(2,072,556)	(36,810)	(244,132)	(2,353,498)	(2,230,304)	(15,944)	(461,864)	(2,708,112)
Ending Balance	6,017,817	101,597	347,570	6,466,984	5,477,450	35,654	807,457	6,320,561
Other Loans								
Beginning Balance	6,812,094	343,565	1,207,385	8,363,044	8,099,735	2,087,478	1,650,129	11,837,342
Newly originated assets which remained in Stage 1 at yearend	5,861,583	-	-	5,861,583	5,119,859	-	-	5,119,859
Newly originated assets which moved to Stages 2 and 3 at yearend	-	15,649	59,957	75,606	-	-	31	31
Transfers to Stage 1	42,934	(6,720)	(36,214)	-	47,303	(3,435)	(43,868)	-
Transfers to Stage 2	(87,615)	98,861	(11,246)	-	(3,492)	18,191	(14,699)	-
Transfers to Stage 3	(47,623)	(697)	48,320	-	(11,694)	(3,435)	15,129	-
Accounts charged off	-	-	(89,186)	(89,186)	-	-	(19,654)	(19,654)
Collections and other movements	(3,011,637)	760,979	(726,357)	(2,977,015)	(6,439,617)	(1,755,234)	(379,683)	(8,574,534)
Ending Balance	9,569,736	1,211,637	452,659	11,234,032	6,812,094	343,565	1,207,385	8,363,044
Other Receivables								
Beginning Balance	8,369,133	170,656	5,557,563	14,097,352	10,449,820	266,357	5,830,168	16,546,345
Newly originated assets which remained in Stage 1 at yearend	1,610,186	-	-	1,610,186	1,312,023	-	-	1,312,023
Newly originated assets which moved to Stages 2 and 3 as at yearend	-	23,359	288,454	311,813	-	64,105	40,350	104,455
Transfers to Stage 1	50,702	(48,183)	(2,519)	-	23,996	(13,905)	(10,091)	-
Transfers to Stage 2	(23,079)	28,078	(4,999)	-	(6,040)	17,059	(11,019)	-
Transfers to Stage 3	(3,829)	(15,271)	19,100	-	(6,463)	(8,587)	15,050	-
Accounts charged off	-	-	(138,199)	(138,199)	-	-	(1,269,650)	(1,269,650)
Collections and other movements	1,073,817	(26,233)	(1,754,632)	(707,048)	(3,404,203)	(154,373)	962,755	(2,595,821)
Ending Balance	11,076,930	132,406	3,964,768	15,174,104	8,369,133	170,656	5,557,563	14,097,352
Total Loans and Receivables								
Beginning Balance	589,619,485	26,135,281	48,792,638	664,547,404	562,728,128	30,693,166	51,304,697	644,725,991
Newly originated assets which remained in Stage 1 at yearend	259,180,480	-	-	259,180,480	328,884,974	-	-	328,884,974
Newly originated assets which moved to Stages 2 and 3 as at yearend	-	7,362,027	1,201,793	8,563,820	-	14,810,462	5,792,473	20,602,935
Transfers to Stage 1	7,850,059	(7,167,189)	(682,870)	-	3,465,138	(1,797,746)	(1,667,392)	-
Transfers to Stage 2	(9,665,433)	9,912,938	(247,505)	-	(2,259,810)	4,343,060	(2,083,250)	-
Transfers to Stage 3	(1,123,650)	(3,224,360)	4,348,010	-	(1,367,674)	(1,303,519)	2,671,193	-
Accounts charged off	-	-	(7,482,011)	(7,482,011)	-	-	(2,923,540)	(2,923,540)
Collections and other movements	(151,733,238)	(8,845,602)	(2,178,707)	(162,757,547)	(301,831,271)	(20,610,142)	(4,301,543)	(326,742,956)
Ending Balance	₱694,127,703	₱24,173,095	₱43,751,348	₱762,052,146	₱589,619,485	₱26,135,281	₱48,792,638	₱664,547,404

17. Deposit Liabilities

17.1 Regulatory Reserve Requirements

As of December 31, 2025 and 2024, peso deposit liabilities are subject to reserves equivalent to 5.0% and 7.0%, respectively, while peso-denominated LTNCDs are subject to reserve requirements equivalent to 4.0%.

Available reserves booked under 'Due from BSP' amounted to ₱45.4 billion and ₱44.6 billion as of December 31, 2025 and 2024, respectively (refer to Note 7).



17.2 LTNCDs

LTNCDs issued by the Parent Company consist of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					2025	2024
October 11, 2019	April 11, 2025	₱4,600,000	4.38%	Quarterly	₱-	₱4,598,770

17.3 Interest Expense on Deposit Liabilities

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Savings	₱8,849,051	₱9,560,100	₱6,989,245	₱8,844,621	₱9,553,020	₱6,984,663
Time	6,476,199	6,130,302	5,036,686	6,441,565	6,111,730	5,010,322
Demand	235,779	212,807	203,681	233,638	209,875	200,798
LTNCDs	57,132	526,326	776,034	57,132	526,326	776,034
	₱15,618,161	₱16,429,535	₱13,005,646	₱15,576,956	₱16,400,951	₱12,971,817

As of December 31, 2025 and 2024, noninterest-bearing deposit liabilities amounted to ₱28.0 billion and ₱26.8 billion, respectively, for the Group, and ₱28.0 billion and ₱27.0 billion, respectively, for the Parent Company.

The remaining deposit liabilities of the Group and the Parent Company generally earn annual fixed interest rates ranging from:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Peso-denominated	0.1% - 6.6%	0.1% - 6.1%	0.1% - 7.5%	0.1% - 6.6%	0.1% - 6.1%	0.1% - 7.5%
Foreign currency-denominated	0.0% - 5.2%	0.0% - 5.5%	0.1% - 6.1%	0.0% - 5.2%	0.0% - 5.5%	0.1% - 6.1%

In 2025, 2024 and 2023, interest expense on LTNCDs for both the Group and the Parent Company includes amortization of transaction costs amounting to ₱1.2 million, ₱15.2 million and ₱23.5 million, respectively.

18. Financial Liabilities at Fair Value Through Profit or Loss

As of December 31, 2025 and 2024, this account consists of currency forwards and spots with negative fair values amounting to ₱285.6 million and ₱924.1 million, respectively, for the Group and ₱285.6 million and ₱921.7 million, respectively for the Parent Company (refer to Notes 9, 23 and 35).



19. Bills and Acceptances Payable

19.1 Information on Bills and Acceptances Payable

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Bills payable to:				
Foreign banks	₱2,594,765	₱11,828,038	₱2,594,765	₱11,828,038
BSP and local banks	395	2,324,404	395	2,324,404
	2,595,160	14,152,442	2,595,160	14,152,442
Acceptances outstanding (Note 10)	8,147,588	6,056,009	8,147,588	6,056,009
	₱10,742,748	₱20,208,451	₱10,742,748	₱20,208,451

The following are the carrying values and fair values of government debt securities pledged and transferred under Bills payable transactions of the Group and the Parent Company:

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at FVOCI (Note 9.2)	₱-	₱-	₱11,859,179	₱11,859,179
Investment securities at amortized cost (Note 9.3)	1,280,774	1,325,734	2,392,401	2,397,775
	₱1,280,774	₱1,325,734	₱14,251,580	₱14,256,954

19.2 Interest Expense on Bills Payable and Other Borrowings

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Lease liabilities (Note 29)	₱276,693	₱175,831	₱171,570	₱273,378	₱172,824	₱168,285
Bills payable	193,908	191,541	129,031	194,133	192,131	118,534
Others	150,748	83,566	35,246	146,953	82,152	32,769
	₱621,349	₱450,938	₱335,847	₱614,464	₱447,107	₱319,588

Bills payable of the Group and the Parent Company earn annual fixed interest rates ranging from:

	2025	2024	2023
Peso-denominated	4.5% - 5.9%	5.8% - 6.6%	6.0% - 6.8%
Foreign currency-denominated	1.3% - 4.6%	0.0% - 5.6%	0.0% - 5.4%

20. Accrued Taxes, Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Accrued taxes and other expenses	₱6,959,501	₱6,652,716	₱6,773,524	₱6,456,764
Accrued interest (Note 33)	2,344,481	2,145,837	2,319,805	2,125,330
	₱9,303,982	₱8,798,553	₱9,093,329	₱8,582,094



Accrued taxes and other expenses consist of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Financial liabilities:				
Promotional expenses	₱1,072,885	₱1,100,694	₱1,071,969	₱1,100,500
Rent and utilities payable	402,015	414,424	398,639	410,792
Information technology-related expenses	116,275	145,090	116,275	145,090
Repairs and maintenance	98,350	105,759	98,350	105,759
Professional fees	49,739	50,431	19,131	25,877
	1,739,264	1,816,398	1,704,364	1,788,018
Nonfinancial liabilities:				
Monetary value of leave credits	1,645,346	1,813,772	1,615,284	1,784,289
PDIC insurance premiums	1,101,476	1,093,893	1,085,998	1,078,415
Other taxes and licenses	1,031,456	775,776	1,016,058	757,116
Miscellaneous services	524,344	129,733	524,344	129,733
Stationeries and supplies	139,067	150,930	139,067	150,930
Employee benefits	82,189	103,099	60,592	95,198
Security, messengerial and janitorial	47,274	38,176	47,274	38,176
Common use service area	44,563	92,521	44,563	92,521
Other insurances	21,839	28,355	21,839	28,355
Freight	21,027	20,642	21,027	20,642
Other expenses	561,656	589,421	493,114	493,371
	5,220,237	4,836,318	5,069,160	4,668,746
	₱6,959,501	₱6,652,716	₱6,773,524	₱6,456,764

‘Other expenses’ include janitorial, representation and entertainment, communication and other operating expenses.

21. Bonds Payable

This account consists of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					2025	2024
Fixed rate medium term senior notes						
Oct 23, 2024	Oct 23, 2029	USD300,000	4.85%	Semi-annually	₱17,596,320	₱17,304,421
		USD300,000			17,596,320	17,304,421
Fixed rate ASEAN Sustainability bonds						
Series A						
Dec 11, 2025	Dec 11, 2028	₱10,880,000	5.49%	Quarterly	₱10,867,615	₱-
Series B						
Dec 11, 2025	Dec 11, 2030	4,820,000	5.78%	Quarterly	4,814,464	-
		₱15,700,000			15,682,079	-
					₱33,278,399	₱17,304,421

On December 11, 2025, the Parent Company raised a total of ₱10.9 billion of its Fixed Rate Series A ASEAN Sustainability bonds due 2028 (the “Series A Bonds”) at an interest rate of 5.5% per annum, while the PHP Fixed Rate Series B ASEAN Sustainability Bonds due 2030 (the “Series B Bonds”) secured a total of ₱4.8 billion at an interest rate of 5.8% per annum.



On October 14, 2024, the Parent Company issued US\$300 million benchmark-sized Sustainability Regulation S offering of 5-year senior notes (the “Notes”) under its US\$2 billion Euro Medium Term Note programme (the “Programme”). The 5-year bond was priced at T+102 basis points, with a fixed coupon rate of 4.85%. The issuance is listed in the Singapore Exchange Securities Trading Limited.

As of December 31, 2025 and 2024, the unamortized transaction costs of bonds payable amounted to ₱58.5 million and ₱49.1 million, respectively. In 2025, 2024 and 2023, amortization of transaction costs amounting to ₱9.1 million, ₱38.7 million and ₱66.5 million, respectively, were charged to ‘Interest expense on bonds payable’ in the statements of income.

22. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Financial				
Accounts payable	₱4,502,465	₱3,714,056	₱4,251,043	₱3,379,103
Bills purchased - contra (Note 10)	1,189,005	3,196,612	1,189,005	3,196,612
Due to other banks (Note 33)	1,296,555	2,038,261	1,110,655	1,861,960
Dormant credits	1,468,824	1,700,209	1,379,221	1,625,299
Manager’s checks and demand drafts outstanding	1,233,088	1,383,750	1,233,088	1,383,750
Accounts payable - electronic money	850,719	759,059	850,719	759,059
Payment order payable	270,339	180,883	270,339	180,883
Deposits on lease contracts	69,716	72,975	69,716	72,975
Transmission liability	49,455	48,612	–	–
Margin deposits and cash letters of credit	82,225	27,719	68,942	6,244
Deposits for keys on safety deposit boxes	15,276	15,639	15,276	15,639
	11,027,667	13,137,775	10,438,004	12,481,524
Nonfinancial				
Due to Treasurer of the Philippines	1,683,320	1,431,240	1,683,320	1,431,240
Provisions (Notes 12 and 34)	707,133	878,874	738,929	848,300
Deferred revenue (Note 12)	947,967	920,624	947,967	920,624
Withholding tax payable	444,515	473,641	441,066	470,812
Deferred tax liabilities (Note 30)	168,171	167,524	–	–
SSS, Philhealth, Employer’s compensation premiums and Pag-IBIG contributions payable	74,675	65,404	74,537	65,301
Retirement benefit liability (Note 28)	24,335	9,455	–	–
Miscellaneous	1,133,260	1,021,519	976,804	853,788
	5,183,376	4,968,281	4,862,623	4,590,065
	₱16,211,043	₱18,106,056	₱15,300,627	₱17,071,589

‘Deferred revenue’ includes the allocated portion of the consideration received for the disposal of APLII related to the EDR and income from the exclusive bancassurance arrangement for the non-life insurance business with ABIC (refer to Note 12.5). In 2025 and 2024, amortization of other deferred revenue amounting to ₱54.5 million ₱73.2 million, respectively, were recognized under ‘Service fees and commission income’ (refer to Note 26.1).

‘Miscellaneous’ include interoffice floats, remittance-related payables, overages, advance rentals and sundry credits.



23. Derivative Financial Instruments

The tables below show the fair values of the derivative financial instruments entered into by the Group and the Parent Company, recorded as 'Financial assets at FVTPL' (refer to Note 9.1) or 'Financial liabilities at FVTPL' (refer to Note 18), together with the notional amounts.

The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2025 and 2024 and are not indicative of either market risk or credit risk (amounts in thousands, except average forward rate).

	Consolidated			
	2025			
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱547,833	₱72,119	USD1.00	4,046,488
PHP	327	10,427	0.02	2,634,256
SGD	308	-	0.78	7
JPY	276	-	0.01	200,000
GBP	52	-	1.35	635
EUR	43	1	1.18	3,550
HKD	2	-	0.13	1,000
SELL:				
USD	244,071	195,608	1.00	1,553,967
HKD	3,388	22	0.02	2,774,745
JPY	514	443	0.78	460,000
SGD	-	3,664	0.01	4,062
GBP	-	1,512	1.35	2,000
AUD	-	601	1.18	2,000
CAD	-	545	0.13	2,200
PHP	-	300	0.02	588,200
EUR	-	221	0.73	1,500
NZD	-	99	0.14	500
	₱796,814	₱285,562		

*The notional amounts pertain to original currencies.

	Consolidated			
	2024			
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱296,412	₱251,056	USD1.00	3,957,296
SGD	2,230	-	0.74	70
EUR	-	140,877	1.04	32,133
JPY	-	7,510	0.01	1,613,534
CNY	-	48	0.14	6,300
GBP	-	31	1.25	815

(Forward)



Consolidated				
2024				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
SELL:				
USD	₱706,649	₱518,175	USD1.00	1,199,419
EUR	75,962	340	1.04	36,133
SGD	1,895	20	0.74	3,107
CAD	1,121	-	0.69	1,000
GBP	924	22	1.25	1,795
JPY	826	-	0.01	53,344
NZD	682	-	0.56	500
HKD	406	1,213	0.13	2,953,553
PHP	-	4,749	0.02	3,186,225
AUD	-	12	0.62	500
	₱1,087,107	₱924,053		

*The notional amounts pertain to original currencies.

