OFFICE OF THE CORPORATE SECRETARY
Direct Line: 8536-0540
Trunk Lines: 8891-6040 to 70
Locals: 4582/4106

March 26, 2026

PHILIPPINE DEALING & EXCHANGE CORPORATION
29th Floor, BDO Equitable Tower
8751 Paseo de Roxas
Makati City

Attention: **ATTY. SUZY CLAIRE R. SELLEZA**
Head, Issuer Compliance and Disclosure Department
Philippine Dealing & Exchange Corporation

Subject: Information Statement for Annual Stockholders' Meeting

Dear Atty. Selleza:

We are pleased to furnish the Philippine Dealing and Exchange Corporation (PDEx) a copy of our disclosure to the Philippine Stock Exchange, Inc. regarding the Definitive Information Statement of the Bank relative to the holding of its Annual Stockholders' Meeting on April 28, 2026.

We trust you will take note accordingly. Thank you.

Very truly yours,

RUTH PAMELA E. TANGHAL
Corporate Secretary

CR01601-2026

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

○ Preliminary Information Statement

● Definitive Information Statement

2. Name of Registrant as specified in its charter

Philippine National Bank

3. Province, country or other jurisdiction of incorporation or organization

Philippines

4. SEC Identification Number

ASO96-005555

5. BIR Tax Identification Code

000-188-209-000

6. Address of principal office

PNB Financial Center, President Diosdado Macapagal Boulevard, Pasay City, Metro Manila
Postal Code
1300

7. Registrant's telephone number, including area code

(632) 8526-3131 to 70

8. Date, time and place of the meeting of security holders

April 28, 2026, 8:00 a.m., the meeting will be conducted through remote communication

9. Approximate date on which the Information Statement is first to be sent or given to security holders

Mar 31, 2026

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

Not Applicable

Address and Telephone No.

Not Applicable

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

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

13. Are any or all of registrant's securities listed on a Stock Exchange?

● Yes ○ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange/Common Shares

Philippine National Bank

PNB

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting

References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

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Date of Stockholders' Meeting	Apr 28, 2026
Type (Annual or Special)	Annual
Time	8:00 a.m.
Venue	The meeting will be conducted through remote communication.
Record Date	Mar 30, 2026

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Mar 24, 2026
End date	Mar 30, 2026

Other Relevant Information

None.

Filed on behalf by:

Name	Ruth Pamela Tanghal
Designation	Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [ ] Preliminary Information Statement
   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter : PHILIPPINE NATIONAL BANK

3. Province, country or other jurisdiction of incorporation or organization : Metro Manila, Philippines

4. SEC Identification Number : ASO96-005555

5. BIR Tax Identification Number : 000-188-209-000

6. Address of principal office : PNB Financial Center
   President Diosdado Macapagal Blvd.
   Pasay City, Metro Manila, 1300

7. Registrant's telephone number, including area code : (632) 8526-3131 loc. 4582
   (Office of the Corporate Secretary)

8. Date of meeting : April 28, 2026
   Time of meeting : 8:00 a.m.
   Place of meeting : The 2026 PNB Stockholders' Meeting will be conducted through remote communication. The livestreaming link will be provided via email to registered Stockholders.

9. Approximate date on which the Information Statement is first to be sent or given to security holders : March 31, 2026

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate Registrant):

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

11. Are any or all Registrant's securities listed in a Stock Exchange?

    Yes [√] No [ ]

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein : **PHILIPPINE STOCK EXCHANGE/ COMMON STOCK**

PNB

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Meeting of the Stockholders of the Philippine National Bank (the "Bank") will be conducted through remote communication on April 28, 2026, Tuesday, at 8:00 a.m.

The Agenda for the Meeting is as follows:

1. Call to Order;
2. Secretary's Proof of Notice and Quorum;
3. Approval of the Minutes of the 2025 Annual Stockholders' Meeting held on April 29, 2025;
4. Report of the President on the Results of Operations for the Year 2025;
5. Approval of the 2025 Annual Report;
6. Ratification of All Legal Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since the 2025 Annual Stockholders' Meeting;
7. Election of Directors;
8. Appointment of External Auditor;
9. Other Matters; and
10. Adjournment.

The details and rationale of each item of the Agenda is attached as Annex "A" of the Information Statement.

Stockholders of record as of March 30, 2026 shall be entitled to attend, and to vote at, the meeting.

The Bank will conduct its Annual Stockholders' Meeting through remote communication. Stockholders who wish to attend the meeting or vote through remote communication should register using the PNB ASM Registration Portal provided at www.pnb.com.ph/asm2026 on or before April 21, 2026. The requirements and procedure for registration, participation and voting through remote communication are set out in Annex "B" of the Information Statement and published in PNB's website at www.pnb.com.ph/asm2026. There will be an audio and visual recording of the meeting.

Stockholders who are unable to attend the meeting may designate their authorized representative by submitting a signed proxy form via email to pnb_asm@pnb.com.ph no later than 5:00 p.m. on April 23, 2026. A sample proxy form may be downloaded at www.pnb.com.ph/asm2026. Validation of proxies will be on April 23, 2026 at 5:30 p.m.

Stockholders of record may send their queries and comments to pnb_asm@pnb.com.ph on or before April 24, 2026.

Copies of the Notice of the Meeting, Definitive Information Statement, Management Report and Financial Statements ("Documents") may be viewed and downloaded from the Bank's website at https://www.pnb.com.ph/2026DIS. Alternatively, the Documents may also be viewed at, and downloaded from its PSE EDGE profile, at https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=139.

RUTH PAMELA E. TANGHAL
Corporate Secretary

SEC FORM 20-IS

INFORMATION STATEMENT
PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

A. GENERAL INFORMATION

Item 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

(a) The Annual Stockholders' Meeting of the Philippine National Bank (hereafter "PNB" or the "Bank") will be conducted through remote communication on April 28, 2026, Tuesday, at 8:00 a.m.

The Bank's complete address is PNB Financial Center, President Diosdado Macapagal Blvd., Pasay City, Metro Manila, Philippines.

(b) The Notice of Meeting and the Definitive Information Statement may be accessed by qualified stockholders not later than March 31, 2026.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT BEING REQUESTED TO SEND US A PROXY AT THIS TIME.

Item 2. DISSENTER'S RIGHT OF APPRAISAL

(a) Title X – Section 80 of the Revised Corporation Code of the Philippines allows a stockholder to exercise his right to dissent and demand payment of the fair value of his shares in certain instances, to wit: (1) in case an amendment to the Articles of Incorporation will change or restrict the rights of such stockholder or class of shares, or authorize preferences in any respect superior to those of outstanding shares of any class or otherwise extend or shorten the term of the company; (2) in case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the company's properties and assets; or (3) in cases of merger or consolidation; or (4) in case of investment of corporate funds for any purpose other than the primary purpose of the company.