Parent Company				
2025				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱544,444	₱72,119	USD1.00	1,278,744
PHP	327	10,427	0.02	2,634,256
SGD	308	-	0.78	7
JPY	276	-	0.01	200,000
GBP	52	-	1.35	635
EUR	43	1	1.18	3,550
HKD	2	-	0.13	1,000
SELL:				
USD	244,071	195,608	1.00	1,553,967
JPY	514	443	0.78	460,000
SGD	-	3,664	0.01	4,062
GBP	-	1,512	1.35	2,000
AUD	-	601	1.18	2,000
CAD	-	545	0.13	2,200
PHP	-	300	0.02	588,200
EUR	-	221	0.73	1,500
NZD	-	99	0.14	500
HKD	-	22	0.02	7,000
	₱790,037	₱285,562		

*The notional amounts pertain to original currencies.



Parent Company				
2024				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱296,006	₱249,876	USD1.00	1,006,743
SGD	2,230	–	0.74	70
EUR	–	140,876	1.04	32,133
JPY	–	7,510	0.01	1,613,534
CNY	–	48	0.14	6,300
GBP	–	31	1.25	815
SELL:				
USD	706,649	518,175	1.00	1,199,419
EUR	75,962	340	1.04	36,133
SGD	1,895	20	0.74	3,107
CAD	1,121	–	0.69	1,000
GBP	924	22	1.25	1,795
JPY	826	–	0.01	53,344
NZD	682	–	0.56	500
PHP	–	4,749	0.13	3,186,225
HKD	–	33	0.02	3,000
AUD	–	13	0.62	500
	₱1,086,295	₱921,693		

*The notional amounts pertain to original currencies.

The rollforward analysis of net derivative assets in 2025 and 2024 follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Balance at the beginning of the year:				
Derivative assets	₱1,087,107	₱749,199	₱1,086,295	₱744,213
Derivative liabilities	924,053	555,811	921,693	555,811
	163,054	193,388	164,602	188,402
Changes in fair value				
Currency forwards and spots*	377,865	(74,512)	371,088	(79,497)
Interest rate swaps and warrants**	16	(1,115)	16	(1,115)
	377,881	(75,627)	371,104	(80,612)
Net availments (settlements)	(29,683)	45,293	(31,231)	56,812
Balance at end of year:				
Derivative assets	796,814	1,087,107	790,037	1,086,295
Derivative liabilities	285,562	924,053	285,562	921,693
	₱511,252	₱163,054	₱504,475	₱164,602

* Presented as part of 'Foreign exchange gains - net'

** Recorded under 'Trading and investment securities gains - net' (refer to Note 9.5)



24. Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets (gross of allowance for impairment and credit losses) and liabilities of the Group and Parent Company analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from reporting date:

	Consolidated					
	2025			2024		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	₱20,868,793	₱-	₱20,868,793	₱20,638,033	₱-	₱20,638,033
Due from BSP	68,529,550	-	68,529,550	55,128,316	-	55,128,316
Due from other banks	24,837,057	-	24,837,057	20,188,638	-	20,188,638
Interbank loans receivable (Note 8)	30,380,016	-	30,380,016	22,793,332	-	22,793,332
Securities held under agreements to resell (Note 8)	72,950,613	-	72,950,613	103,526,359	-	103,526,359
Financial assets at FVTPL (Note 9)	34,652,714	-	34,652,714	17,920,985	-	17,920,985
Financial assets at FVOCI (Note 9)	85,302,474	111,228,299	196,530,773	125,158,359	86,584,424	211,742,783
Investment securities at amortized cost (Note 9)	9,097,268	118,376,187	127,473,455	17,873,615	94,696,237	112,569,852
Loans and receivables (Note 10)	382,895,775	395,188,342	778,084,117	330,821,051	349,052,823	679,873,874
Other assets (Note 15)	530,851	20,428	551,279	427,311	20,162	447,473
	730,045,111	624,813,256	1,354,858,367	714,475,999	530,353,646	1,244,829,645
Nonfinancial Assets						
Property and equipment (Note 11)	-	25,421,861	25,421,861	-	25,122,850	25,122,850
Investment in an associate (Note 12)	-	3,588,781	3,588,781	-	3,446,613	3,446,613
Investment properties (Note 13)	-	21,894,089	21,894,089	-	20,562,196	20,562,196
Deferred tax assets (Note 30)	-	7,408,396	7,408,396	-	7,460,676	7,460,676
Goodwill (Note 14)	-	10,184,843	10,184,843	-	10,184,843	10,184,843
Intangible assets (Note 14)	-	10,961,615	10,961,615	-	10,004,004	10,004,004
Other assets (Note 15)	7,828,937	2,323,188	10,152,125	6,942,022	1,811,217	8,753,239
	7,828,937	81,782,773	89,611,710	6,942,022	78,592,399	85,534,421
Less: Allowance for impairment and credit losses (Note 16)			42,352,990			47,207,940
Unearned and other deferred income (Note 10)			910,000			845,859
Accumulated depreciation and amortization (Notes 11, 13 and 14)			26,373,234			24,699,414
			₱1,374,833,853			₱1,257,610,853
Financial Liabilities						
Deposit liabilities (Note 17)	₱1,051,023,809	₱10,179,561	₱1,061,203,370	₱966,381,587	₱5,290,561	₱971,672,148
Financial liabilities at FVTPL (Note 18)	285,562	-	285,562	924,053	-	924,053
Bills and acceptances payable (Note 19)	10,742,748	-	10,742,748	20,208,451	-	20,208,451
Accrued interest payable (Note 20)	2,342,952	1,529	2,344,481	2,145,487	350	2,145,837
Accrued other expenses payable (Note 20)	1,739,264	-	1,739,264	1,816,398	-	1,816,398
Bonds payable (Note 21)	-	33,278,399	33,278,399	-	17,304,421	17,304,421
Other liabilities (Note 22)	9,648,446	1,379,221	11,027,667	11,510,963	1,626,812	13,137,775
	1,075,782,781	44,838,710	1,120,621,491	1,002,986,939	24,222,144	1,027,209,083
Nonfinancial Liabilities						
Lease liabilities (Note 29)	965,174	2,407,475	3,372,649	997,127	2,811,870	3,808,997
Accrued taxes and other expenses (Note 20)	3,585,794	1,634,443	5,220,237	3,204,301	1,632,017	4,836,318
Income tax payable	156,299	-	156,299	159,233	-	159,233
Other liabilities (Note 22)	2,333,135	2,850,241	5,183,376	2,294,638	2,673,643	4,968,281
	7,040,402	6,892,159	13,932,561	6,655,299	7,117,530	13,772,829
	₱1,082,823,183	₱51,730,869	₱1,134,554,052	₱1,009,642,238	₱31,339,674	₱1,040,981,912



Parent Company						
	2025			2024		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	₱20,784,084	₱-	₱20,784,084	₱20,522,258	₱-	₱20,522,258
Due from BSP	68,529,550	-	68,529,550	55,128,316	-	55,128,316
Due from other banks	16,684,871	-	16,684,871	11,482,953	-	11,482,953
Interbank loans receivable (Note 8)	27,422,444	-	27,422,444	21,287,758	-	21,287,758
Securities held under agreements to resell (Note 8)	72,950,613	-	72,950,613	103,526,359	-	103,526,359
Financial assets at FVTPL (Note 9)	34,643,003	-	34,643,003	17,770,142	-	17,770,142
Financial assets at FVOCI (Note 9)	85,200,596	110,553,089	195,753,685	125,166,623	86,103,711	211,270,334
Investment securities at amortized cost (Note 9)	8,541,534	118,376,187	126,917,721	17,845,947	94,341,918	112,187,865
Loans and receivables (Note 10)	359,469,862	403,474,901	762,944,763	319,396,422	345,979,459	665,375,881
Other assets (Note 15)	530,231	500	530,731	426,650	500	427,150
	694,756,788	632,404,677	1,327,161,465	692,553,428	526,425,588	1,218,979,016
Nonfinancial Assets						
Property and equipment (Note 11)	-	24,295,122	24,295,122	-	23,745,945	23,745,945
Investment in subsidiaries and an associate (Note 12)	-	22,194,377	22,194,377	-	21,630,204	21,630,204
Investment properties (Note 13)	-	21,347,177	21,347,177	-	19,929,744	19,929,744
Deferred tax assets (Note 30)	-	7,414,909	7,414,909	-	7,478,726	7,478,726
Goodwill (Note 14)	-	10,325,201	10,325,201	-	10,325,201	10,325,201
Intangible assets (Note 14)	-	10,677,351	10,677,351	-	9,747,958	9,747,958
Other assets (Note 15)	7,879,838	1,706,271	9,586,109	6,349,157	1,807,345	8,156,502
	7,879,838	97,960,408	105,840,246	6,349,157	94,665,123	101,014,280
Less: Allowance for impairment and credit losses (Note 16)			42,178,119			47,129,515
Unearned and other deferred income (Note 10)			892,619			828,479
Accumulated amortization and depreciation (Notes 11, 13 and 14)			25,654,476			23,778,201
			₱1,364,276,497			₱1,248,257,101
Financial Liabilities						
Deposit liabilities (Note 17)	₱1,045,988,577	₱9,627,046	₱1,055,615,623	₱962,448,890	₱4,796,286	₱967,245,176
Financial liabilities at FVTPL (Note 18)	285,562	-	285,562	921,693	-	921,693
Bills and acceptances payable (Note 19)	10,742,748	-	10,742,748	20,208,451	-	20,208,451
Accrued interest payable (Note 20)	2,319,805	-	2,319,805	2,125,330	-	2,125,330
Accrued other expenses payable (Note 20)	1,704,364	-	1,704,364	1,788,018	-	1,788,018
Bonds payable (Note 21)	-	33,278,399	33,278,399	-	17,304,421	17,304,421
Other liabilities (Note 22)	9,058,783	1,379,221	10,438,004	10,854,712	1,626,812	12,481,524
	1,070,099,839	44,284,666	1,114,384,505	998,347,094	23,727,519	1,022,074,613
Nonfinancial Liabilities						
Lease liabilities (Note 29)	872,045	2,377,401	3,249,446	928,850	2,793,869	3,722,719
Accrued taxes and other expenses (Note 20)	3,453,876	1,615,284	5,069,160	3,048,642	1,620,104	4,668,746
Income tax payable	79,377	-	79,377	76,516	-	76,516
Other liabilities (Note 22)	2,173,092	2,689,531	4,862,623	1,956,451	2,633,614	4,590,065
	6,578,390	6,682,216	13,260,606	6,010,459	7,047,587	13,058,046
	₱1,076,678,229	₱50,966,882	₱1,127,645,111	₱1,004,357,553	₱30,775,106	₱1,035,132,659



25. Equity

25.1 Capital Stock

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

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

The history of share issuances of the Parent Company since its initial public offering follows:

Date	Type of issuance	Number of common shares	Par value	Offer price
July 2019	Stock rights	276,625,172	₱40.00	₱43.38
February 2014	Stock rights	162,931,262	40.00	71.00
February 2013	Share-for-share swap with ABC common and preferred shares	423,962,500	40.00	97.90
September 2000	Pre-emptive stock rights	71,850,215	100.00	60.00
September 1999	Stock rights	68,740,086	100.00	137.80
December 1995	Third public offering	7,200,000	100.00	260.00
April 1992	Second public offering	8,033,140	100.00	265.00
June 1989	Initial public offering	10,800,000	100.00	100.00

In January 2013, the SEC approved the conversion of the Parent Company's 195,175,444 authorized preferred shares into common shares, thereby increasing its authorized common shares to 1,250,000,001. Further, in July 2014, the SEC approved the Parent Company's Articles of Incorporation for the increase in authorized capital by 500,000,000 common shares to 1,750,000,001.

The Parent Company's shares are listed in the PSE. As of December 31, 2025 and 2024, the Parent Company had 35,544 and 35,918 stockholders, respectively.

On July 22, 2019, the Parent Company successfully completed its Stock Rights Offering (SRO) of 276,625,172 common shares at a price of ₱43.38 each, raising gross proceeds of ₱12.0 billion. Out of the total transaction costs from the SRO, underwriting fees amounting to ₱10.0 million paid to PNB Capital, being one of the joint lead managers, was eliminated against 'Capital paid in excess of par value' in the consolidated financial statements.

25.2 Surplus

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11-2008 differs to a certain extent from the computation following BSP guidelines.



As of December 31, 2025 and 2024, surplus amounting to ₱9.6 billion, representing the balances of the following equity items that have been applied to eliminate the Parent Company's deficit through quasi-reorganizations in 2002 and 2000 (refer to Note 12), is not available for dividend declaration without prior approval from the SEC and the BSP:

Revaluation increment on land and buildings	₱7,691,808
Accumulated translation adjustment	1,315,685
Accumulated equity in net earnings of investees	563,048
	₱9,570,541

On February 28, 2025, the BOD approved the declaration of cash dividends in the amount of ₱2.76 per common share, taken out of the Bank's Unrestricted Retained Earnings as of December 31, 2024, as follows:

	Amount per Common Share	Record Date	Payment Date
First Tranche	₱1.38	March 14, 2025	April 2, 2025
Second Tranche	₱1.38	September 15, 2005	October 1, 2025

25.3 Surplus Reserves

This account consists of:

	2025	2024
Reserves under BSP Circular 1011 (Note 10)	₱4,327,964	₱4,187,284
Reserves for trust business (Note 32)	712,763	674,753
Reserves for self-insurance	130,000	105,000
	₱5,170,727	₱4,967,037

'Reserves under BSP Circular 1011' represents the appropriation for the excess of 1% general loan loss provisions over the computed ECL for Stage 1 accounts in accordance with BSP Circular 1011.

'Reserves for self-insurance' represents the amount set aside to cover losses due to fire or defalcation by, and other unlawful acts, of the Parent Company's personnel or third parties. On December 12, 2025, the Board of Directors approved the increase by ₱25.0 million in the self-insurance coverage.

25.4 Accumulated Translation Adjustment

As part of the Group's rehabilitation program in 2002, the SEC approved on November 7, 2002 the application of the accumulated translation adjustment of ₱1.3 billion to eliminate the Parent Company's remaining deficit of ₱1.6 billion, including ₱0.6 billion accumulated equity in net earnings as of December 31, 2001, after applying the total reduction in par value from ₱100.0 per share to ₱40.0 per share totaling to ₱7.6 billion.

The SEC approval is subject to the following conditions:

- remaining translation adjustment of ₱310.7 million as of December 31, 2001 (shown as part of 'Capital paid in excess of par value' in the statement of financial position) will not be used to wipe out losses that may be incurred in the future without prior approval of SEC;
- for purposes of dividend declaration, any future surplus account of the Parent Company shall be restricted to the extent of the deficit wiped out by the translation adjustment.



25.5 Other Equity Reserves

This includes the grant of centennial bonus to its employees, officers and directors in the form of the Parent Company's shares of stock accounted for as equity-settled share-based payments, from 2017 to 2021 amounting to ₱105.6 million.

As a result of the Sale and Purchase Agreement between PNB and PNB Holdings for the sale of all shareholdings in PNB General Insurers Co., Inc. (PNB Gen) to Alliedbankers Insurance Corporation (ABIC), the excess of the purchase price over the carrying value of the proportionate interest of ₱344.7 million was recognized as an equity transaction in the consolidated financial statements of the Group as 'Other equity reserves'.

The Bank and PAL Holdings, Inc. completed a share swap transaction in April 2024 wherein the Bank exchanged the ₱19.86 million PAL shares held to 309.15 million PAL Holdings, Inc. shares. The share swap transaction resulted in the recycling of OCI to Surplus in the amount of ₱894.9 million and recognition of Other Equity Reserves amounting to ₱940.2 million.