(b) None of the proposed corporate actions to be submitted to the stockholders for approval constitutes a ground for the exercise of the stockholder's appraisal right.

Item 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

(a) No person who has been a director of the Bank from the beginning of fiscal year 2025, or any associate of the foregoing, has any interest in any matter to be acted upon in the meeting other than election to office.

(b) The Bank has not received any information from a director that he/she intends to oppose any matter to be acted upon in the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

(a) The total number of Common Shares outstanding as of February 28, 2026 is 1,525,764,850 with a par value of ₱40.00 per share. Total foreign equity ownership as of February 28, 2026 is 33,364,319 Common Shares or 2.19% of the total outstanding capital stock.

Pursuant to Article IV, Section 4.9 of the Bank's By-Laws, every stockholder shall be entitled to one (1) vote for each share of common stock in his name in the books of the Bank as of March 30, 2026 (the "Record Date").

With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit, provided the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Pursuant to Sections 23 and 57 of the Revised Corporation Code, the PNB Board of Directors approved on January 23, 2026, the participation and voting at the 2026 Annual Stockholders' Meeting through remote communication. The requirements and procedure for registration, participation and voting through remote communication are provided in this Information Statement and published in PNB's website at www.pnb.com.ph/asm2026.

(b) Stockholders of the Bank as of the Record Date shall be entitled to notice of, and to vote at, the Annual Stockholders' Meeting.

(c) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners (*more than 5% of any class of voting securities as of February 28, 2026)*

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Ownership
All Seasons Realty Corp. - Makati City - 10,005,866 shares Stockholder	Majority-Owned and Controlled by LT Group, Inc.	Filipino	912,811,179	59.8264653298
Allmark Holdings Corp. - Makati City – 20,724,567 shares Stockholder		Filipino		
Caravan Holdings Corporation - Marikina City - 82,017,184 shares Stockholder		Filipino		

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Percentage of Ownership
Donfar Management Limited - Makati City - 30,747,898 shares Stockholder	Majority-Owned and Controlled by LT Group, Inc.	Filipino		
Dunmore Development Corp. (X-496) - Pasig City - 15,140,723 shares Stockholder		Filipino		
Dynaworld Holdings, Inc. - Marikina City - 11,387,569 shares Stockholder		Filipino		
Fast Return Enterprises, Ltd. - Makati City - 18,157,183 shares Stockholder		Filipino		
Fil-Care Holdings, Inc. - Quezon City - 25,450,962 shares Stockholder		Filipino		
Fragile Touch Investment, Ltd. - Makati City - 22,696,137 shares Stockholder		Filipino		
Ivory Holdings, Inc. - Makati City - 20,761,731 shares Stockholder		Filipino		
Kenrock Holdings, Corp. - Makati City - 26,018,279 shares Stockholder		Filipino		

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Ownership
Kentwood Development Corp. - Quezon City - 17,237,017 shares Stockholder	Majority-Owned and Controlled by LT Group, Inc.	Filipino		
Key Landmark Investments Ltd. - Makati City - 133,277,924 shares Stockholder		Filipino		
La Vida Development Corp. - Quezon City - 19,607,334 shares Stockholder		Filipino		
Leadway Holdings, Inc. - Pasig City - 65,310,444 shares Stockholder		Filipino		
Mavelstone International Limited - Makati City - 29,575,168 shares Stockholder		Filipino		
Merit Holdings & Equities Corp. - Quezon City - 17,385,520 shares Stockholder		Filipino		
Multiple Star Holdings Corp. - Makati City - 30,798,151 shares Stockholder		Filipino		
Pioneer Holdings Equities, Inc. - Pasig City - 34,254,212 shares Stockholder		Filipino		

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Ownership
Profound Holdings, Inc. - Makati City - 18,242,251 shares Stockholder	Majority-Owned and Controlled by LT Group, Inc.	Filipino		
Purple Crystal Holdings, Inc. - Manila City - 24,404,724 shares Stockholder		Filipino		
Safeway Holdings & Equities, Inc. - Quezon City - 12,048,843 shares Stockholder		Filipino		
Society Holdings Corp. - Quezon City - 17,298,825 shares Stockholder		Filipino		
Solar Holdings Corporation - Pasig City - 82,017,184 shares Stockholder		Filipino		
Total Holdings Corporation - Pasig City - 15,995,011 shares Stockholder		Filipino		
True Success Profits Limited - Makati City - 82,017,184 shares Stockholder		Filipino		
Uttermost Success Limited - Makati City – 30,233,288 shares Stockholder		Filipino		

The right to vote or direct the voting of the Bank’s shares held by the foregoing stockholders is lodged in their respective Boards of Directors. The Bank expects to receive from the abovenamed companies their proxy for the 2026 meeting no later than April 23, 2026, appointing any one (1) of Mr. Lucio C. Tan or Mr. Harry Tan or Ms. Juanita Tan Lee as the authorized proxies/attorneys-in-fact.

(2) Security Ownership of Management (Individual Directors and Executive Officers as of February 28, 2026)

The ownership of the Bank's incumbent Directors and Executive Officers are as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Common	Edgar A. Cua Chairman/Director	100 shares (Direct) ₱4,000.00	Filipino	0.0000065541
Common	Lucio C. Tan III Vice Chairman/Director	300 shares (Direct) ₱12,000.00	Filipino	0.0000196623
Common	Edwin R. Bautista Director/President	200,000 shares (Indirect) ₱8,000,000.00	Filipino	0.0131081798
Common	Judith V. Lopez Independent Director	5 shares (Indirect) ₱200.00	Filipino	0.0000003277
Common	Chester Y. Luy Director	10 shares (Indirect) ₱400.00	Filipino	0.0000006554
Common	Geocel D. Olanday Independent Director	1 share (Indirect) ₱40.00	Filipino	0.0000000655
Common	Isabelita M. Papa Lead Independent Director	1 share (Indirect) ₱40.00	Filipino	0.0000000655
Common	Sheila T. Pascual Director	100 shares (Direct) 10 (Indirect) ₱4,400.00	Filipino	0.0000072095
Common	Wilfrido E. Sanchez Director	1 share (Indirect) ₱40.00	Filipino	0.0000000655
Common	Eusebio V. Tan Director	25,510 shares (Indirect) ₱1,020,400.00	Filipino	0.0016719483
Common	Michael G. Tan Director	62,000 shares (Indirect) 250 shares (Direct) ₱2,490,000.00	Filipino	0.0040799210
Common	Vivienne K. Tan Director	10 shares (Indirect) ₱400.00	Filipino	0.0000006554
Common	Maria Almasara Cyd N. Tuaño-Amador Independent Director	1 share (Indirect) ₱40.00	Filipino	0.0000000655
Common	Marcia T. Uy Independent Director	5 shares (Indirect) ₱200.00	Filipino	0.0000003277
Common	Cesar L. Villanueva Director	2,305 shares (Indirect) ₱92,200.00	Filipino	0.0001510718
Sub-total		290,609 shares (Direct and Indirect) ₱11,624,360.00		0.0190467751
Common	All Directors & Executive Officers as a Group	674,817 shares (Direct and Indirect) ₱26,992,680.00		0.0442281129

(3) Voting Trust Holders of 5% or More

There are no voting trust holders of 5% or more of the Bank's shares.