25.6 Capital Management

The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Parent Company and its financial allied subsidiaries are subject to the regulatory requirements of the BSP. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Parent Company may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous periods. The Group has complied with all externally imposed capital requirements throughout the year.

25.6.1 BSP Reporting for Capital Management

Under existing BSP regulations, the determination of the Group's compliance with regulatory requirements and ratios is based on the amount of the Group's unimpaired capital (regulatory net worth) reported to the BSP, which is determined based on RAP, which differ from PFRS Accounting Standards in some respects. In addition, the risk-based capital ratio of a bank or Capital Adequacy Ratio (CAR), expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% at all times for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and risk-weighted assets are computed based on RAP. Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the MB of the BSP.

On May 16, 2002, the BSP approved the booking of additional appraisal increment on properties of ₱431.8 million and recognition of the same in determining the CAR, and booking of translation adjustment of ₱1.6 billion representing the increase in peso value of the investment in foreign subsidiaries for purposes of the quasi-reorganization and rehabilitation of the Parent Company, provided that the same shall be excluded for dividend purposes.



As of December 31, 2025 and 2024, CAR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

Consolidated	2025		2024	
	Actual	Required	Actual	Required
CET1 Capital (Gross)	₱230,097		₱207,245	
Less: Regulatory Adjustments to CET1	48,297		48,157	
CET1 Capital (Net) / Tier 1 Capital	181,800		159,088	
Add: Tier 2 Capital	7,694		7,345	
Total qualifying capital	₱189,494	₱94,165	₱166,433	₱82,815
Total risk-weighted assets	₱941,650		₱828,154	
CET1 / Tier 1 capital ratio	19.31%		19.21%	
Total capital ratio	20.12%		20.10%	

Parent Company	2025		2024	
	Actual	Required	Actual	Required
CET1 Capital (Gross)	₱225,244		₱202,695	
Less: Regulatory Adjustments to CET1	66,835		66,225	
CET1 Capital (Net) / Tier 1 Capital	158,409		136,470	
Add: Tier 2 Capital	7,379		7,130	
Total qualifying capital	₱165,788	₱91,415	₱143,600	₱80,179
Total risk-weighted assets	₱914,149		₱801,791	
CET1 / Tier 1 capital ratio	17.33%		17.02%	
Total capital ratio	18.14%		17.91%	

BSP regulations set out a minimum CET1 ratio of 6.0% and Tier 1 capital ratio of 7.5%; capital conservation buffer of 2.5% comprised of CET1 capital; and total CAR of 10.0%.

In line with its ICAAP document, the Parent Company maintains a capital level that not only meets the BSP's CAR requirement, but also covers all material risks that it may encounter in the course of its business. The ICAAP process highlights close integration of capital planning and strategic management with risk management. The Parent Company has in place a risk management framework that involves a collaborative process for assessing and managing identified Pillar 1 and Pillar 2 risks. The Parent Company complies with the required annual submission of updated ICAAP.

25.6.2 BSP Reporting for Basel III Leverage Ratio

BSP also requires the Basel III Leverage Ratio (BLR), which is designed to act as a supplementary measure to the risk-based capital requirements. BLR intends to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes, which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based requirements with a simple, non-risk based "backstop" measure. BLR is computed as the capital measure (Tier 1 capital) divided by the total exposure measure and should not be less than 5.00%.

As of December 31, 2025 and 2024, BLR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2025	2024	2025	2024
Tier 1 capital	₱181,800	₱157,434	₱158,409	₱136,471
Total exposure measure	1,426,301	1,295,205	1,395,597	1,267,623
BLR	12.75%	12.16%	11.35%	10.77%

BLR is computed based on RAP.



26. Other Operating Income

26.1 Service Fees and Commission Income

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Deposit	₱2,338,316	₱1,888,995	₱1,773,546	₱2,338,316	₱1,888,997	₱1,773,546
Credit card	1,236,556	1,141,819	816,028	1,236,556	1,141,819	816,028
Loans	1,157,035	1,167,087	1,098,218	1,146,845	1,153,321	1,086,777
Remittance (Note 33)	650,671	677,432	674,873	346,941	358,390	353,722
Interchange	642,801	591,637	647,084	642,801	591,637	647,084
Bancassurance (Note 22)	558,011	469,038	476,056	558,011	469,038	476,056
Trust (Note 32)	421,939	379,959	373,721	421,939	379,959	373,721
Underwriting	197,669	321,111	433,172	-	-	-
Miscellaneous	329,181	324,792	298,558	68,460	255,227	227,949
	₱7,532,179	₱6,961,870	₱6,591,256	₱6,759,869	₱6,238,388	₱5,754,883

‘Credit Card’ and ‘Interchange’ Fees were generated from the credit card business of the Parent Company.

‘Miscellaneous’ includes income from securities brokering activities and other fees and commission.

26.2 Net Gains on Sale or Exchange of Assets

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Net gains from sale of investment properties	₱1,564,857	₱569,409	₱3,277,077	₱1,564,857	₱569,409	₱3,276,848
Net gains from foreclosure and repossession of investment properties	611,333	1,002,157	238,112	611,333	1,002,157	238,112
Net gains from sale of other assets	192,607	284,675	313,864	192,608	284,496	313,864
Net gains from sale of property and equipment (Note 11)	44,551	138,801	712,514	40,327	135,248	793,070
	₱2,413,348	₱1,995,042	₱4,541,567	₱2,409,125	₱1,991,310	₱4,621,894

27. Miscellaneous Income and Expenses

27.1 Miscellaneous Income

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Recoveries	₱274,495	₱169,156	₱215,834	₱272,441	₱168,903	₱215,178
Rental income (Notes 29 and 33)	111,966	116,604	257,758	79,657	74,020	133,392
Income from assets acquired	106,101	148,891	74,074	106,101	148,891	74,074
Dividends	8,792	25,093	50,833	2,426	23,196	11,189
Others	479,844	229,227	272,895	426,417	85,019	191,074
	₱981,198	₱688,971	₱871,394	₱887,042	₱500,029	₱624,907

‘Others’ consist of income from wire transfers, tellers’ overages, and loan-related penalty payments received by the Group, and other income relating to loans, credit card and trade transactions.



27.2 Miscellaneous Expenses

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Secretarial, janitorial and messengerial	₱2,431,831	₱2,150,609	₱1,939,219	₱2,422,155	₱2,141,634	₱1,929,196
Insurance	2,049,842	1,957,262	2,000,871	2,036,348	1,941,535	1,985,502
Information technology	1,302,322	887,861	1,001,111	1,263,415	852,990	968,654
Marketing expenses	854,603	1,487,066	794,060	847,010	1,479,877	787,800
Litigation and assets acquired expenses (Note 13)	668,374	492,334	662,610	668,373	492,315	661,214
Travelling	490,220	454,731	331,658	484,136	448,431	325,628
Stationery and supplies	307,491	286,864	217,194	298,999	277,570	208,160
Management and other professional fees	244,494	250,228	274,788	194,194	200,311	225,202
Postage, telephone and cable	197,059	156,991	153,964	162,196	123,335	124,527
Entertainment, amusement and recreation (EAR) (Note 30)	179,822	168,122	30,031	161,342	151,706	16,778
Association dues (Note 33)	132,702	219,235	220,143	132,702	219,235	220,143
Freight	53,776	50,455	45,676	53,772	50,450	45,666
Repairs and maintenance	48,460	45,777	49,585	48,460	45,777	49,585
Fuel and lubricants	12,306	12,185	14,620	9,889	10,083	11,232
Others (Note 33)	361,435	334,052	482,641	259,159	242,166	389,660
	₱9,334,737	₱8,953,772	₱8,218,171	₱9,042,150	₱8,677,415	₱7,948,947

‘Others’ include VAT on rent, donation, fines, penalties, periodicals, magazines and other charges.

28. Retirement Plan

The Parent Company and certain subsidiaries of the Group have separate funded, noncontributory defined benefit retirement plans covering substantially all its officers and regular employees. Under these retirement plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The amounts of net defined benefit asset/(liability) in the statements of financial position follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Net plan assets (included in ‘Other assets – miscellaneous’) (Note 15)	₱294,570	₱302,797	₱294,570	₱302,797
Retirement benefit liability (included in ‘Other liabilities’) (Note 22)	24,335	9,455	–	–
	₱270,235	₱293,342	₱294,570	₱302,797

The Parent Company also provides certain post-employee benefit through a guarantee of a specified return on contributions in one of its employee investment plans (EIP).

The latest actuarial valuations for these retirement plans were made as of December 31, 2025.

The following table shows the actuarial assumptions as of December 31, 2025 and 2024 used in determining the retirement benefit obligation of the Group:

	Consolidated		Parent Company			
	2025	2024	Regular Plans		EIP	
			2025	2024	2025	2024
Discount rate	6.13% - 6.34%	6.10% - 6.12%	6.13%	6.12%	6.13%	6.12%
Salary rate increase	5.00% - 10.00%	5.00% - 10.00%	5.00%	5.00%	–	–



The Group and the Parent Company employ asset-liability matching strategies to maximize investment returns at the least risk to reduce contribution requirements while maintaining a stable retirement plan. Retirement plans are invested to ensure that liquid funds are available when benefits become due, to minimize losses due to investment pre-terminations and maximize opportunities for higher potential returns at the least risk.

The current plan assets of the Group and the Parent Company are allocated to cover benefit payments in the order of their proximity to the present time. Expected benefit payments are projected and classified into short-term or long-term liabilities. Investment instruments that would match the liabilities are identified. This strategy minimizes the possibility of the asset-liability match being distorted due to the Group's and the Parent Company's failure to contribute in accordance with its general funding strategy.

The changes in the fair value of plan assets and present value obligation and are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Changes in the Fair Value of Plan Asset, beginning of year:				
Fair Value of Plan Asset, beginning of year	₱9,281,377	₱8,553,223	₱9,244,479	₱8,496,808
Interest income	568,014	514,478	565,763	512,358
Employer contribution	1,081,198	1,038,037	1,081,198	1,036,922
Settlement loss	–	(21,594)	–	–
Benefits paid	(1,062,738)	(895,037)	(1,062,738)	(893,922)
Gain on Plan Asset	69,848	92,270	70,164	92,314
Fair value of plan assets, end of year	9,937,699	9,281,377	9,898,866	9,244,480
Changes in the Present Value of the Defined Benefit Obligation:				
Present value of DB obligation, beginning of year	₱8,988,035	₱8,817,525	₱8,941,683	₱8,766,198
Current service cost	582,477	529,998	576,881	524,106
Interest cost	547,806	528,971	544,976	526,310
Past service cost	285,144	1,793	283,810	–
Settlement loss	–	(7,588)	–	–
Benefits paid (other than settlement)	(1,062,738)	(895,037)	(1,062,738)	(893,922)
(Gain) Loss arising				
from changes in financial assumptions	(7,082)	57,479	(5,522)	(45,019)
from deviations of experience from assumption	333,822	(45,106)	325,206	64,010
Present value of DB obligation, end of year	₱9,667,464	₱8,988,035	₱9,604,296	₱8,941,683
Closing Net Asset	₱270,235	₱293,342	₱294,570	₱302,797

In 2025 and 2024, the Group and the Parent Company amended certain provisions of its defined benefit retirement plan, resulting in the recognition of past service costs amounting to ₱285.1 million and ₱1.8 million, respectively, for the Group and ₱283.8 million and nil, respectively, for the Parent Company, respectively.

The Group and the Parent Company expect to contribute ₱47.2 million and ₱13.2 million, respectively, to the defined benefit plans in 2025. The average duration of the retirement liability of the Group and the Parent Company as of December 31, 2025 is 12 years.

Shown below is the maturity analysis of the undiscounted benefit payments:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Less than one year	₱2,259,276	₱2,087,036	₱2,258,375	₱2,086,609
More than one year to five years	5,751,964	5,591,080	5,719,431	5,567,348
More than five years to 10 years	4,735,537	4,327,867	4,694,914	4,299,336
More than 10 years to 15 years	4,569,639	4,073,951	4,536,235	4,054,070
More than 15 years	9,280,585	8,396,828	8,827,905	8,059,770



The fair values of plan assets by each class as at the end of the reporting periods are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Cash and cash equivalents (Note 33)	₱1,564,509	₱1,278,835	₱1,555,159	₱1,272,878
Equity investments				
Real estate, renting and business activities	1,452,959	1,095,950	1,448,026	1,092,132
Electricity, gas and water	971,606	1,167,625	971,606	1,167,625
Manufacturing	527,647	569,242	527,647	569,242
Financial institutions (Note 33)	435,629	217,952	435,629	216,170
Others	1,662	47,810	-	44,302
Debt investment				
Government securities	2,635,263	2,720,023	2,622,798	2,706,530
Private debt securities	543,067	457,976	536,495	451,613
Investment in UITFs (Note 33)	885,763	956,607	882,326	954,822
Loans and receivables	668,250	668,250	668,250	668,250
Interest and other receivables	254,169	102,890	253,717	102,647
	9,940,524	9,283,160	9,901,653	9,246,211
Accrued expenses	(2,825)	(1,783)	(2,787)	(1,731)
	₱9,937,699	₱9,281,377	₱9,898,866	₱9,244,480

All equity and debt investments held have quoted prices in active markets. Fair value of investments in UITFs is based on their published net asset value per share. The remaining plan assets do not have quoted market prices in an active market, thus, their fair value is determined using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of loans and receivables.

The fair value of the plan assets as of December 31, 2025 and 2024 for the Group includes investments in the Parent Company shares of stock with fair value amounting to ₱435.6 million and ₱227.7 million, respectively (refer to Note 33.3).

The plan assets have diverse investments and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	2025			
	Consolidated		Parent Company	
	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱528,631)	+1.00%	(₱522,377)
	-1.00%	587,362	-1.00%	582,929
Salary increase rate	+1.00%	537,134	+1.00%	532,816
	-1.00%	(503,172)	-1.00%	(496,820)
Employee turnover rate	+1.00%	66,210	+1.00%	65,674
	-1.00%	(66,210)	-1.00%	(65,674)
	2024			
	Consolidated		Parent Company	
	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱477,127)	+1.00%	(₱472,397)
	-1.00%	531,118	-1.00%	525,378
Salary increase rate	+1.00%	497,980	+1.00%	492,376
	-1.00%	(472,301)	-1.00%	(467,537)
Employee turnover rate	+10.00%	58,540	+10.00%	58,074
	-10.00%	(58,540)	-10.00%	(58,074)



Full actuarial valuations were performed to test the sensitivity of the defined benefit obligation to a 1.00% increment in salary increase rate and a 1.00% decrement in the discount rate. The results also provide a good estimate of the sensitivity of the defined benefit obligation to a 1.00% decrement in salary increase rate and a 1.00% increment in the discount rate.

29. Leases

29.1 Group as Lessee

The Group has entered into commercial leases for its corporate office, branch sites, ATM offsite location and other equipment. These non-cancellable leases have lease terms of 1 to 25 years. Most of these lease contracts include escalation clauses, an annual rent increase of 2.00% to 10.00%. The Group's right-of-use assets pertain to its corporate, branch sites and subsidiaries' offices under lease arrangements.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Lease contracts are classified as long-term and short-term or low-value assets. For long-term lease arrangements, the Group and the Parent Company recognizes ROU asset and a corresponding lease liability, which are subsequently depreciated and amortized, respectively. Short-term leases including leases of low-value assets are accounted for using straight-line method with payments recognized directly as rent expense.

Rent expense charged against current operations (included in 'Occupancy and equipment-related costs' in the statements of income) amounted to ₱317.4 million, ₱395.6 million and ₱264.1 million in 2025, 2024 and 2023, respectively, for the Group, of which ₱221.9 million, ₱291.7 million and ₱187.0 million in 2025, 2024, and 2023, respectively, pertain to the Parent Company.