(4) Changes in Control

There has been no change in control of the Bank during the fiscal year 2025.

Item 5. DIRECTORS AND EXECUTIVE OFFICERS

(a) <u>Directors and Executive Officers</u>

On April 29, 2025, the Bank reported to the Bangko Sentral ng Pilipinas (BSP) the election of fifteen (15) members of the Board of Directors at the 2025 Annual Stockholders' Meeting. Ms. Maria Almasara Cyd N. Tuaño-Amador, Ms. Judith V. Lopez, Mr. Geocel D. Olanday, Ms. Isabelita M. Papa, and Mr. Marcia T. Uy were elected as independent directors.

As defined in Section 38.2 of the 2015 Implementing Rules and Regulations of the Securities and Regulation Code (Republic Act No. 8799) (IRR of the SRC), an independent director refers to a person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company.

The re-election of the following directors of PNB for the year 2025-2026 was exempted from confirmation by the Monetary Board (MB):

Edgar A. Cua
Lucio C. Tan III
Chester Y. Luy
Geocel D. Olanday
Isabelita M. Papa
Sheila T. Pascual
Wilfrido E. Sanchez
Eusebio V. Tan
Michael G. Tan
Vivienne K. Tan
Maria Almasara Cyd N. Tuaño-Amador

During the Organizational Meeting of the Board of Directors held on April 29, 2025, Mr. Edwin R. Bautista was appointed as the President and Chief Executive Officer (CEO) while Ms. Isabelita M. Papa was appointed as the Lead Independent Director of the Bank.

On September 18, 2025, the MB, through Resolution No. 919, confirmed the election and appointment of Mr. Bautista as Director and as President and Chief Executive Officer of the Bank.

On the same date, under Resolution No. 920, the MB confirmed the election of Mr. Villanueva as Director, together with the appointment of Ms. Judith V. Lopez and Ms. Marcia T. Uy as Independent Directors of the Bank.

The Bank's Corporate Governance and Sustainability Committee, acting as the Nomination and Remuneration Committee, considered the shortlist of candidates nominated to sit as members of the Board of Directors for 2026-2027 according to the prescribed qualifications and disqualifications. A total of fifteen (15) nominees were considered. On February 27, 2026, the Board of Directors confirmed the nomination of the following individuals for election to the Board of Directors for the year 2026–2027:

1. Edwin R. Bautista;
2. Edgar A. Cua;
3. Judith V. Lopez;
4. Chester Y. Luy;
5. Geocel D. Olanday;
6. Isabelita M. Papa;

7. Sheila T. Pascual;
8. Wilfrido E. Sanchez;
9. Eusebio V. Tan;
10. Lucio C. Tan III;
11. Michael G. Tan;
12. Vivienne K. Tan;
13. Maria Almasara Cyd N. Tuaño-Amador;
14. Marcia T. Uy; and
15. Cesar L. Villanueva.

The aforementioned nominees were approved and confirmed by the Corporate Governance and Sustainability Committee, in compliance with the Manual of Regulations for Banks (MORB) of the BSP on the qualifications of a director and in accordance with the procedure for the nomination and election of independent directors set forth in Rule 38 of the IRR of the SRC and Securities and Exchange Commission (SEC) Memorandum Circular (MC) No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies ("SEC MC No. 19, Series of 2016").

Ms. Judith V. Lopez, Mr. Geocel D. Olanday, Ms. Isabelita M. Papa, Ms. Maria Almasara Cyd N. Tuaño-Amador, and Ms. Marcia T. Uy were nominated as independent directors. After due evaluation, the Corporate Governance and Sustainability Committee certified that said nominees are qualified in accordance with the MORB and Rule 38 of the IRR of the SRC. All of the nominees for independent director were nominated by Ms. Ruth Pamela E. Tanghal to comply with the requirements on independent directors. None of the nominees are related to Ms. Tanghal.

All nominations are compliant with SEC MC No. 4, Series of 2017, Recommendation 5.3 of SEC MC No. 19, Series of 2016, and SEC MC No. 7, Series of 2026 on the term limit of independent directors. The Certificates of Qualification of the independent directors pursuant to SEC MC No. 5, Series of 2017 will be submitted by the Bank to the SEC before the election of the independent directors.

Below are the profiles of the incumbent directors and officers of the Bank and the nominees for directorship, which address the requirements of Section 49 of the Revised Corporation Code for the presentation of the profiles of the directors and the directors nominated or seeking election or re-election:

Profile of Directors and Executive Officers together with their Business Experience covering at least the Past Five (5) Years

Name	**EDGAR A. CUA**
Age	70
Nationality	Filipino
Education	∗ Bachelor of Arts in Economics degree (Honors Program) from the Ateneo de Manila University ∗ Master of Arts in Economics degree from the University of Southern California ∗ Master of Planning Urban and Regional Environment degree from the University of Southern California ∗ Advanced Chinese from the Beijing Language and Culture University ∗ Sustainable Development Training Program, Cambridge University
Current Position in the Bank	∗ Chairman/Director
Date of First Appointment	∗ May 31, 2016 (Independent Director) ∗ April 25, 2023 (Chairman of the Board) ∗ April 29, 2025 (Director)
Directorship in Other Listed Companies	∗ None
Other Current Positions	∗ Chairman/Director of Allied Integrated Holdings, Inc. (*formerly PNB Savings Bank*) ∗ Chairman/Director of PNB Capital and Investment Corporation ∗ Director of PNB-Mizuho Leasing and Finance Corp., PNB-Mizuho Equipment Rentals Corporation, PNB International Investments Corporation, and PNB Remittance Company (Canada) ∗ Director of Davao Unicar Corporation ∗ Board Advisor of PNB Remittance Centers, Inc. ∗ Advisor of Peking University Alumni Association of the Philippines, Inc.
Previous Positions	∗ Independent Director of Allied Commercial Bank, Xiamen, Allied Integrated Holdings, Inc., PNB-Mizuho Leasing and Finance Corp., PNB-Mizuho Equipment Rentals Corporation, PNB International Investments Corporation, and PNB Remittance Company (Canada) ∗ Vice Chairman/Independent Director of PNB Capital and Investment Corporation ∗ Vice Chairman/Director of PNB Savings Bank ∗ Held various managerial and staff positions at the Asian Development Bank (ADB) during a 30-year professional career. ∗ Retired in 2015 as Senior Advisor, East Asia Department of the Asian Development Bank (ADB), based in ADB's Resident Mission in Beijing, People's Republic of China (PRC). Other managerial positions in ADB included Deputy Director General, East Asia Department, Country Director, ADB Resident Mission in Indonesia and Deputy Country Director, ADB Resident Mission in PRC. ∗ Staff Consultant, SGV & Co.

Name	**LUCIO C. TAN III**
Age	33
Nationality	Filipino
Education	* Bachelor of Science in Electrical Engineering, Stanford University * Master of Science, Major in Computer Science, Stanford University
Current Position in the Bank	* Director
Date of First Appointment	* April 27, 2021 (Director) * April 30, 2024 (Vice Chairman)
Directorship in Other Listed Companies	* Director, President and Chief Operating Officer of LT Group, Inc. * Director, President and Chief Operating Officer of PAL Holdings, Inc. * Director of MacroAsia Corporation
Other Current Positions	* Director of PNB Holdings Corporation, Philippine Airlines, Inc., Air Philippines Corporation, Lufthansa Technik Philippines, MacroAsia Airport Services Corporation, MacroAsia Catering Services Inc., MacroAsia SATS Food Industries, MacroAsia SATS Inflight Services Corporation, Prior Holdings Corporation, Belton Communities, Inc., Eton City, Inc., First Homes, Inc., ALI Eton Property Development Corporation, Dominium Realty and Construction Corporation, Fortune Tobacco Corporation, REM Development Corp., Shareholdings, Inc., Sipalay Trading Corporation, Qualisure Holdings, Inc., Asia's Merging Dragon Corporation, PMFTC Inc., and Fortune Landequities and Resources, Inc. * Director and President of Dunman Holdings Corporation, Tanduay Brands International, Inc., and Tanduay Distillers, Inc. * Vice Chairman and President of Sabre Travel Network (Philippines) Inc. * Vice President of Dunmore Development Corporation * Member of Stanford Tau Beta Pi Engineering Honor Society
Other Previous Position/s	* Vice Chairman/Director/COO of LT Group, Inc. * Director of Victorias Milling Company, Inc., Allied Club, Inc., Asia Cancer Center, Inc., Kaizer Chemical Industries, Inc., and Silangan Holdings, Incorporated * Director/Vice President of PAL Holdings, Inc. * President and COO of Tanduay Distillers, Inc.
Awards/Citations	* Stanford University Frederick E. Terman Award (2015), award given to engineering seniors who are at the top 5% of their class * Stanford University Tau Beta Pi Engineering Honor Society (2013), honor given to engineering juniors/seniors who are at the top 1/8 of their class * Stanford University President's Award for Academic Excellence Freshmen Year (2012), award given to freshmen who are at the top 3% of their class * Young Presidents' Organization (Local and International Chapters)

Name	**EDWIN R. BAUTISTA**
Age	65
Nationality	Filipino
Education	* Bachelor of Science in Mechanical Engineering from the De La Salle University * Advance Management Program from the Harvard Business School
Current Position in the Bank	* Director/President and CEO
Date of First Appointment	* April 29, 2025
Directorship in Other Listed Companies	* None
Other Current Positions	* Director of Allianz PNB Life Insurance, Inc., PNB International Investments Corporation, PNB RCI Holding Co. Ltd., and PNB Remittance Company (Canda) * Director of Bankers Association of the Philippines * Board Member of the Philippine Map Collectors Society * Vice Chairman/Trustee of DLSU-College of St. Benilde * Board Member/Trustee of DLSU Dasmariñas Museum Foundation * Chairman/Trustee of DLSU-Bacolod
Other Previous Positions	* Director/President & CEO/President & COO of UnionBank of the Philippines * Held various positions from SVP to Senior SVP in UnionBank of the Philippines * Chairman of CitySavings Bank * Chairman of First Union Plans * Director of First Union Properties * Chairman of UBP Currency Brokers * Director of UnionBank Investment Corp. * Director of UBX * Director/Vice Chairman of Union Digital Bank * Director of Aboitiz Power Corporation * Director of Aboitiz Equity Ventures * Director/Treasurer of BancNet * Chairman of the Philippine Clearing House Corporation * Director/Excom/Treasurer of the Bankers Association of the Philippines * President & CEO of International Exchange Bank * Board Member/Trustee of the Museo de Iloilo * SVP and Group Head of Global Transaction Banking of Citibank N.A. * Faculty of College of Engineering/Director of Placement Office of the De La Salle University

Name	**JUDITH V. LOPEZ**
Age	68
Nationality	Filipino
Education	∗ Bachelor of Science in Business Administration major in Accountancy from the University of the East ∗ Management Development Program from the Institute of Management ∗ Executive Business Course for PwC Partners from the University of Western Ontario ∗ Executive Program from the Harvard School of Business ∗ Certificate in Business Economics-Strategic Economic Business Program from the University of Asia and the Pacific ∗ Certified Public Accountant
Current Position in the Bank	∗ Independent Director
Date of First Appointment	∗ April 29, 2025
Directorship in Other Listed Companies	∗ None
Other Current Positions	∗ Independent Director of PNB Capital and Investment Corporation
Other Previous Positions	∗ Independent Director of Philippine Veterans Bank ∗ Chairman/Member, External Audit Committee of International Monetary Fund (Washington DC) ∗ Chairman and Senior Partner/Vice Chairman/Managing Partner for Assurance/Audit Partner of Price Waterhouse Philippines/Isla Lipana & Co. ∗ Trustee/Chairman of FINEX Foundation ∗ Trustee of FINEX Academy ∗ President/Member of the Board of Financial Executives Institute of the Philippines ∗ Chairman of Audit and Assurance Standards Council ∗ Member of Financial Reporting Standards Council ∗ Member of Philippine Interpretations Committee ∗ President of Association of Certified Public Accountants in Public Practice (ACPAPP) ∗ President of ACPAPP Foundation ∗ Board Member/Sectoral Director for Public Practice of Philippine Institute of Certified Public Accountants