As of December 31, 2025 and 2024, the Group has no contingent rent payable.

As of December 31, 2025 and 2024, the carrying amounts of 'Lease liabilities' are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Balance at beginning of year	₱3,808,997	₱3,832,884	₱3,722,719	₱3,723,316
Additions	803,844	956,755	706,816	907,278
Payments	(1,510,025)	(1,127,583)	(1,447,467)	(1,052,523)
Interest expense (Note 19)	276,693	175,831	273,378	172,824
Transfers	(6,860)	(28,890)	(6,000)	(28,176)
	₱3,372,649	₱3,808,997	₱3,249,446	₱3,722,719

The Parent Company has outstanding long term lease contracts with an affiliate (Note 33) with a term of 10 years which resulted in the recognition of ROU amounting to ₱2.8 billion and ₱3.0 billion and lease liabilities amounting to ₱1.5 billion and ₱1.9 billion as of December 31, 2025 and 2024, respectively. For the years ended December 31, 2025, 2024 and 2023, depreciation on the ROU amounted to ₱283.3 million, ₱463.9 million, and ₱671.1 million, respectively, while interest expense on lease liabilities amounted to ₱60.7 million, ₱69.9 million, and ₱78.7 million, respectively.



Future minimum rentals payable under non-cancelable leases follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Within one year	₱1,142,623	₱1,119,742	₱1,094,786	₱1,064,269
Beyond one year but not more than five years	2,663,546	3,138,644	2,582,581	3,048,968
More than five years	206,219	265,883	94,106	152,045
	₱4,012,388	₱4,524,269	₱3,771,473	₱4,265,282

29.2 Group as Lessor Under Operating Leases

The Parent Company has entered into commercial property leases on its investment properties. These non-cancelable leases have lease terms of one to five years. Some leases include escalation clauses (such as 5.00% per year). In 2025, 2024 and 2023, total rent income (included under ‘Miscellaneous income’) amounted to ₱112.0 million, ₱116.6 million and ₱257.8 million, respectively, for the Group and ₱79.7 million, ₱74.0 million and ₱133.4 million, respectively, for the Parent Company (refer to Note 27.1).

Future minimum rentals receivable of the Group under non-cancelable operating leases follow:

	2025	2024
Within one year	₱4,579	₱35,891
Beyond one year but not more than five years	–	42,254
	₱4,579	₱78,145

30. Income and Other Taxes

30.1 Philippine Tax Landscape and Regulations

Under Philippine tax laws, the Parent Company and certain subsidiaries are subject to percentage and other taxes (presented as ‘Taxes and licenses’ in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp tax.

Income taxes include the corporate income tax, discussed below, and final taxes paid which represents final withholding tax on gross interest income from government securities and other deposit substitutes and income from the FCDU transactions. These income taxes, as well as the deferred tax benefits and provisions, are presented as ‘Provision for income tax’ in the statements of income.

On March 26, 2021, Republic Act No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% depending on the criteria set by the law effective July 1, 2020. With the implementation of CREATE, interest expense allowed as a deductible expense shall be reduced by 20.00% of the interest income subjected to final tax, compared to the 33.00% reduction prior to the CREATE.

The regulations also provide for MCIT of 2.00% (prior to CREATE) and 1.00% from (July 1, 2020 to June 30, 2023 before reverting to 2.00%) on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group’s and the Parent Company’s income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2021 and 2020, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulations (RR) No. 25-2020.



Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. EAR charged against current operations (included in 'Miscellaneous expenses' in the statements of income) amounted to ₱179.8 million in 2025, ₱168.1 million in 2024, and ₱30.0 million in 2023 for the Group, and ₱161.3 million in 2025, ₱151.7 million in 2024, and ₱16.8 million in 2023 for the Parent Company (refer to Note 27.2).

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 15.00%. Income derived by the FCDU from foreign currency-denominated transactions with non-residents, OBUs, local commercial banks including branches of foreign banks, is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

30.2 Provision for Income Tax

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Current						
Regular	₱1,870,152	₱1,589,423	₱1,404,428	₱1,789,482	₱1,460,234	₱1,327,057
Final	4,178,714	4,011,481	2,914,558	4,146,491	3,980,539	2,877,681
	6,048,866	5,600,904	4,318,986	5,935,973	5,440,773	4,204,738
Deferred	784,336	(501,172)	(311,611)	790,977	(544,600)	(356,770)
	₱6,833,202	₱5,099,732	₱4,007,375	₱6,726,950	₱4,896,173	₱3,847,968

30.3 Deferred Taxes

The amounts of net deferred tax assets in the statements of financial position follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Deferred tax assets	₱7,408,396	₱7,460,676	₱7,414,909	₱7,478,726
Deferred tax liabilities (Note 22)	168,171	167,524	-	-
	₱7,240,225	₱7,293,152	₱7,414,909	₱7,478,726

The components of net deferred tax assets reported in the statements of financial position follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Deferred tax assets on:				
Allowance for impairment, credit and other losses	₱9,031,983	₱9,700,391	₱9,097,318	₱9,776,691
Accumulated depreciation on properties	659,626	546,490	659,626	546,490
Accrued expenses	404,156	444,217	403,821	442,771
Unrealized trading losses on financial assets	344,785	230,423	344,785	230,423
Deferred revenues	66,820	114,373	66,820	114,373

(Forward)



	Consolidated		Parent Company	
	2025	2024	2025	2024
Retirement liability	₱51,901	₱50,842	₱-	₱-
Unamortized Past Service Cost	506,340	-	506,340	-
Unrealized losses on financial assets at FVTPL and FVOCI	21,746	17,332	21,746	17,300
Others	6,593	6,587	-	-
	11,093,950	11,110,655	11,100,456	11,128,048
Deferred tax liabilities on:				
Fair value adjustments on asset foreclosures	2,305,520	1,917,719	2,157,182	1,769,381
Revaluation increment on land and buildings	889,381	898,676	889,381	898,676
Unrealized foreign exchange gains	197,440	538,754	197,440	538,754
Gain on remeasurement of previously held interest	246,651	246,651	246,651	246,651
Fair value adjustments due to business combination	117,306	119,659	117,306	119,659
Retirement assets	73,643	75,699	73,643	75,699
Unrealized gains on financial assets at FVTPL and FVOCI	3,951	502	3,944	502
Others	19,833	19,843	-	-
	3,853,725	3,817,503	3,685,547	3,649,322
	₱7,240,225	₱7,293,152	₱7,414,909	₱7,478,726

The reconciliation of the consolidated deferred tax assets and liabilities follows:

	2025	2024
Total deferred tax assets	₱11,093,950	₱11,110,655
Total deferred tax liabilities	3,853,725	3,817,503
Net deferred tax assets as presented	7,240,225	7,293,152
Add (deduct) deferred tax asset/liability components of subsidiaries with net deferred tax liabilities:		
Deferred tax asset on accrued expenses	-	(655)
Deferred tax liability on fair value adjustments on investment properties	148,338	148,338
Deferred tax liability on others	19,833	19,841
Consolidated deferred tax liabilities	168,171	167,524
Consolidated deferred tax assets	₱7,408,396	₱7,460,676

Benefit from deferred tax charged to OCI pertains to deferred tax on remeasurement losses on retirement plan amounting to ₱731.4 million and ₱0.8 million in 2025 and 2024, respectively, and to unrealized losses on financial assets at FVOCI amounting to ₱15.9 million and ₱1.0 million in 2025 and 2024, respectively, for the Group.

Provision for deferred tax charged directly to OCI pertains to unrealized gains on financial assets at FVOCI amounting to ₱3.4 million and ₱1.0 million in 2025 and 2024, respectively, for the Parent Company.



Unrecognized deferred tax assets

The Parent Company and certain subsidiaries did not recognize deferred tax assets on the following unused tax credit and losses and temporary differences since they believe that the related tax benefits will not be realized in the future:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Allowance for impairment and credit losses	₱1,648,908	₱3,741,358	₱1,648,908	₱3,741,358
Unamortized past service cost	–	2,099,740	–	2,099,740
NOLCO	58,217	972,676	–	–
Lease liability	285,146	564,752	281,794	562,990
	₱1,992,271	₱7,378,526	₱1,930,702	₱6,404,088

Details of the Group's NOLCO follow:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2020	₱89,960	₱89,960	₱–	2025
2021	50,841	–	50,841	2026
2022	830,749	830,749	–	2025
2023	1,126	–	1,126	2026
2024	6,641	391	6,250	2027
	₱979,317	₱921,100	₱58,217	

Unrecognized deferred tax liabilities

As of December 31, 2025 and 2024, there was a deferred tax liability of ₱997.0 million and ₱986.0 million for temporary differences of ₱4.0 billion and ₱3.9 billion related to investment in certain subsidiaries, respectively. However, this liability was not recognized because the Parent Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

30.4 Statutory Income Tax Reconciliation

The reconciliation between the statutory income tax rate to effective income tax rate follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Statutory income tax rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Tax effects of:						
Non-deductible expenses	6.54	5.62	12.28	6.32	5.20	12.16
Net unrecognized deferred tax assets	(6.16)	(7.03)	(11.20)	(6.18)	(7.13)	(11.74)
Tax-paid income	(2.40)	(3.12)	(2.76)	(2.44)	(3.14)	(2.82)
FCDU loss (income) before tax	(1.40)	(0.75)	(0.61)	(1.41)	(0.76)	(0.61)
Tax-exempt income	(0.26)	(0.29)	(4.36)	(0.26)	(0.29)	(4.38)
Optional standard deduction	(0.08)	(0.02)	(0.11)	–	–	–
Effective income tax rate	21.24%	19.41%	18.24%	21.03%	18.88%	17.61%



31. Earnings Per Share

Earnings per share attributable to equity holders of the Parent Company is computed as follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
a) Net income attributable to equity holders of the Parent Company	₱25,255,162	₱21,052,896	₱17,979,257	₱25,255,162	₱21,036,661	₱18,002,948
b) Weighted average number of common shares for basic earnings per share (Note 25)	1,525,765	1,525,765	1,525,765	1,525,765	1,525,765	1,525,765
c) Basic/Diluted earnings per share (a/b)	₱16.55	₱13.80	₱11.78	₱16.55	₱13.79	₱11.80

In 2025, 2024 and 2023, there are no potential common shares with dilutive effect on the basic earnings per share.

32. Trust Operations

Securities and other properties held by the Parent Company through its TBG in fiduciary or agency capacities for its customers are not included in the accompanying statements of financial position since these are not assets of the Parent Company. Such assets held in trust were carried at a value of ₱226.3 billion and ₱190.6 billion as of December 31, 2025 and 2024, respectively. In connection with the trust functions of the Parent Company, government securities amounting to ₱2.5 billion and ₱1.9 billion (included under 'Investment securities at amortized cost') as of December 31, 2025 and 2024, respectively, are deposited with the BSP in compliance with trust regulations (refer to Note 9.3).

Trust fee income in 2025, 2024 and 2023 amounting to ₱421.9 million, ₱380.0 million and ₱373.7 million, respectively, is included under 'Service fees and commission income' (refer to Note 26.1).

In compliance with existing banking regulations, the Parent Company transferred from surplus to surplus reserves the amounts of ₱38.0 million, ₱14.5 million and ₱29.9 million in 2025, 2024 and 2023, respectively, which correspond to 10.00% of the net income realized in the preceding years from its trust, investment management and other fiduciary business until such related surplus reserve constitutes 20.00% of its regulatory capital (refer to Note 25.3).



33. Related Party Transactions

33.1 Summary of Significant Related Party Transactions

Details on significant related party transactions of the Group and the Parent Company follow (transactions with subsidiaries have been eliminated in the consolidated financial statements). Transactions reported under subsidiaries represent companies where the Parent Company has control, while those under related parties represent companies which are under common control.

Category	2025		Nature, Terms and Conditions
	Amount/ Volume	Outstanding Balance	
Significant Investors			
Deposit liabilities		₱3,932,157	Peso and foreign currency deposits with annual rates ranging from 0.00% to 6.25%
Net deposits	₱877,737		Net deposits during the period
Interest expense	15,227		Interest expense on deposits
Accrued interest payable		10,803	Accrued interest on deposit liabilities
Subsidiaries			
Credit facilities		17,062,542	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/trust receipt lines; also includes irrevocable standby letters of credit
Interbank loans receivable		67,160	Foreign currency-denominated interbank term loans with interest rates ranging from 2.14% to 2.20% with ACB, including foreign exchange revaluations
Availments	212,371		
Settlements and other movements	148,206		
Due from other banks		137,094	Foreign currency-denominated demand deposits
Accrued interest receivable		342	Interest accrual on receivables from customers and interbank loans receivable
Accounts receivable		7,166	Related to remittance transactions and amounts which are subject to clearing
Deposit liabilities		7,414,115	Peso and foreign currency-denominated deposits with annual fixed interest rates ranging from 0.0% to 5.70% and maturities up to 4 years
Net deposits	3,183,532		Net withdrawals during the period
Bills payable		-	Foreign currency-denominated bills payable with ACB with interest rate of 0.15%
Availments	414,530		
Settlements	414,530		
Due to other banks		380	Foreign currency-denominated clearing accounts used for funding and settlement of remittances
Accrued interest payable		32,149	Accrued interest on deposit liabilities and bills payable
Interest income	1,143		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	80,473		Interest expense on deposit liabilities and bills payable
Miscellaneous other income	2,900		Management and other professional fees; includes share of subsidiaries in maintenance costs of the HR system
Securities transactions			
Purchases	1,789,146		Outright purchase of securities
Sales	2,883,219		Outright sale of securities
Trading loss		-	Loss from sale of investment securities

(Forward)



2025			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Other Related Parties			
Receivables from customers		₱59,563,219	Partly secured by real estate, vehicles, deposits, government securities, among others; with interest rates ranging from 2.75% to 12.00% with remaining maturity terms ranging from 2 days to over 24 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱87.8 million including foreign exchange revaluations.
Loan releases	₱276,859,302		
Loan collections and other movements	260,752,009		
Credit facilities		103,405,057	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Sales contract receivable		910	Receivable from sale of property paid in installments; with interest rate of 6.0% and maturing in July 2027
Financial assets at FVOCI		53,150	Majority represents the retained 49.00% interest in PNB Holdings, with unrealized gain of ₱2.1 billion recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		248,617	Accrued interest on receivables from customers
Security deposit	175,513		Amount given to fulfill the terms of the lease contract
Right-of-use assets		2,845,490	Lease of office space with terms up to 10 years and the corresponding accumulated amortization
Accumulated depreciation of right-of-use assets		1,405,331	
Deposit liabilities		89,416,556	Peso-denominated and foreign currency-denominated demand, savings and time deposits with maturity terms ranging from 7 days to over 5 years and with interest rates ranging from 0.0% to 6.88%
Net deposits	40,049,103		Net deposits during the period
Accrued interest payable		243,671	Accrued interest payable from various deposits
Lease liabilities		1,504,081	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		479,530	Accruals in relation to promotional and utilities expenses
Deferred revenue		34,444	Unamortized portion of income related to the bancassurance agreement with ABIC
Service fees and commission income	3,333		Amortization of fees under the bancassurance agreement with ABIC
Interest income	2,768,471		Interest income on receivables from customers
Net gain on sale or exchange of assets	699,363		Gain on sale of investment properties to affiliate
Interest expense	241,608		Interest expense on deposit liabilities, bonds payable, bills payable and lease liabilities
Depreciation expense	283,310		Depreciation of right-of-use asset relating to leases of office spaces
Miscellaneous expenses	147,234		Promotional expenses for Mabuhay Miles redemption
Interbank Call Loans Receivable		4,000,000	Short term loan to MBTC with 2 days of maturity and interest of 4.56%
Availments	449,150,000		
Settlements	445,150,000		