Name	**CHESTER Y. LUY**
Age	57
Nationality	Filipino
Education	* Bachelor of Science in Business Administration (*Magna Cum Laude* and graduated at the Top of B.S. Business Administration Class of 1990), University of the Philippines * Masters in Management degree from the J.L. Kellogg Graduate School of Management at Northwestern University, Evanston, Illinois, U.S.A. * Chartered Financial Analyst (CFA)
Current Position in the Bank	* Director
Date of First Appointment	* May 11, 2020 (Board Advisor) * September 22, 2023 (Director)
Directorship in Other Listed Companies	* Board Advisor of LT Group, Inc.
Other Current Positions	* Director of Tanduay Distillers, Inc., Philippine National Bank (Europe) PLC, PNB Global Remittance and Financial Company (HK) Limited, and PNB Remittance Company (Canada) * Board Advisor of Eton Properties Philippines, Inc. and PNB Capital and Investment Corporation
Other Previous Positions	* Board Advisor of Philippine National Bank * He served in senior leadership roles as Managing Director across a variety of businesses including Investment Banking, Corporate Finance, Credit Risk Analysis, Investment Management, and Wealth Management with several international banks and was based in New York, Singapore. * He held senior leadership roles at JPMorgan, Bank of America Merrill Lynch, Barclays Capital, HSBC, Julius Baer, Bank of Singapore and RCBC and PNB * Executive Vice President (EVP) and Head of Strategy Sector and Head of Wealth Management Group of Philippine National Bank (PNB) * Senior Executive Vice President (SEVP), Treasurer and Head for the Financial Advisory and Markets Group (comprised of the Treasury and the Wealth Management Group) of Rizal Commercial Banking Corporation (RCBC) * President and CEO of RCBC Forex Brokers Corporation * Director of PNB-Mizuho Leasing and Finance Corporation * Member of the Singapore Institute of Directors * Served on the Board of a Singapore-based Real Estate and Hospitality Entity
Awards/Citation	* Men Who Matter Award (2017) by People Asia Magazine Survey * Top Senior Analyst in the U.S by Institutional Investor Magazine Polls for several years * Awarded as the Most Outstanding Business Administration Student for the Class of 1990 of University of the Philippines * Graduated at the Top of his Class, garnering the highest GPA for the graduating University of the Philippines' B.S. Business Administration Class of 1990.

Name	**GEOCEL D. OLANDAY**
Age	70
Nationality	Filipino
Education	∗ Bachelor of Science in Business Administration and Accountancy from the University of the Philippines ∗ Master of Business Administration from the University of the Philippines ∗ Certified Public Accountant
Current Position in the Bank	∗ Independent Director
Date of First Appointment	∗ October 11, 2024
Directorship in Other Listed Companies	∗ Lead Independent Director of SBS Philippines Corporation
Other Current Positions	∗ Independent Director of PNB Remittance Company (Canada) ∗ Teaching Fellow at the Institute of Corporate Directors ∗ Advisor of MERG Realty and Amaris Global Philippines ∗ Consultant of Department of Education
Other Previous Positions	∗ CEO & Chief Advisor of Amaris Global Advisory Services (HK), Ltd. ∗ Trustee of South Metro Manila iHome Foundation, Inc. ∗ President of Eternal Bright Sanctuary, Inc. ∗ Advisor of MGS Construction Incorporated ∗ Non-Executive Director of Star 8 Green Technology Corporation, Philippines and Mindoro Resources Ltd. ∗ Chief Operating Officer of Moldex Realty, Inc., Habitat for Humanity Philippines Foundation, Household Development Corporation, Southwell Waterworks Corporation, Brittany Corporation, Capitol Development Bank Securities, Inc., and Brown Bull Properties, Inc. ∗ Part-time Professor Level 5 of De La Salle – College of Saint Benilde ∗ Senior Vice President of Greenfield Development Corporation ∗ Country General Manager of Baxter Healthcare Philippines, Inc. ∗ President of Golden MV Holdings, Inc., Manuela Corporation, and Citicorp Scrimgeour Vickers Ph ∗ Vice President of Citibank NA, Manila Branch ∗ Marketing Manager of Unilever Philippines, Inc. ∗ Vice President for Marketing of Security Bank Corporation – Diners Club International Corporation ∗ Assistant Vice President of Security Bank Corporation ∗ Part-time Manager of Plastimer Industrial Corporation ∗ Senior Product Manager of Unilever Philippines, Inc.

Name	**ISABELITA M. PAPA**
Age	77
Nationality	Filipino
Education	∗ Bachelor of Science in Commerce – Banking & Finance from the University of Sto. Tomas
Current Position in the Bank	∗ Lead Independent Director
Date of First Appointment	∗ August 5, 2021 (Independent Director) ∗ April 29, 2025 (Lead Independent Director)
Directorship in Other Listed Companies	∗ None
Other Current Positions	∗ Independent Director of PNB-Mizuho Leasing and Finance Corporation, PNB-Mizuho Equipment Rentals Corporation, PNB Capital and Investment Corporation, PNB Remittance Centers, Inc., PNB Remittance Company (Canada), and PNB RCI Holding Co., Ltd. ∗ Sole Proprietor of Isabelita Transport ∗ Consultant of Bankers Association of the Philippines ∗ Co-Chairperson for the Task Force of the ISO 20022 Migration Project ∗ Resource Person for Corporate Governance of the Bankers Institute of the Philippines
Previous Positions	∗ Executive Vice President for Operations and Information Technology – Asia United Bank ∗ Director: Rural Bank of Angeles and Cavite United Rural Bank ∗ Senior Vice President/Country Manager – Bank of America N.A. ∗ Executive Vice President for Operations – United Overseas Bank Phils. ∗ Senior Vice President for Operations: Solidbank Corporation and The International Corporate Bank ∗ Assistant Vice President for International Division – Family Bank & Trust Co. ∗ Unit Head/Account Officer – Citibank N.A. ∗ Chairperson – SWIFT Users Group, Philippines ∗ Chairperson, Subcommittee on Payments and Funds Transfer – Bankers Association of the Philippines ∗ President / Resource Person for Corporate Governance – Bankers Institute of the Philippines ∗ Member – Catholic Mass Media Awards Committee

Name	**SHEILA T. PASCUAL**
Age	63
Nationality	Filipino
Education	* Bachelor of Science in Business Management from the Ateneo de Manila University
Current Position in the Bank	* Director
Date of First Appointment	* November 22, 2019
Directorship in Other Listed Companies	* Director of PAL Holdings, Inc.
Other Current Positions	* Director of Allied Commercial Bank, Xiamen, Buona Sorte Holdings Inc., Saturn Holdings, Inc., Tangent Holdings Corporation, Trustmark Holdings Corporation, Philippine Airlines, Inc. and Zuma Holdings and Management Corporation * Business Development Manager of Allied Banking Corporation (Hong Kong) Limited * Treasurer of Eton Properties Ltd.
Other Previous Position/s	* Marketing Development Officer of Asia Brewery Incorporated

Name	**WILFRIDO E. SANCHEZ**
Age	89
Nationality	Filipino
Education	∗ Bachelor of Arts degree from the Ateneo de Manila University ∗ Bachelor of Laws from the Ateneo De Manila University ∗ Masters of Law from Yale Law School
Current Position in the Bank	∗ Director
Date of First Appointment	∗ April 27, 2021 (Independent Director) ∗ April 30, 2024 (Director)
Directorship in Other Listed Companies	∗ Board Advisor of LT Group, Inc.
Other Current Positions	∗ Tax Counsel of QMLaw Firm ∗ Independent Director of Asia Brewery, Inc., Tanduay Distillers, Inc., KS Prime Financial Corp., and Commercial Trade Financial Services, Inc. ∗ Director of Eton Properties Philippines, Inc., Kawasaki Motor Corporation, EMCOR, Inc., K-Servico, Inc., J-DEL Investments and Management Corp., WODEL Financial, Inc., and Trimotors Technology Corp. ∗ Trustee of JVR Foundation, Inc.
Other Previous Position/s	∗ Independent Director Philippine National Bank, Eton Properties Philippines, Inc. and LT Group, Inc. ∗ Director of EEI Corporation and House of Investments, Inc. ∗ Vice Chairman/Director of Antonelli Realty Holdings, Inc. ∗ Trustee of NYK-TDG Friendship Foundation, Inc., Asian Institute of Management, and Gokongwei Brothers Foundation ∗ Independent Director of Transnational Diversified Corp., and Asiabest Group International Inc. ∗ Director of Universal Robina Corp., Transnational Plans, Inc., Center for Leadership & Change, Inc., Adventure International Tours, Inc., Transnational Financial Services, Inc., Amon Trading Corp., Rizal Commercial Banking Corporation, Magellan Capital Holdings Corporation, and Joint Research and Development Corporation

Name	**EUSEBIO V. TAN**
Age	75
Nationality	Filipino
Education	* Bachelor of Arts, Major in Economics – *Summa Cum Laude* (Liberal Arts Accelerated Honors Program) from De La Salle University * Bachelor of Laws from Ateneo De Manila University * Master of Laws, from Columbia Law School, Columbia University New York
Current Position in the Bank	* Director
Date of First Appointment	* September 22, 2023
Directorship in Other Listed Companies	* None
Other Current Positions	* Of Counsel of Angara Abello Concepcio Regalla & Cruz Law Offices (ACCRALAW) * Director of PNB Holdings Corporation * Chairman/President of Monteroma Corporation and Pinnacle Properties, Inc. * Director/President of Elevators Philippines Construction, Inc. and Valleta OPC * Director/Treasurer/Corporate Secretary of Fiorano Holding Corporation * Director/Corporate Secretary of Newtech Pulp, Inc., Balo-I Industrial, Inc., and Roxvil Realty Development Corporation * Director of KPI Elevators, Inc. * Trustee/President of National Music Competitions for Young Artists Foundation, Inc. (NAMCYA) * Trustee of The Philippines-Japan Society, Inc. and Capital Markets Development Foundation, Inc. * Trustee/Corporate Secretary of Justice Reform Initiative, Inc. * Member/Board of Governor of Canadian Chamber of Commerce of the Philippines, Inc. * Board Advisor of Philippines-Japan Economic Cooperation Committee, Inc. * Corporate Secretary of Crown Point Resources Corporation, JR & R Distributors, Inc., Joyson Safety Systems (Philippines) Corp., and Tindahang Pinoy Commodities, Inc.
Other Previous Positions	* Various positions in ACCRALAW * Member of Board of Directors of Meritas Law Firms Worldwide * Director/Treasurer of the Integrated Bar of the Philippines – Pasay, Makati, Mandaluyong, San Juan Chapter * President/Vice President/Ex-Officio Director of Integrated Bar of the Philippines – Makati Chapter * Member of Integrated Bar of the Philippines – National Committee on Legal Aid * Member of the Board of Governors/President of Management Association of the Philippines * Member of the Board of Directors/President of Financial Executives

	Institute of the Philippines
	* Chairman/Board of Trustees of Philippines-Japan Economic Cooperation Committee, Inc.
	* Member of Philippine Host Committee of Inter-Pacific Bar Association – Conference in Manila, Philippines
	* Member of Philippine Host Committee of Lawasia – XVTH Conference in Manila, Philippines
	* President of Rotary Club of Manila (The First Rotary Club in Asia)
Awards/Citations	* Conferred with the award of "The Order of the Rising Sun with Neck Ribbon" by the Emperor of Japan and the Japanese government
	* General Excellence Gold Medal and Dr. Jose Rizal Honors Society Ring Awardee conferred by the De La Salle University
	* Second Honors Silver Medal Awardee conferred by the Ateneo de Manila University