(Forward)



2025			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Securities transactions			
Purchases	₱11,955,591		Outright purchase of securities
Sales	26,896,558		Outright sale of securities
Trading gain	23,253		Gain from sale of securities
Associate			
Credit facilities		₱90,000	Pre-settlement risk line
Deposit liabilities		2,207,021	Peso and foreign currency-denominated deposits with annual interest rates ranging from 0.01% to 5%
Net deposits	1,326,007		
Accrued interest payable		62	Accrued interest on deposit liabilities
Deferred revenue		402,595	Unamortized portion of income related to the sale of APLII
Service fees and commission income	73,199		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Interest expense	126		Interest expense on deposit liabilities
Key Management Personnel			
Loans to officers		150,320	Housing loans to senior officers with interest rates ranging from 3% to 17.55%; Secured and unimpaired
Loan releases	49,745		
Loan collections	59,813		
Accrued interest receivable		239	Accrued interest on loans
Interest income	8,955		Interest income on housing loans
Deposit liabilities		1,667,974	Peso and foreign currency-denominated deposits with interest rates ranging from 0.0% to 4.75%
Net deposits	757,203		Net deposits during the period
Interest expense	1,821		Interest expense on deposits
Accrued interest payable		2,192	Accrued interest on deposit liabilities
Sales Contract Receivable		4,620	Receivable from personnel with interest rate of 5%, and maturing from Dec 2025 to Aug 2027
2024			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investors			
Deposit liabilities		₱3,054,420	Peso and foreign currency deposits with annual rates ranging from 0.00% to 6.25%
Net deposits	₱777,494		Net deposits during the period
Interest expense	123,710		Interest expense on deposits
Accrued interest payable		8,729	Accrued interest on deposit liabilities
Subsidiaries			
Credit facilities		11,293,839	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/trust receipt lines; also includes irrevocable standby letters of credit;
Interbank loans receivable		3,015	Foreign currency-denominated interbank term loans with interest rates ranging from 2.95% to 5.05% with ACB, including foreign exchange revaluations
Availments	162,078		
Settlements and other movements	211,743		
Due from other banks		197,801	Foreign currency-denominated demand deposits
Accrued interest receivable		2	Interest accrual on receivables from customers and interbank loans receivable

(Forward)



2024

Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Accounts receivable		₱36,152	Related to remittance transactions and amounts which are subject to clearing
Deposit liabilities		4,230,583	Peso and foreign currency-denominated deposits with annual fixed interest rates ranging from 0.0% to 5.70% and maturities up to 4 years
Net deposits	₱1,075,214		Net withdrawals during the period
Bills payable		–	Foreign currency-denominated bills payable with ACB with interest rate of 4.0%
Availments	28,300		
Settlements	28,300		
Due to other banks		13,880	Foreign currency-denominated clearing accounts used for funding and settlement of remittances
Accrued interest payable		30,733	Accrued interest on deposit liabilities and bills payable
Interest income	1,549		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	213,269		Interest expense on deposit liabilities and bills payable
Miscellaneous other income	3,271		Management and other professional fees; includes share of subsidiaries in maintenance costs of the HR system
Securities transactions			
Purchases	5,026,632		Outright purchase of securities
Sales	1,621,332		Outright sale of securities
Trading loss	431		Loss from sale of investment securities
Other Related Parties			
Receivables from customers		43,455,926	Partly secured by real estate, vehicles, deposits, government securities, among others; with interest rates ranging from 2.75% to 12.00% with remaining maturity terms ranging from 2 days to over 24 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱87.8 million including foreign exchange revaluations.
Loan releases	195,397,876		
Loan collections and other movements	207,240,908		
Credit facilities		92,058,444	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Sales contract receivable		734	Receivable from sale of property paid in installments; with interest rate of 6.0% and maturing in July 2027
Financial assets at FVOCI		26,687,751	Majority represents the retained 49.00% interest in PNB Holdings, with unrealized gain of ₱2.1 billion recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		175,958	Accrued interest on receivables from customers
Security deposit		175,513	Amount given to fulfill the terms of the lease contract
Accounts Receivable		116,760	Receivable from conveyance of real estate inventories held under development
Right-of-use assets		2,959,837	Lease of office space with terms up to 10 years and the corresponding accumulated amortization
Accumulated depreciation of right-of-use assets		1,236,440	
Deposit liabilities		49,367,453	Peso-denominated and foreign currency-denominated demand, savings and time deposits with maturity terms ranging from 7 days to over 5 years and with interest rates ranging from 0.0% to 6.88%

(Forward)



2024			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Net deposits	₱3,033,990		Net deposits during the period
Accrued interest payable		₱162,221	Accrued interest payable from various deposits
Lease liabilities		1,920,896	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		655,134	Accruals in relation to promotional and utilities expenses
Deferred revenue		37,778	Unamortized portion of income related to the bancassurance agreement with ABIC
Deferred revenue		37,778	Unamortized portion of income related to the bancassurance agreement with ABIC
Service fees and commission income	3,333		Amortization of fees under the bancassurance agreement with ABIC
Interest income	1,621,730		Interest income on receivables from customers
Interest expense	1,678,513		Interest expense on deposit liabilities, bonds payable, bills payable and lease liabilities
Depreciation expense	463,922		Depreciation of right-of-use asset relating to leases of office spaces
Occupancy and equipment-related costs	109,984		Rentals from short-term leases
Miscellaneous expenses	691,214		Includes CUSA charges for the Parent Company's share in common areas on premises owned by PNB Holdings; promotional expenses for Mabuhay Miles redemption; includes management fees paid to Eton Properties Philippines, Inc.; and other expenses
Securities transactions			
Purchases	16,557,303		Outright purchase of securities
Sales	12,200,349		Outright sale of securities
Trading gain	4,671		Gain from sale of securities
Associate			
Credit facilities		120,000	Pre-settlement risk line
Deposit liabilities		881,014	Peso and foreign currency-denominated deposits with annual interest rates ranging from 0.01% to 5%
Net deposits	752,849		
Accrued interest payable		2	Accrued interest on deposit liabilities
Rental deposits		27	Advance rental and security deposits received for three months
Deferred revenue		322,031	Unamortized portion of income related to the sale of APLII
Service fees and commission income	73,199		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Interest expense	1,036		Interest expense on deposit liabilities
Key Management Personnel			
Loans to officers		162,370	Housing loans to senior officers with interest rates ranging from 3% to 17.55%; Secured and unimpaired
Loan releases	204,885		
Loan collections	43,586		
Accrued interest receivable		399	Accrued interest on loans
Interest income	9,811		Interest income on housing loans

(Forward)



2024

Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Deposit liabilities		₱910,771	Peso and foreign currency-denominated deposits with interest rates ranging from 0.0% to 4.75%
Net deposits	₱42,921		Net deposits during the period
Interest expense	10,368		Interest expense on deposits
Accrued interest payable		1,227	Accrued interest on deposit liabilities
Sales Contract Receivable		1,359	Receivable from personnel with interest rate of 5%, and maturing from December 2025 to August 2027

Remedies over a loan exposure to a related party

In April 2022, the Parent Company entered into a dacion agreement with a related party over an investment property with fair value at the time of dacion of ₱1.4 billion in settlement of certain loans. The remedy to settle the loan also provided for the conversion of the remaining debt to equity shares of the former borrower, where the Bank received 19.9 million shares. These shares were subsequently subjected to a share swap, as discussed in Note 9.2.

Transactions relating to the investment in PNB Holdings

As discussed in Note 12.4, the Parent Company executed a proxy in favor of LTG to vote for the remaining 49.00% held by the Group in PNB Holdings. As a result, the Group accounted for its retained interest in PNB Holdings as financial asset at FVOCI with no recycling to profit and loss.

In relation to the property dividend declaration, the Parent Company, as a withholding agent, remitted ₱404.4 million to the BIR in January 2022, representing final withholding taxes on the property dividends of concerned stockholders. This was recorded under 'Accounts receivable' in the statement of financial position. As of December 31, 2025 and 2024, the Parent Company collected ₱313.6 million and ₱162.8 million, respectively, of its receivable from stockholders.

Financial assets at FVTPL traded through PNB Securities

As of December 31, 2024, the Parent Company's financial assets at FVTPL include equity securities traded through PNB Securities with a fair value of ₱2.9 million. The Parent Company recognized trading gains (losses) amounting to ₱0.2 million in 2024 and (₱0.04 million) in 2023 from the transactions facilitated by PNB Securities.

Joint arrangements with Eton Properties Philippines, Inc. (EPPI)

The Parent Company and EPPI signed two agreements for the development of two real estate properties of the Parent Company included under 'Other assets' (refer to Note 15) and with carrying values of ₱1.2 billion at the time of signing. EPPI and the Group are under common control. These two projects are among the Parent Company's strategies in reducing its non-performing assets. The Parent Company made available the aforementioned properties which was approved by BSP. EPPI, on the other hand, provided its resources and technical expertise for the development of the properties. Income from the sale of the properties are shared by the Parent Company and EPPI in accordance with the terms of the agreement.

In July 2016, the Parent Company executed deeds of conveyance to EPPI on the areas of the land under the arrangement. The execution of the deeds of conveyance was made to facilitate the issuance of the condominium certificates of title to the buyers.

On December 27, 2024, EPPI and the Bank have agreed to terminate the arrangement due to market conditions. The termination of the arrangement involved the settlement of unsold condominium units and undeveloped properties between EPPI and the Bank. As of December 31, 2025 and 2024, the



carrying value of the properties subject of the arrangement included in ‘Other assets’ amounted to ₱214.3 million and ₱220.6 million, respectively, representing undeveloped property.

Transactions with PMLFC and PMERC

The Parent Company entered into the following transactions with PMLFC and PMERC as part of their winding down procedures:

- On various dates in 2022 and 2023, PMLFC transferred to the Parent Company certain receivables either via direct purchase or assignment. Details are as follows:

Year of transfer	Underlying contract	Aggregate carrying values	Total consideration paid
2022	Direct Purchase	₱122,306	₱115,866
2023	Direct Purchase	51,235	51,612
	Receivables Purchase Agreement	287,040	278,998
	Deed of Assignment	210,734	185,572

- On various dates in 2023, the BOD of the Parent Company approved to accept certain properties of PMLFC and PMERC as settlement through dacion en pago to partially pay their respective outstanding loans to the Parent Company. Details are as follows:

Date of BOD approval	Borrower	Subject properties/ assets	Aggregate fair values	Dacion amount
April 28, 2023	PMLFC	Condominium units	₱100,258	₱100,258
April 28, 2023	PMERC	Equipment and other properties held for lease (EOPL)	261,407	245,984
December 15, 2023	PMLFC	Repossessed chattels	7,867	3,933

In 2023, rental income amounting to ₱54.6 million from the EOPL that were subject of the April 2023 dacion have accrued to the Parent Company after the dacion was implemented.

- Considering the transfer of the major assets of PMLFC and PMERC to the Parent Company and no other remaining leivable properties of PMLFC and PMERC to foreclose, on December 15, 2023, the BOD of the Parent Company approved to write off the remaining balance of the loans of PMLFC and PMERC amounting to ₱736.4 million and ₱242.4 million, respectively.

33.2 Remuneration of Key Management Personnel and Directors

The compensation of the key management personnel for the Group and Parent Company follows:

	2025	2024	2023
Short-term employee benefits	₱579,033	₱527,036	₱526,038
Post-employment benefits	69,532	60,916	53,041
	₱648,565	₱587,952	₱579,079

Non-executive directors are entitled to a per diem as follows: ₱50,000 for each BOD meeting attended and ₱25,000 for each BOD committee meeting attended, provided that in no case shall the total per diem exceed ₱0.25 million per month for committee meetings. No other emoluments are granted to non-executive directors of the Parent Company except for the aforementioned per diem. There is no profit-sharing arrangement between the Parent Company and its BOD. In 2025 and 2024, total per diem given to non-executive directors amounted to ₱105.2 million and ₱96.3 million,



respectively, recorded in ‘Miscellaneous expenses’ in the statements of income. Directors’ remuneration covers all BOD activities and membership of committees and subsidiary companies.

33.3 Transactions with Retirement Plans

Management of the retirement funds of the Group and the Parent Company is handled by TBG. The fair values and carrying values of the funds of the Group amounted to ₱9.9 billion and ₱9.3 billion as of December 31, 2025 and 2024, respectively, and the fair values of the funds of the Parent Company amounted to ₱9.9 billion and ₱9.2 billion as of December 31, 2025 and 2024, respectively.

Relevant information on transactions with the retirement plans follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Investment in PNB UITFs	₱884,111	₱946,347	₱882,326	₱944,562
Deposits with PNB	1,021,577	13,274	1,018,588	10,774
Investment in PNB shares	435,629	227,678	435,629	227,678
Investment in Mutual Fund PNB	–	1,782	–	–
Total Fund Assets	₱2,341,317	₱1,189,081	₱2,336,543	₱1,183,014
Unrealized gain on PNB shares	₱207,950	₱75,618	₱207,950	₱75,618
Unrealized gain (loss) on PNB UITF	(62,236)	11,535	(62,236)	11,535
Interest income	44,156	12,860	42,655	11,345
	189,870	100,013	188,369	98,498
Trust fees	(8,179)	(10,220)	(8,020)	(10,066)
Net Fund Income	₱181,691	₱89,793	₱180,349	₱88,432

As of December 31, 2025 and 2024, the retirement funds of the Group and the Parent Company include 8,219,406 PNB shares classified as financial assets at FVTPL. There are no limitations and restrictions over the PNB shares while the corresponding voting rights are exercised by a trust officer or any of its designated alternate officer of TBG.

In addition to the regular retirement funds, TBG also manages the funds of the Parent Company’s EIP and fund for e-money products.

34. Provisions, Contingent Liabilities and Other Commitments

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

There were no significant settlements made in 2025 and 2024.

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



35. Offsetting of Financial Assets and Liabilities

The effects of rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements to the Group and the Parent Company's financial statements are disclosed in the succeeding tables.

Consolidated

2025						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative assets	₱102,767,311	₱101,970,497	₱796,814	₱204,001	₱-	₱592,813
Securities held under agreements to resell (Note 8)	72,903,359	-	72,903,359	-	74,379,685	-
Total	₱175,670,670	₱101,970,497	₱73,700,173	₱204,001	₱74,379,685	₱592,813

2024						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative assets	₱87,097,900	₱86,010,793	₱1,087,107	₱104,745	₱-	₱982,362
Securities held under agreements to resell (Note 8)	103,480,119	-	103,480,119	-	104,909,516	-
Total	₱190,578,019	₱86,010,793	₱104,567,226	₱104,745	₱104,909,516	₱982,362

2025						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative liabilities	₱65,978,632	₱65,693,070	₱285,562	₱18,225	₱-	₱267,337
Securities sold under agreements to repurchase (Notes 9 and 19)*	1,175,218	-	1,175,218	-	1,325,734	-
Total	₱67,153,850	₱65,693,070	₱1,460,780	₱18,225	₱1,325,734	₱267,337

* Included in bills and acceptances payable in the statements of financial position

2024						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative liabilities	₱61,485,068	₱60,561,015	₱924,053	₱350,702	₱-	₱573,351
Securities sold under agreements to repurchase (Notes 9 and 19)*	12,338,999	-	12,338,999	-	14,221,461	-
Total	₱73,824,067	₱60,561,015	₱13,263,052	₱350,702	₱14,221,461	₱573,351

* Included in bills and acceptances payable in the statements of financial position



Parent Company

2025						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative assets	₱102,760,534	₱101,970,497	₱790,037	₱204,001	₱-	₱586,036
Securities held under agreements to resell (Notes 8 and 19)	72,903,359	-	72,903,359	-	74,379,685	-
Total	₱175,663,893	₱101,970,497	₱73,693,396	₱204,001	₱74,379,685	₱586,036

2024						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative assets	₱87,097,088	₱86,010,793	₱1,086,295	₱102,386	₱-	₱983,909
Securities held under agreements to resell (Notes 8 and 19)	103,480,119	-	103,480,119	-	104,909,516	-
Total	₱190,577,207	₱86,010,793	₱104,566,414	₱102,386	104,909,516	₱983,909

2025						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative liabilities	₱65,978,632	₱65,693,070	₱285,562	₱18,225	₱-	₱267,337
Securities sold under agreements to repurchase (Notes 9 and 19)*	1,175,218	-	1,175,218	-	1,325,734	-
Total	₱67,153,850	₱65,693,070	₱1,460,780	₱18,225	₱1,325,734	₱267,337

* Included in bills and acceptances payable in the statements of financial position

2024						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
Derivative liabilities	₱61,482,708	₱60,561,015	₱921,693	₱348,343	₱-	₱573,350
Securities sold under agreements to repurchase (Notes 9 and 19)*	12,338,999	-	12,338,999	-	14,256,954	-
Total	₱73,821,707	₱60,561,015	₱13,260,692	₱348,343	₱14,256,954	₱573,350

* Included in bills and acceptances payable in the statements of financial position



The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. This includes amounts related to financial collateral both received and pledged, excluding the extent of over-collateralization.

36. Events After the Reporting Date

There are no significant reportable events which occurred from December 31, 2025 until the date of this report.

37. Notes to Statements of Cash Flows

37.1 Cash Flows from Financing Activities

The changes in liabilities arising from financing activities in 2025 and 2024 follow:

	Consolidated			
	2025			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱20,208,451	(₱9,735,858)	₱270,155	₱10,742,748
Bonds payable	17,304,421	15,682,078	291,900	33,278,399
LTNCDs	4,598,770	(4,600,000)	1,230	-
Lease liabilities	3,808,997	(1,510,025)	1,073,677	3,372,649
	₱45,920,639	(₱163,805)	₱1,636,962	₱47,393,796

	Consolidated			
	2024			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱20,162,603	₱378,200	(₱332,352)	₱20,208,451
Bonds payable	41,490,871	(26,079,791)	1,893,341	17,304,421
LTNCDs	12,803,543	(8,220,000)	15,227	4,598,770
Lease liabilities	3,832,884	(1,127,583)	1,103,696	3,808,997
	₱78,289,901	(₱35,049,174)	₱2,679,912	₱45,920,639

	Parent Company			
	2025			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱20,208,451	(₱9,735,858)	₱270,155	₱10,742,748
Bonds payable	17,304,421	15,682,078	291,900	33,278,399
LTNCDs	4,598,770	(4,600,000)	1,230	-
Lease liabilities	3,722,719	(1,447,467)	974,194	3,249,446
	₱45,834,361	(₱101,247)	₱1,537,479	₱47,270,593



	Parent Company			
	2024			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱20,162,603	₱378,200	(₱332,352)	₱20,208,451
Bonds payable	41,490,871	(26,079,791)	1,893,341	17,304,421
LTNCDs	12,803,543	(8,220,000)	15,227	4,598,770
Lease liabilities	3,723,316	(1,052,523)	1,051,926	3,722,719
	₱78,180,333	(₱34,974,114)	₱2,628,142	₱45,834,361

Others include the effects of foreign exchange revaluations, additional lease liabilities, amortization of transaction costs, and accretion of interest.

37.2 Non-Cash Transactions

The following are non-cash transactions of the Group and the Parent Company in 2024 and 2023 relating to their long-term leases:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Additions to right-of-use assets (Note 11)	₱811,650	₱950,548	₱733,899	₱936,169
Additional lease liabilities (Note 29)	822,933	956,755	706,816	907,278

On December 14, 2025 and October 27, 2023, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱400.0 million and ₱448.9 million. The Parent Company received such cash dividends from PNB Capital on December 19, 2025 and December 27, 2023, respectively (refer to Note 12.2).

The Group and the Parent Company acquired investment properties through foreclosure, dacion and rescission amounting to ₱1.9 billion, ₱2.3 billion, and ₱3.0 billion in 2025, 2024 and 2023, respectively (refer to Note 13). Included in the foreclosures in 2025 and 2024 are dacion transactions in settlement of certain loans in exchange for an investment property (refer to Note 33.1). Foreclosures in 2023 also include the debt-to-equity conversion of the remaining loan exposures of a former borrower (refer to Note 33.1).

The Group and the Parent Company applied creditable withholding taxes against its income tax payable amounting to ₱1.8 billion, ₱1.5 billion and ₱1.2 billion in 2025, 2024 and 2023, respectively.

38. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the Parent Company's BOD on February 20, 2026.



39. Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010, which provides that the notes to the financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

39.1 Taxes Paid or Accrued During the Taxable Year

The Parent Company paid or accrued the following types of taxes for the tax period January to December 2025 (in absolute amounts):

Taxes and licenses

	Amount
Gross receipts tax	₱3,087,509,825
Documentary stamp taxes	5,400,000,000
Real estate tax	40,887,900
Local taxes	214,536,292
Others	183,227,027
	₱8,926,161,044

Withholding taxes

	Remitted	Outstanding
Withholding taxes on compensation and benefits	₱1,052,472,426	₱201,011,529
Final income taxes withheld on interest on deposits and yield on deposit substitutes	2,547,404,558	197,767,362
Expanded withholding taxes	269,294,041	26,614,290
Withholding taxes on the amount withdrawn from the decedent's deposit account	22,610,321	2,958,836
VAT withholding taxes	43,729,250	3,005,084
Other final taxes	265,814,189	14,072,631
	₱4,201,324,785	₱445,429,732

39.2 Tax Cases and Assessments

As of December 31, 2025 and 2024, the Parent Company has no final tax assessment but has outstanding cases filed in courts for various claims for tax refund. Management is of the opinion that the ultimate outcome of these cases will not have a material impact on the financial statements of the Parent Company.



40. Report on the Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks

40.1 Basic Quantitative Indicators of Financial Performance

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Return on average equity	11.09%	10.39%	9.95%	11.23%	10.49%	10.15%
Return on average assets	1.93%	1.72%	1.53%	1.93%	1.72%	1.54%
Net interest margin on average earning assets	4.51%	4.50%	4.23%	4.51%	4.50%	4.23%

40.2 Description of Capital Instruments Issued

As of December 31, 2025 and 2024, the Parent Company has only one class of capital stock, which are common shares.

40.3 Significant Credit Exposures as to Industry Sector

An industry sector analysis of the Group's and the Parent Company's receivables from customers before taking into account allowance for credit losses is shown below.

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
Electricity, gas and water	₱150,874,303	19.82	₱100,800,669	15.18	₱150,870,391	20.20	₱100,800,669	15.50
Real estate, renting and business activities	135,802,075	17.84	109,274,926	16.45	132,324,692	17.72	106,134,407	16.32
Wholesale and retail	133,540,950	17.54	118,612,698	17.86	126,742,994	16.97	112,781,724	17.34
Financial intermediaries	100,578,855	13.21	96,992,698	14.60	100,472,663	13.45	97,024,603	14.92
Manufacturing	71,174,059	9.35	68,291,738	10.28	69,337,872	9.28	66,250,095	10.19
Construction	45,403,234	5.96	46,132,885	6.95	45,403,234	6.08	46,132,885	7.09
Transport, storage and communication	32,658,553	4.29	35,413,742	5.33	32,186,050	4.31	34,979,930	5.38
Agriculture, hunting and forestry	8,439,098	1.11	8,960,007	1.35	8,304,727	1.11	8,801,474	1.35
Public administration and defense	1,905,881	0.25	1,739,998	0.26	1,905,881	0.26	1,739,998	0.27
Others	80,965,274	10.63	78,017,344	11.74	79,329,538	10.62	75,817,596	11.64
	₱761,342,282	100.00	₱664,236,705	100.00	₱746,878,042	100.00	₱650,463,381	100.00

The Group considers that concentration of credit exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio or 10.00% of Tier 1 capital.



40.4 Breakdown of Total Loans

40.4.1 As to Security

The information relating to receivables from customers (gross of allowance for credit losses) as to secured and unsecured and as to collateral follows:

	Consolidated				Parent Company			
	2024		2024		2025		2024	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
Secured:								
Real estate mortgage	₱134,914,283	17.73	₱68,136,306	10.26	₱124,874,495	16.72	₱57,583,167	8.85
Chattel mortgage	17,783,001	2.34	6,919,452	1.04	17,712,748	2.37	6,824,061	1.05
Bank deposit hold-out	6,511,760	0.86	3,855,505	0.58	5,995,033	0.80	3,686,444	0.57
Others	11,772,350	1.54	17,558,212	2.64	10,000,788	1.34	16,404,021	2.52
	170,981,394	22.47	96,469,475	14.52	158,583,064	21.23	84,497,693	12.99
Unsecured	590,360,888	77.53	567,767,230	85.48	588,294,978	78.77	565,965,689	87.01
	₱761,342,282	100.00	₱664,236,705	100.00	₱746,878,042	100.00	₱650,463,382	100.00

40.4.2 As to Status

The table below shows the status of the Group and the Parent Company's loans (gross allowance for credit losses) as to performing and non-performing loans (NPL) per product line:

	Consolidated			
	2025		2024	
	Performing	NPL	Performing	NPL
Corporate	₱337,514,518	₱4,859,441	₱296,068,331	₱8,724,253
Commercial	320,564,664	29,477,762	276,684,804	28,271,963
Credit cards	20,713,759	713,002	17,055,407	1,008,478
Consumer	41,758,432	5,740,704	29,449,029	6,961,108
	₱720,551,373	₱40,790,909	₱619,257,571	₱44,965,802

	Parent Company			
	2025		2024	
	Performing	NPL	Performing	NPL
Corporate	₱325,025,059	₱3,670,909	₱283,691,471	₱8,112,179
Commercial	320,564,664	29,477,762	276,684,804	28,271,963
Credit cards	20,713,759	713,002	17,055,407	1,008,478
Consumer	40,709,092	6,003,795	28,664,642	6,961,108
	₱707,012,574	₱39,865,468	₱606,096,324	₱44,353,728

Loans and receivables are considered NPL, even without any missed contractual payments, when considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, are considered NPL if any principal and/or interest are unpaid for more than 90 days from contractual due date or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement. Microfinance and other small loans with similar credit characteristics are considered NPL after contractual due date or after they have become past due. Restructured loans are considered NPL. However, if prior to restructuring, the loans were categorized as performing, such classification is retained.

NPLs remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.



In 2022, the Parent Company adopted BSP Memorandum No. M-2021-056, *Regulatory Treatment of Restructured Loans for Purposes of Measuring Expected Credit Losses*, which provides guidance on the regulatory treatment of loans with terms and conditions that have been modified due to the impact of the COVID-19 pandemic, especially consumption loans, for purposes of measuring ECL and classifying the accounts as NPL.

The table below shows the gross and net NPL ratios of the Group and the Parent Company as reported to the BSP (with certain adjustments) as of December 31, 2025 and 2024:

	2025		2024	
	Gross NPL	Net NPL	Gross NPL	Net NPL
Consolidated	4.72%	1.60%	5.68%	1.81%
Parent Company	4.70%	1.53%	5.72%	1.77%

40.5 Information on Related Party Loans

In the ordinary course of business, the Parent Company has loans and other transactions with its subsidiaries and affiliates, and with certain Directors, Officers, Stockholders and Related Interests (DOSRI). These loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of direct credit accommodations to each of the Parent Company's DOSRI, 70.00% of which must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Parent Company.

In the aggregate, DOSRI loans generally should not exceed the Parent Company's equity or 15.00% of its total loan portfolio, whichever is lower. Total outstanding exposures to each of the Parent Company's subsidiaries and affiliates shall not exceed 10.00% of the Group's net worth, the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.00% of the net worth of the Parent Company. As of December 31, 2025 and 2024, the Parent Company is in compliance with such regulations.

The information relating to the DOSRI loans of the Parent Company follows:

	2025		2024	
	DOSRI loans	Related party loans (inclusive of DOSRI loans)	DOSRI loans	Related party loans (inclusive of DOSRI loans)
Total outstanding loans	₱265,751	₱17,737,015	₱136,867	₱37,817,926
Percent of DOSRI/related party loans to total loan portfolio	0.03%	2.09%	0.02%	4.87%
Percent of unsecured DOSRI/related party loans to total DOSRI/related party loans	0.00%	75.45%	0.00%	85.25%
Percent of past due DOSRI/related party loans to total DOSRI/related party loans	0.00%	0.00%	0.00%	0.00%
Percent of non-performing DOSRI/related party loans to total DOSRI/related party loans	0.00%	0.00%	0.04%	0.00%

40.6 Aggregate Amount of Secured Liabilities and Assets Pledged as Security

As of December 31, 2025 and 2024, 'Bills payable' amounting to ₱1.2 billion and ₱12.3 billion in Note 19, respectively, are secured by a pledge of certain 'Financial assets at FVOCI' amounting to nil and ₱11.9 billion respectively, and 'Investment securities at amortized cost' amounting to ₱1.3 billion and ₱2.4 billion, respectively.



40.7 Contingencies and Commitments Arising from Off-Balance Sheet Items

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

	Consolidated		Parent Company	
	2025	2024	2025	2024
Trust department accounts	₱226,303,785	₱190,585,195	₱226,303,785	₱190,585,195
Derivative forwards	166,792,091	132,737,169	161,499,541	126,839,248
Standby letters of credit	105,232,875	77,763,321	105,070,622	77,493,348
Unutilized credit card lines	55,248,472	51,886,113	55,248,472	51,886,113
Deficiency claims receivable	29,958,301	27,250,819	29,958,301	27,250,819
Derivative spots	13,845,457	22,847,762	13,845,457	22,847,762
Inward bills for collection	1,538,033	1,019,948	1,525,815	996,613
Unused commercial letters of credit	311,899	353,457	311,899	353,457
Outward bills for collection	215,198	210,031	54,503	89,460
Confirmed export letters of credit	108,468	100,940	108,468	100,940
Items held as collateral	12,994	23,101	12,986	23,092
Shipping guarantees issued	13,742	21,284	13,742	21,284
Other contingent accounts	2,955	38,677	2,955	2,663

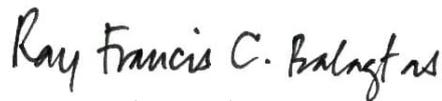


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Philippine National Bank
PNB Financial Center
President Diosdado Macapagal Boulevard
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philippine National Bank and its Subsidiaries (the Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated February 20, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Ray Francis C. Balagtas
Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 108795-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10765009, January 2, 2026, Makati City

February 20, 2026

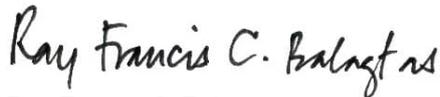


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Philippine National Bank
PNB Financial Center
President Diosdado Macapagal Boulevard
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philippine National Bank and its Subsidiaries (the Group) as at December 31, 2025 and 2024, and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated February 20, 2026. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Ray Francis C. Balagtas
Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 108795-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

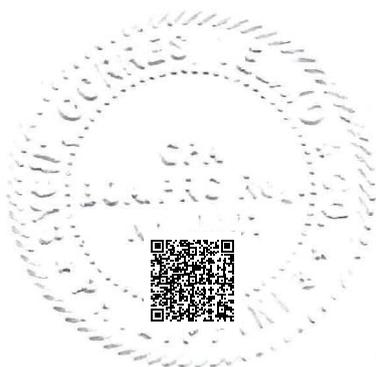
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10765009, January 2, 2026, Makati City