Name	**MICHAEL G. TAN**
Age	59
Nationality	Filipino
Education	* Bachelor of Applied Science in Civil Engineering, Major in Structural Engineering, from the University of British Columbia, Canada
Current Position in the Bank	* Director
Date of First Appointment	* February 9, 2013
Directorship in Other Listed Companies	* Director of LT Group, Inc. and Victorias Milling Company, Inc.
Other Current Positions	* Director, President and Chief Operating Officer of Asia Brewery, Inc. * Director of the following companies: Absolut Distillers, Inc., Tanduay Distillers, Inc., Tanduay Brands International, Inc., Shareholdings, Inc., PMFTC Inc., Pan Asia Securities, Inc., Asia's Emerging Dragon Corporation, Paramount Land Equities, Inc., Saturn Holdings, Inc., Tangent Holdings Corporation, PNB Global Remittance and Financial Company (HK) Limited, Allied Banking Corp. (Hong Kong) Limited, Foremost Farms, Inc., Trustmark Holdings Corporation, and Havitas Developments Corporation * Director/Treasurer of Zuma Holdings and Management Corporation * Trustee of Help Educate and Rear Orphans (HERO) Foundation, Inc. * Member of ASEAN Business Advisory Council (ASEAN BAC) * Director/Vice President of Federation of Filipino Chinese Chambers of Commerce and Industry, Inc. (FFCCCII) * Member of the Private Sector Advisory Council
Other Previous Positions	* Chairman of PNB Holdings Corporation * Director/President/Chief Operating Officer of LT Group, Inc. * Director of Philippine Airlines Inc. Bulawan Mining Corporation, PNB Management and Development Corporation, Alliedbankers Insurance Corporation, PNB Forex, Inc., PNB Savings Bank, Air Philippines Corp., Lucky Travel Corporation, Eton Properties Philippines, Inc., ALI-Eton Development Corporation, Sabre Travel Network (Philippines), Inc., Allied Commercial Bank, Xiamen, MacroAsia Corporation, Maranaw Hotel (Century Park Hotel) * Director and Treasurer of PAL Holdings, Inc. * Director for Transport and Vice President for Industry of Philippine Chamber of Commerce and Industry * Trustee of Philippine Airlines Foundation, Inc. * Director of Allied Banking Corporation (ABC) from January 30, 2008 until the ABC's merger with PNB on February 9, 2013 * Honorary Advisor of the sixth edition of the Belt and Road Summit held on September 2021 in Hong Kong
Awards/Citations	* 2021 Stargate People Asia "People of the Year" * 2021 4th Mansmith Masters Awards

Name	**VIVIENNE K. TAN**
Age	57
Nationality	Filipino
Education	* Bachelor of Science - Double Degree in Mathematics and Computer Science from the University of San Francisco, U.S.A * Diploma in Fashion Design and Manufacturing Management from the Fashion Institute of Design and Merchandising, Los Angeles, U.S.A.
Current Position in the Bank	* Director
Date of First Appointment	* December 15, 2017
Directorship in Other Listed Companies	* Director of LT Group, Inc. and MacroAsia Corporation
Other Current Positions	* Director of Eton Properties Philippines, Inc., Philippine Airlines, Inc., and Air Philippines Corporation * Director of Dynamic Holdings Limited * Trustee of University of the East, University of the East Ramon Magsaysay Memorial Medical Center and College of Saint Benilde * Founding Chairperson of the Entrepreneurs School of Asia (ESA) * Founding Trustee of the Philippine Center for Entrepreneurship (Go Negosyo)
Other Previous Positions	* Board Advisor of LT Group, Inc. * Director of PAL Holdings * Director/Executive Vice President/Treasurer/Chief Administrative Officer of Philippine Airlines, Inc. * Executive Vice President, Commercial Group and Manager, Corporate Development, of Philippine Airlines, Inc. * Director of Bulawan Mining Corporation and PNB Management and Development Corporation * Founder and President of Thames International Business School * Owner of Vaju, Inc. (Los Angeles, U.S.A.) * Systems Analyst/Programmer of Fallon Bixby & Cheng Law Office (San Francisco, U.S.A.) * Proponent/Partner of various NGO/social work projects like Gawad Kalinga's GK-Batya sa Bagong Simula, livelihood programs thru Teenpreneur Challenge spearheaded by ESA, Conserve and Protect Foundation's artificial reef project in Calatagan, Batangas, Quezon City, Sikap-Buhay Project's training and mentorship program for micro-entrepreneurs, and as Chairman of Ten Inspirational Entrepreneur Students Award
Awards/Citations	* Recipient of the Ten Outstanding Young Men (TOYM) Award for Business Education and Entrepreneurship (2006), UNESCO Excellence in Education and Social Entrepreneurship Award (2007), Leading Women of the World Award (2007), and "People of the Year", People Asia Award (2008)

Name	**MARIA ALMASARA CYD N. TUAÑO-AMADOR**
Age	69
Nationality	Filipino
Education	* Bachelor of Science in Business Economics from the University of Philippines School of Economics (with honors) * Master of Arts in Economics from the University of Philippines School of Economics * Master of Science in Policy Science from the Graduate Institute of Policy Science in Tokyo, Japan * Doctor of Philosophy in Economics from the Australian National University * Leadership Course in Driving Government Performance from Harvard Kennedy of School of Government
Current Position in the Bank	* Independent Director
Date of First Appointment	* April 25, 2023
Directorship in Other Listed Companies	* None
Other Current Positions	* Independent Director of Radiowealth Finance Company Inc., Radiowealth Financial Services Corporation, and PNB International Investments Corporation * Chairman/Independent Director of PNB Remittance Company (Canada) * Advisor of the Association of BSP Retirees, Inc., and BSP Compassionate Leaders for Animal Welfare * Advisor of the National Graduate Institute for Policy Studies – Philippine Alumni Association
Previous Positions	* Deputy Governor of the Resource Management Sector of the BSP * Head of the BSP Research Academy * Chairperson of the BSP Provident Fund * Vice-Chairperson of the Philippine International Convention Center (PICC) * Chairperson of the PICC Executive Committee * Director of the Philippine Guarantee Corporation * Director of the Philippine Retirement Authority * Advisory Panel of the ASEAN+3 Macroeconomic Research Office * Assistant Governor of the Monetary Policy Sub-Sector of the BSP * Managing Director of the Monetary Policy Sub-Sector of the BSP * Director of the Center for Monetary & Financial Policy of the BSP * Senior Advisor/Advisor to the Executive Director of the International Monetary Fund, Washington, D.C. * Director of the Department of Economic Research of the BSP * Held positions in various capacities at the Department of Economic Research of the BSP

Name	**MARCIA T. UY**
Age	64
Nationality	Filipino
Education	* Bachelor of Science in Business Economics from the University of the Philippines, Diliman * Master of Business Administration from Fordham University Graduate School of Business, New York * Association of Corporate Treasurers (ACT) Certificate in International Treasury (CertT)
Current Position in the Bank	* Independent Director
Date of First Appointment	* April 29, 2025
Directorship in Other Listed Companies	* None
Other Current Positions	* Independent Director of PNB International Investments Corporation * Director and Treasurer of McKinley West Homeowners' Association * Affiliate Membership Association of Corporate Treasurers (ACT). The ACT is the only professional treasury body with a Royal Charter, serving as a center of excellence for treasury, risk, and corporate finance. * Member NextGen Organization of Women Corporate Directors (NOWCD)
Other Previous Positions	* Head of Commercial Treasury, Assistant Group Treasurer & Director of Rio Tinto * Treasurer of GE Healthcare * Head of Treasury Operations of Shell Treasury Centre East of Royal Dutch Shell * Head of Treasury & Corporate Finance of Pilipinas Shell Petroleum Corporation * Senior Budget Analyst of Office of Management & Budget New York City * Co-chair International Chamber of Commerce (ICC) Steering Committee Digital Trade Standards Singapore