February 20, 2026



**PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2025**

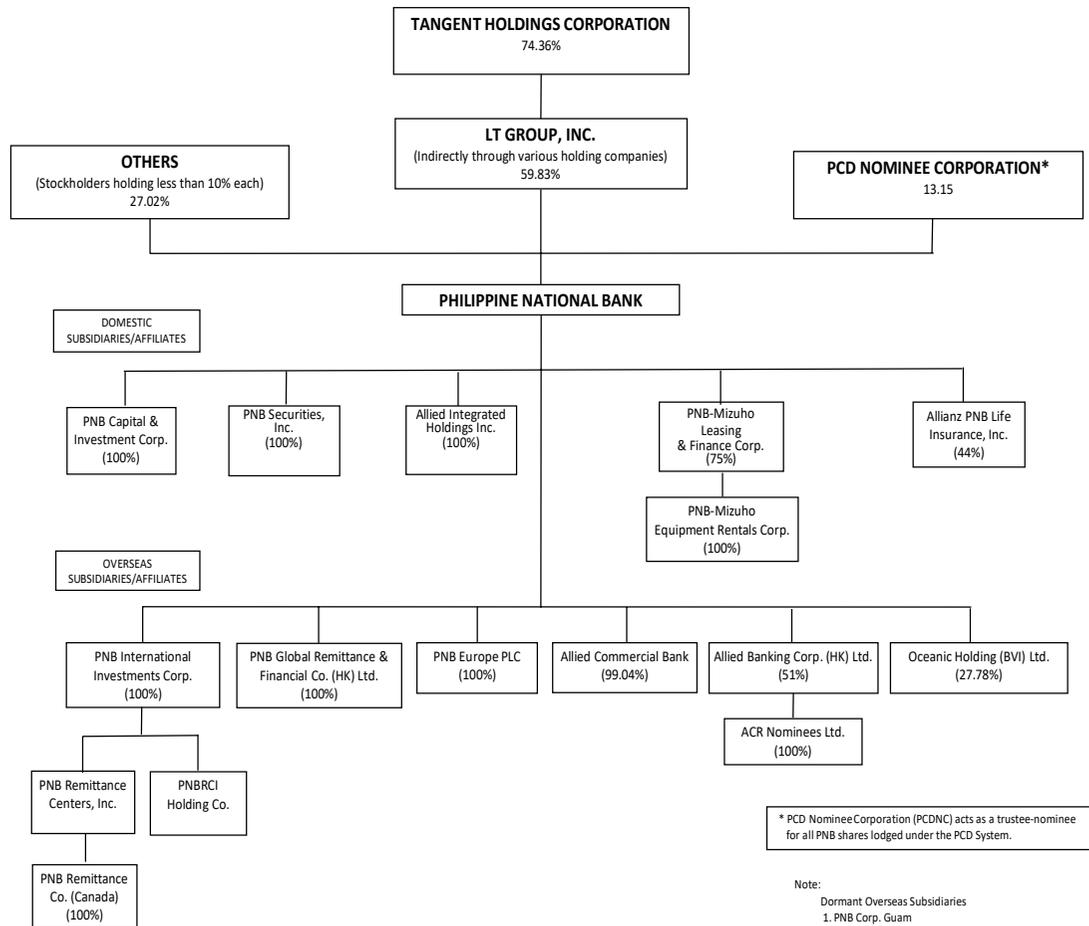
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PHILIPPINE NATIONAL BANK (PARENT COMPANY)
AVAILABLE FOR DIVIDEND DECLARATION
December 31, 2025
(In thousands)

Unappropriated Retained Earnings, beginning of reporting period		₱47,227,901
Add: <u>Category A</u> - Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	₱-	
Effect of restatements or prior period adjustments	-	
Others - Recycling of cumulative gains of derecognized equity securities at fair value through other comprehensive income (FVOCI) from other comprehensive income (OCI)	101,049	101,049
Less: <u>Category B</u> - Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	4,211,114	
Retained Earnings appropriated during the reporting period	203,690	
Effect of restatements or prior-period adjustments	-	
Others – Gains realized from share swap transaction	-	4,414,804
Unappropriated Retained Earnings, as adjusted		42,914,146
Add: Net income for the current year		25,255,162
Less: <u>Category C.1</u> - Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	452,756	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	592,321	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property	6,471,546	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	-	
Sub-total		7,516,623
Add: <u>Category C.2</u> - Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	-	
Realized fair value gain of investment property	-	
Other realized gains or adjustments to the retained earnings as a of certain transactions accounted for under the PFRS Accounting Standards	-	
Subtotal		-

Add: <u>Category C.3</u> - Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	₱814,721
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	—
Reversal of previously recorded fair value gain of investment property	5,308,143
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards, previously recorded	—
Sub-total	<u>₱6,122,864</u>
Adjusted Net Income	23,861,403
Add: <u>Category D</u> - Non-actual losses recognized in profit or loss during the reporting period (net of tax)	
Depreciation on revaluation increment (after tax)	—
Sub-total	<u>—</u>
Add: <u>Category E</u> - Adjustments related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	—
Total amount of reporting relief granted during the year	—
Others	—
Sub-total	<u>—</u>
Add: <u>Category F</u> - Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	—
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	82,292
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and setup of service concession asset and concession payable	—
Adjustment due to deviation from PFRS Accounting Standards/ GAAP - gain (loss)	—
Others	—
Sub-total	<u>82,292</u>
Total Retained Earnings, end of the reporting period available for dividend	<u>₱66,857,841</u>

**PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
December 31, 2025**



PART II

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2025

Financial Assets at Fair Value through Profit or Loss
(Amounts in thousands except for Number of Shares)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Government securities				
Banko Sentral ng Pilipinas	–	₱11,357,300	₱11,335,802	₱–
Fixed Rate Treasury Notes	–	16,110,419	16,479,739	763,368
Republic of the Philippines (ROP) Bonds	–	155,670	149,344	12,705
Retail Treasury Bonds	–	4,131,470	4,169,220	75,365
Treasury Bills	–	651,396	646,054	–
US Government	–	881,850	892,735	15,366
	–	33,288,105	33,672,894	866,804
Private debt securities				
Petron Preferred Shares	–	179,920	180,071	7,050
San Miguel Global Power Holdings Corp.	–	–	–	5,685
SM Prime Holdings, Inc.	–	–	–	91
Vista Land & Lifescapes, Inc.	–	–	–	3,936
	–	179,920	180,071	16,762
Equity securities				
GT Capital Pref Series B	1,000	824	1,000	–
San Miguel Corp - Pref 2I	25,970	1,909	1,935	–
	26,970	2,733	2,935	–
Derivatives				
Add Vantage Global Holdings Inc	–	29,865	2,253	1,542
Allied Banking Corporation Hongkong	–	–	6,777	–
Australia and New Zealand Bank - Manila	–	1,094,615	4,533	621
Australia and New Zealand Bank - Melbourne	–	592,110	4,008	–
Banco de Oro Private Bank	–	2,998,290	35,898	–
Banco de Oro Universal Bank	–	18,689,350	131,982	–
Bank of China - Manila	–	264,575	20	–
Bank of Commerce	–	295,110	987	–
Bank of the Philippine Islands	–	3,792,078	27,874	2,159
Chase Manhattan Bank - Singapore	–	428,703	1,101	–
China Banking Corporation	–	1,119,905	2,940	–
Chinatrust Phils Commercial Bank Corp.	–	705,480	6,802	–
Citibank N.A. - London	–	2,649,770	8,026	–
Citibank N.A. - Manila Branch	–	1,633,400	48,011	1,474
Cosmos Economic and Cultural Foundation Inc	–	25,396	291	–
Deutsche Bank AG - Manila Branch	–	587,920	111	–
Deutsche Bank - London	–	470,890	1,256	–
East West Banking Corporation	–	117,580	–	–
Expedition Mining Blasting and Drilling Inc	–	51,850	457	–
Gicar Construction Inc	–	24,104	2,107	1,294
Goldman Sachs International	–	3,786,198	24,383	–
Hongkong and Shanghai Banking Corp.	–	118,598	977	–
Hongkong and Shanghai Banking Corp. - Manila	–	3,059,128	6,491	–

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Individuals	–	5,581,966	157,510	42,143
Insular Oil Corporation	–	498,575	1,257	–
Internationale Nederlanden Bank - Manila	–	2,827,620	5,193	–
Isaac T. Robillo Hospital Corporation	–	16,754	556	–
JM Realty Development Corporation	–	202,114	182	–
JPMorgan Chase Bank - Manila Branch	–	1,768,400	4,141	1,007
Landbank of the Philippines	–	1,352,180	20,487	–
M.G. Salazar Construction Corp	–	194,175	5,472	–
Maybank Philippines Incorporated	–	1,595,805	8,534	–
Metropolitan Bank & Trust Company	–	3,714,570	42,850	–
Mindanao Nobles Foundation Inc	–	10,111	123	–
Mixed - Load Distribution Network Inc	–	45,862	3	–
Monark Equipment Corporation	–	60,778	51	–
MUFG Bank LTD - Manila	–	2,718,460	12,623	–
Nicoles 22 Corporation	–	20,987	274	–
Petron Corporation	–	6,205,770	27,709	–
Philippine Business Bank, Inc A Savings Bank	–	58,790	50	–
Philippine National Bank Europe Plc	–	50,413	52	–
Republic of the Philippines	–	16,171,659	–	–
River Valley Distribution Inc	–	153,087	144	–
Rizal Commercial Banking Corp	–	13,037,550	63,863	–
SANVIC1977 Enterprises Corporation	–	50,969	401	–
Security Bank Corporation	–	4,831,450	7,540	3,361
Souley MD Service Inc DBA Christ the Healer Hospital	–	22,281	114	–
Standard Chartered Bank - London Branch	–	8,603,763	31,341	–
Standard Chartered Bank - Manila Branch	–	3,939,565	71,083	3,311
Sterling Bank of Asia Inc	–	117,580	30	–
Terra Solar Philippines Inc	–	2,661,773	9,088	–
Transprint Corporation	–	43,738	574	–
UBS AG Zurich	–	2,324,048	7,839	–
Union Bank of the Philippines	–	158,805	144	1,720
Wells Fargo Bank N.A.	–	301	301	–
	–	121,574,814	796,814	58,632
<i>Total Financial Assets at Fair Value through Profit or Loss</i>	26,970	₱155,045,572	₱34,652,714	₱942,198

Financial Assets at Fair Value through Other Comprehensive Income
(Amounts in thousands except for Number of Shares)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Government securities				
Bangko Sentral ng Pilipinas	–	₱42,000,000	₱41,883,046	₱2,667,760
Fixed Rate Treasury Notes	–	67,099,031	68,546,210	4,579,356
Kingdom of Saudi Arabia	–	3,115,870	3,172,806	97,182
Monetary Authority of Singapore Bills	–	45,497	45,565	5,243
Republic of Indonesia	–	225,330	224,880	1,249
Republic of the Philippines (ROP) Bonds	–	9,198,054	9,055,110	399,034
Retail Treasury Bonds	–	13,932,229	13,806,002	1,525,219
US Government	–	10,582,200	10,569,455	40,870
US Government E – Money	–	58,790	58,621	–
US Treasury Bills	–	1,164,883	1,158,695	69,332
	–	147,421,884	148,520,390	9,385,245
Private debt securities				
Aboitiz Power Corp	–	562,300	561,337	29,665
AC Energy Finance International Limited	–	2,516,212	1,721,366	137,362
Ayala Land Inc	–	1,124,530	1,137,931	33,841
First Pacific Company Limited	–	911,245	907,427	29,740
Globe Telecoms, Inc.	–	3,774,083	3,318,422	172,453
International Container Terminal Services Inc.	–	1,775,458	1,709,540	121,792
Jollibee Food Worldwide PTE LTD	–	1,998,860	2,063,323	61,213
Manila Water Company, Inc.	–	1,968,995	1,953,479	106,935
Megaworld Corporation	–	17,637	17,483	955
Metropolitan Bank & Trust Co.	–	–	–	24,547
Petron Corporation	–	4,065,773	4,133,561	208,794
Rizal Commercial Banking Corp	–	293,950	302,904	16,057
Sinopec Corp	–	–	–	954
SM Prime Holdings	–	646,690	647,007	5,195
SMC Tollway Corp	–	1,500,000	1,366,528	103,997
State Bank of India	–	293,950	301,325	14,810
	–	21,449,683	20,141,633	1,068,310
Equity securities				
Allied Banker Insurance	25,000,000	20,000	20,000	–
Alphaland Balesin Island Resort Corp.	1	2,500	2,500	–
Apo Golf & Country Club	1	100	315	–
Asia Pacific Trust & Development	–	1,500	–	–
Bacnotan Steel Industries	3,345,000	–	–	–
Baguio City Country Club	1	60	6,000	–
Bancnet, Inc.	49,999	5,000	5,000	–
BAP Credit Guaranty Corporation	29,800	1,138	1,138	–
Bayan Telecommunication	8,244	8	–	–
Bayan Telecommunication 31% Tranche B.	83,997	14,851	–	–
Camp John Hay	1	650	450	–
Camp John Hay Golf Club	2	160	900	–
Capitol Hills Golf and Country Club, Inc.	10	400	2,500	–
Cebu Country Club, Inc.	1	29	18,000	–
Club Filipino	2	112	762	–
Cruz Tel Co.	30	3	–	–
Development Academy of the Philippines	1,500	1,500	–	–
Eagle Ridge Golf & Country Club	30	3,450	27,000	–
Eastridge Golf Course & Village (A)	2	1,800	1,369	–

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Evercrest Golf	2	500	–	–
Evercrest Golf Club-A	2	1,000	1,000	–
Fairways & Bluewater Resort	294	359,695	51,760	–
Fastech Synergy	1,337,807	8,519	–	–
Fil-Am Resources	2,500,000	27	–	–
Forest Hills Golf and Country Club	1	170	170	–
Heavenly Garden Development Corporation	5,000	500	500	–
Iligan Golf & Country Club	1	1	–	–
Iloilo Golf & Country Club	1	88	14	–
Inco Mining Corp	46,875	2	–	–
Infanta Minerals	1,000,000	10	–	–
Lepanto Consolidated Mining Co."A"	4,973	1	–	–
Lepanto Consolidated Mining Co."B"	1,776	–	–	–
LGU Guarantee Corp.	100,000	10,000	2	–
Luisita Golf & Country Club	1	840	450	–
Makati Sports Club-A	1	210	1,786	–
Manila Electric Cooperative	8,884	89	1	–
Manila Golf & Country Club Inc-Corporate	2	27,027	320,000	–
Manila Polo Club	1	2,600	50,000	–
Manila Southwoods Golf & Country Club A	1	850	5,000	–
Manila Southwoods Golf & Country Club B	1	1,500	6,000	–
Marikudo Country Club of Iloilo City	1	18	–	–
Mimosa Golf & Country Club	1	827	400	–
Mount Malarayat Golf & Country Club	15	35,380	41,591	–
Mount Malarayat Golf Club C	1	–	2,500	–
Mount Malarayat I	1	1,512	2,773	–
Negros Occidental Golf & Country Club	5	100	150	–
Northern Telephone Cooperative	1,800	18	–	–
Orchard Golf & Country Club	2	2,200	4,600	–
PAL Holdings Inc.	322,102,299	1,908,069	1,191,968	–
Palicpican Beach and Sport Club	2	170	170	–
Paper Industries Corporation of the Philippines	13,525	19	–	–
Petron Corporation	–	84,340	83,497	–
Philex Mining Corporation	151	–	1	–
Philippine Central Depository & Trust Corp.	31,690	2,392	6,431	–
Philippine Clearing House Corporation	42,000	4,200	2,101	–
Philippine Columbian Association	1	40	90	–
Philippine Electric Corporation	202,440	95	–	–
Philippine Long Distance Company	401	4	1	–
Philippine Oil Development Co., Inc.	500,000	13	–	–
Philippine Overseas Drilling & Oil Dev't	695,625	31	5	–
Philippine Racing Club	30,331,103	319,083	151,656	–
Philippine Telegraph & Telephone Corporation	5,000,000	–	–	–
PICOP Resources Incorporated	19,008,000	798	–	–
PLDT Communications & Energy Ventures Inc. (Piltel)	650	10	–	–
PLDT Preferred Shares	108,375	1,084	–	–
PNB Holding Corporation	22,996,729,000	22,989,975	25,132,434	–
Primo Oleo Chemicals	6,638,151	66,382	66,382	–
Proton Chemical Industries Common Shares	44,419	–	–	–
Pueblo De Oro Golf Country Club	2	1,411	718	–
Puerto Azul Sports & Beach Club	2	170	500	–
Quezon City Sports Club	1	32	1,500	–
Republic Telephone Company	6,052	5	–	–

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Riviera Golf & Country Club	3	2,627	3,870	–
Rural Bank of Ibajay	340	11	16	–
Santa Elena Golf & Country Club	1	852	20,512	–
Santa Elena Golf Club-A	2	4,600	41,024	–
Sierra Grande Country Club, Inc.	100	32	32	–
Southern Iloilo Telephone Co.	20	2	–	–
Subic Bay Golf & Country Club	1	950	–	–
Subic Bay Yatch Club	58	93,000	8,700	–
Tagaytay Highlands	1	500	2,604	–
Tagaytay Midlands	1	500	2,278	–
Tayud Golf & Country Club	1	6	–	–
Universal Rightfield Prop. Inc.	2,883,000	69	–	–
Valle Verde Country Club, Inc.	1	–	450	–
Valley Golf & Country Club	4	106	17,059	–
Victoria Golf & Country Club	1	110	120	–
Wack Wack Golf & Country Club	7	74,790	560,000	–
Western Minolco Corporation	11,382,000	17	–	–
	23,429,245,500	26,063,440	27,868,750	–
<i>Total Financial Assets at Fair Value Through Other Comprehensive Income</i>	23,429,245,500	₱194,935,007	₱196,530,773	₱10,453,555

Investment Securities at Amortized Cost
(Amounts in thousands except for Number of Shares)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
<i>Government securities</i>				
Bangko Sentral ng Pilipinas	–	₱235,160	₱252,176	₱8,815
China National Offshore Oil LTD	–	–	–	14,076
Fixed Rate Treasury Notes	–	61,492,325	64,397,322	3,738,466
Kingdom of Saudi Arabia	–	587,900	588,276	19,913
Landbank of the Philippines	–	109,082	103,764	5,766
Power Sector Assets and Liabilities Management Corporation	–	1,146,405	1,262,784	56,008
Republic of Indonesia	–	1,587,330	1,609,684	65,809
Republic of the Philippines (ROP) Bonds	–	13,489,449	13,661,856	401,677
Retail Treasury Bonds	–	32,820,585	33,111,107	1,808,750
Treasury Bills	–	–	–	1,663
US Government	–	176,370	172,438	4,833
US Government E-money	–	–	–	2,120
US Treasury Notes	–	–	555,733	19,027
-	-	111,644,606	115,715,140	6,146,923
<i>Private debt securities</i>				
AT&T Inc.	–	1,175,800	1,006,590	13,207
Ayala Land Inc	–	601,900	601,348	37,296
Bank of China - Hongkong	–	–	–	6,854
Export- Import Bank of Korea	–	2,480,938	2,474,251	96,890
Filinvest Development Cayman Islands	–	–	–	60,439
Hutchison Whampoa Limited	–	1,499,145	1,744,057	31,439
International Container Terminal Services Inc.	–	–	–	605
Jollibee Worldwide PTE LTD - Singapore	–	–	–	13,872
Korea Development Bank	–	293,950	289,310	14,616
Maynilad Water Services	–	479,680	479,663	34,024
Pilipinas Hino Incorporated	–	6,988	–	–
Sinopec Corp	–	117,580	117,273	3,789
SMC Tollways Corporation	–	3,500,000	3,494,222	242,659
Verizon Communications Inc	–	1,469,750	1,397,488	29,776
Vista land and Lifescapes Inc	–	–	–	160,416
-	-	11,625,731	11,604,202	745,882
<i>Total Investment Securities at Amortized Cost</i>	-	₱123,270,337	₱127,319,342	₱6,892,805

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2025

(In thousand pesos)

Name and Designation of Debtor	Balance at Beginning of Period (12/31/2024)	Net Releases	Net Collections and Other Movements	Amounts Written-off	Balance at End of Period (12/31/2025)	Due Within One Year	Due Beyond One Year
Activasia Inc.	P147,007	P404,000	(P321,145)	P-	P229,862	P225,000	P4,862
Alcazar, Raul Cartel	258	-	(237)	-	21	21	-
Asia Brewery (Xiamen) Ltd.	443,894	16,759	(24,913)	-	435,740	-	435,740
Bernabe, Barbie Ann Gonzales	365	-	(81)	-	284	-	284
BNP Paribas of Tokyo – PAL Deal	381,115	-	(83,367)	-	297,748	-	297,748
Build Erect Corporation	88,495	-	(22,620)	-	65,875	-	65,875
Bumanlag, Judith Ernacio	647	-	(216)	-	431	-	431
Cawit, Rachel Hechanova	734	-	(195)	-	539	-	539
Ching, Dennis Lee	1,474	-	(340)	-	1,134	-	1,134
Citicore, Renewable Energy Corporation	5,000,000	4,944,760	-	-	9,944,760	-	9,944,760
Danz Grand Marketing Inc.	-	120,000	(120,000)	-	-	-	-
Edelyns Homemade Nuts Inc	-	15,000	-	-	15,000	15,000	-
EEl Corporation	-	4,200,000	(3,200,000)	-	1,000,000	1,000,000	-
Espiritu, Reynaldo Chua	2,967	1,000	(1,333)	-	2,634	-	2,634
Eton Properties (Xiamen) Ltd.	646,318	706,676	(237,873)	-	1,115,121	-	1,115,121
Facun, Jillian Marie Villanueva	382	-	(151)	-	231	-	231
Foremost Farm	73,750	-	(7,000)	-	66,750	-	66,750
Franco, Karl Fernand Ramos	1,051	-	(389)	-	662	-	662
Full Circle Craft Distillers Co., Inc.	13,000	13,000	(13,000)	-	13,000	13,000	-
Golden Investment TMK	799,395	4,854,128	(1,675,603)	-	3,977,920	-	3,977,920
GT Capital Inc.	-	8,000,000	(4,000,000)	-	4,000,000	4,000,000	-
Horizon Land Property Development.	-	1,275,000	-	-	1,275,000	1,275,000	-
Lao, Helen Ong	5,685	26,000	(25,182)	-	6,503	5,000	1,503
Lexus Manila Inc.	100,000	-	(100,000)	-	-	-	-
Lim, Jay Anne Buted	-	445	-	-	445	-	445
Lisbona, Manuel Antonio Grageda	2,562	4,800	(4,962)	-	2,400	2,400	-
Macroasia Corporation	50,000	850,000	(500,000)	-	400,000	400,000	-
Macroasia SATS Food Industries Corp.	201,984	100,000	(194,127)	-	107,857	50,000	57,857
Majent Management Development Corporation	538	100,000	(224)	-	100,314	100,000	314
Marero, Apolomarco Gatbalayan	1,137	-	(253)	-	884	-	884
Mendoza, Roberto Santiago	641	-	(147)	-	494	-	494

Name and Designation of Debtor	Balance at Beginning of Period (12/31/2024)	Net Releases	Net Collections and Other Movements	Amounts Written-off	Balance at End of Period (12/31/2025)	Due Within One Year	Due Beyond One Year
Metro Pacific Investments Corporation	₱15,479,250	₱-	(₱161,500)	₱-	₱15,317,750	₱-	₱15,317,750
NAIC Water Supply Corporation	66,667	-	(66,667)	-	-	-	-
Ng, David Go	30,625	30,000	(31,075)	-	29,550	29,550	-
Petron Corporation	-	170,369,404	(170,369,404)	-	-	-	-
Phoenix Aviation Leasing Limited	4,127,483	-	(500,220)	-	3,627,263	-	3,627,263
Prima Aircraft Leasing Limited	1,145,210	-	(160,356)	-	984,854	-	984,854
Rapid Movers and Forwarders Co., Inc.	29,763	11,976	(19,917)	-	21,822	3,955	17,867
Reyes, Mark Aldrin Tuplano	-	615	(49)	-	566	-	566
San Miguel Foods Inc	9,195,000	73,680,000	(74,405,000)	-	8,470,000	8,470,000	-
Siya, Meliza Nubla	-	471	(83)	-	388	-	388
Summa Water Resources Inc.	40,091	20,000	(8,248)	-	51,843	20,000	31,843
Summatrade International Corporation	-	-	-	-	-	-	-
Taguba, Florencio Zambo Jr Viernes	328	-	(162)	-	166	166	-
Tan, Roberto Ong	30,000	120,000	(137,000)	-	13,000	13,000	-
Tanduary Distillers, Inc.	134,768	666,198	(536,234)	-	264,732	264,732	-
The Table Group, Inc.	-	179,325	(12,757)	-	166,568	-	166,568
Toyota Financial Services Phil.	4,950,000	3,100,000	(1,650,000)	-	6,400,000	2,100,000	4,300,000
Toyota Manila Bay Corporation	100,000	-	(100,000)	-	-	-	-
Toyota Motor Philippines Corporation	-	3,000,000	(2,000,000)	-	1,000,000	1,000,000	-
Velez, Ma. Cristina Domecilo	972	-	(166)	-	806	-	806
Key Management Personnel	162,370	49,745	(59,813)	-	152,302	18,798	133,504
	₱43,455,926	₱276,859,302	(₱260,752,009)	₱-	₱59,563,219	₱19,005,622	₱40,557,597

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2025

(In thousand pesos)

Name and Designation of Debtor	Balance at Beginning of Period (12/31/2024)	Net Releases	Net Collections and Other Movements	Amounts Written-off	Balance at End of Period (12/31/2025)	Due Within One Year	Due Beyond One Year
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None to report

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE D – LONG TERM DEBT
DECEMBER 31, 2025

(In thousand pesos)

Type of Issue and Type of Obligation	Amount Authorized by Indenture	Due Within One Year	Due Beyond One Year	Interest Rates	Maturity Date
Bills Payable					
Various	2,595,160	₱2,595,160	–	Various	Various
Bonds Payable					
Fixed rate medium term senior notes					
Issued October 23, 2024	USD 300,000	–	17,596,320	4.85%	October 23, 2029
Fixed rate senior unsecured corporate bonds					
Issued December 11, 2025	10,880,000	–	10,867,615	5.49%	December 11, 2028
Issued December 11, 2025	4,820,000	–	4,814,464	5.78%	December 11, 2030
		₱2,595,160	₱33,278,399		

**PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2025**

Name of Related Parties	Balance at Beginning of Period	Balance at Ending of Period	Nature, Terms and Conditions
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None to report

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2025

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person of which statement is filed	Nature of Guarantee
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None to report

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2025

(Absolute number of shares)

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	1,750,000,001	1,525,764,850	–	1,201,799,937	628,905	323,336,008

**PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2025 AND 2024**

Ratios	Formula	2025	2024
Liquidity Ratios			
a. Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	68.14%	71.45%
b. Liquid assets ratio	$\frac{\text{Liquid assets}^{1/}}{\text{Liquid liabilities}^{2/}}$	31.37%	36.42%
c. Net loans to total deposits	$\frac{\text{Net loans}^{3/}}{\text{Total deposits}}$	68.58%	64.43%
Solvency Ratio			
a. Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	4.72	4.81
Asset-to-Equity Ratio			
a. Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	5.72	5.81
Interest Rate Coverage Ratio			
a. Times interest earned ratio	$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	2.9x	2.5x
Profitability Ratios			
a. Return on assets	$\frac{\text{Net income}}{\text{Average total assets}^{4/}}$	1.93%	1.72%
b. Return on equity	$\frac{\text{Net income}}{\text{Average total equity}^{5/}}$	11.09%	10.39%
Capital Adequacy Ratios			
a. Tier 1 capital ratio	$\frac{\text{Tier 1 capital}}{\text{Total risk-weighted assets}}$	19.31%	19.21%
b. Capital adequacy ratio	$\frac{\text{Total qualifying capital}}{\text{Total risk-weighted assets}}$	20.12%	20.10%

Ratios	Formula	2025	2024
Other Ratios			
a. Net interest margin	$\frac{\text{Net interest income}}{\text{Average interest-earning assets}}$	4.51%	4.50%
b. Efficiency ratio	$\frac{\text{Total operating expenses}}{\text{Total operating income}}$	48.17%	49.57%
c. Loan coverage ratio	$\frac{\text{Total loan loss provisions}^{6/}}{\text{Total loans}^{7/}}$	4.41%	5.74%
d. Nonperforming loans coverage ratio	$\frac{\text{Total loan loss provisions}^{6/}}{\text{Total nonperforming loans}}$	82.34%	84.84%

^{1/} Composed of due from Bangko Sentral ng Pilipinas, due from other banks, interbank loans receivable, securities held under agreements to resell, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income, net of applicable allowance for credit losses, that are due within one year

^{2/} Composed of financial liabilities that are due within one year

^{3/} 'Net loans' caption refers to receivables from customers, net of allowance for credit losses and unearned interest and discount

^{4/} Computed as the average of the beginning and ending balances of total assets

^{5/} Computed as the average of the beginning and ending balances of total equity

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

^{7/} "Gross loans" caption refers to receivable from customers, gross of allowance for credit losses and unearned interest and discount

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED
INFORMATION DECEMBER 31, 2025 AND 2024

<i>(in thousand pesos)</i>	2025	2024
Total Audit Fees (Section 2.1a)¹	₱41,284	₱38,093
Non-audit services fees		
Other assurance services	6,284	10,253
Tax services	3,554	2,328
All other services	–	2,909
Total Non-audit Fees (Section 2.1b)²	9,838	15,490
Total Audit and Non-audit Fees	₱51,122	₱53,583

Audit and Non-audit fees of other related entities (Section 2.1c)³		
<i>(in thousand pesos)</i>	2025	2024
Audit fees	₱–	₱–
Non-audit services fees		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Non-audit fees	–	–
Total Audit and Non-audit fees	₱–	₱–

Notes:

¹ Section 2.1a: Disclose agreed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network firms (as applicable) for the audit of the covered company's stand-alone and/or consolidated financial statements and the covered company's consolidated subsidiaries' financial statements on which the external auditor/audit firm expresses an opinion. These do not include fees for special purposes audit or review of financial statements.

² Section 2.1b: Disclose charged or billed fees (excluding out of pocket expenses and VAT) by the external auditor/audit firm or a network firm (as applicable) for non-audit services to the covered company and its related entities over which the covered company has direct or indirect control that are consolidated in the financial statements on which the external auditor/audit firm expresses an opinion. These included other assurance services such as special purpose audit or review of financial statements.

³ Section 2.1c: Disclose fees for services (excluding out of pocket expenses and VAT) charged to any related entities of the covered company over which the covered company has direct or indirect control, which are not yet disclosed in (a) or (b), such as fees for services to any unconsolidated subsidiaries that meet the consolidation exemption criteria of Philippine Financial Reporting Standard (PFRS) 10 applicable to investment entities, if the external auditor/audit firm has reason to believe that these are relevant to the evaluation of the external auditor/audit firm's independence, as communicated by the external auditor/audit firm with the covered company's. Those Charged with Governance or equivalent (e.g. Audit Committee)