Name	**CESAR L. VILLANUEVA**
Age	69
Nationality	Filipino
Education	* Bachelor of Science in Commerce – *Magna Cum Laude* from the Holy Angel University * Bachelor of Laws – *Valedictorian and Cum Laude* from the Ateneo de Manila Law School * Master of Laws from the Harvard Law School * Diplomate of Juris Science from the San Beda Graduate School of Law * Certified Public Accountant * Member, Philippine Bar
Current Position in the Bank	* Director
Date of First Appointment	* April 29, 2025
Directorship in Other Listed Companies	* None
Other Current Positions	* Senior Founding Partner of Villanueva Gabionza & Dy Law Firm * Executive Director of Asian Development Bank Administrative Tribunal * Independent Director of Professional Services, Inc./The Medical City * Director of Kapampangan Development Foundation, Inc. * Professorial Lecturer of Ateneo de Manila Law School * Chairman of VGS Insurance Agency, Inc. * Director of VGS Holdings, Inc. * Director/President of VGS Properties, Inc. * Director of VGS Land, Inc. * Director of GTM Real Estate Holdings, Inc. * Director of Batangas Land Company, Inc.
Other Previous Positions	* Dean of Ateneo de Manila Law School * Director/Chairman of the Institute of Corporate Directors * Independent Director of Medical Doctors, Inc. (Makati Medical Center) * Chairman/CEO of GOCC Governance Commission * Chairman of Clark Development Corporation * Director of Clark International Airport Corp.

Board Advisors:

Name	**FLORIDO P. CASUELA**
Age	84
Nationality	Filipino
Education	* Bachelor of Science in Business Administration, Major in Accounting from the University of the Philippines * Masters in Business Administration from the University of the Philippines * Advanced Management Program for Overseas Bankers from the Philadelphia National Bank in conjunction with Wharton School of the University of Pennsylvania * Study Tour (Micro Finance Program and Cooperatives), under the Auspices of the United States Agency for International Development
Government Civil Service Eligibilities	* Certified Public Accountant, Economist, Commercial Attaché
Current Position in the Bank	* Board Advisor
Date of First Appointment	* May 30, 2006 (as Director) * July 5, 2022 (as Acting President) * April 25, 2023 (President) * April 29, 2025 (Board Advisor)
Directorship in Other Listed Companies	* None
Other Current Positions	* Chairman of PNB Securities, Inc.
Other Previous Positions	* Director/President of Philippine National Bank * Director of Allianz PNB Life Insurance, Inc. * Director of BancNet, Inc. * Director of PNB International Investments Corporation * Director of PNB RCI Holding Co., Ltd. * Director of PNB Remittance Company (Canada) * Director and President of Genbancor Condominium Corporation * President and Vice Chairman of Land Bank of the Philippines * President and Vice Chairman of PNB Republic Bank (*now Maybank Philippines, Inc.*) * President of Surigao Micro Credit Corporation * Vice Chairman of PNB Savings Bank (*now Allied Integrated Holdings, Inc.*) * Chairman of Casuela Equity Ventures, Inc. * Director of Surigao Micro Credit Corporation * Director of PNB Life Insurance, Inc. * Director of Manila Electric Corporation * Director of Asean Finance Corporation Ltd. (Singapore) * Trustee of Land Bank of the Philippines Countryside Development Foundation, Inc. * Senior Adviser of the Bank of Makati (a Savings Bank), Inc. * Senior Adviser in the BSP * Senior Executive Vice President of United Overseas Bank

(Westmont Bank)

- Executive Vice President of PDCP (Producers Bank)
- Senior Vice President of Philippine National Bank
- Special Assistant to the Chairman of the National Power Corporation
- First Vice President of Bank of Commerce
- Vice President of Metropolitan Bank & Trust Co.
- Staff Officer, BSP
- Audit Staff of Joaquin Cunanan, CPAs (Isla Lipana & Co.)
- Board Member of Fertilizer and Pesticide Authority (*Note: Being represented in the FPA Board by FVP Jonathan Uy*

Awards/Citations

- One of the ten (10) awardees of the 2001 Distinguished Alumni Award of the UP College of Business Administration
- Most Outstanding Surigaonon in the field of Banking and Finance, awarded by the Rotary Club – Surigao Chapter

Name	**WILLIAM T. LIM**
Age	85
Nationality	Filipino
Education	* Bachelor of Science in Chemistry from Adamson University
Current Position in the Bank	* Board Advisor
Date of First Appointment	* January 25, 2013
Directorship in Other Listed Companies	* None
Other Current Positions	* President of Jas Lordan, Inc. * Director of PNB Securities, Inc., PNB Holdings Corporation, Allied Integrated Holdings, Inc. *(formerly PNB Savings Bank),* Allied Commercial Bank - Xiamen, and Genbancor Condominium Corporation * Advisor to the Chairman of the Board of Directors of Allianz PNB Life Insurance, Inc.
Other Previous Positions	* Board Advisor of PNB Savings Bank * Director of PNB Life Insurance, Inc., BH Fashion Retailers, Inc., and Concept Clothing, Co., Inc. * Consultant of Allied Banking Corporation * Director of Corporate Apparel, Inc. * Director of Concept Clothing * Director of Freeman Management and Development Corporation * Worked with Equitable Banking Corporation for 30 years, occupying various positions, including as VP & Head of the Foreign Department

Name	**FEDERICO C. PASCUAL**
Age	83
Nationality	Filipino
Education	* Bachelor of Arts, Ateneo de Manila University * Bachelor of Laws (Member, Law Honors Society), University of the Philippines * Master of Laws, Columbia University
Current Position in the Bank	* Board Advisor
Date of First Appointment	* May 27, 2014 (as Independent Director) * April 27, 2021 (as Chairman of the Board) * April 25, 2023 (Board Advisor)
Directorship in Other Listed Companies	* None
Other Current Positions	* Chairman of PNB-Mizuho Leasing and Finance Corporation and PNB-Mizuho Equipment Rentals Corporation * Independent Director of Allianz PNB Life Insurance, Inc. * President/Director of Tala Properties, Inc. and Woldingham Realty, Inc. * Director of Apo Reef World Resort, Sarco Land Resources Ventures Corporation, SCTEX Development and Franchisers Corporation, and Hermosa Golden Rainbow Corporation * Partner of the University of Nueva Caceres Bataan Branch
Other Previous Positions	* Independent Director of PNB International Investments Corporation * Chairman/Independent Director of PNB General Insurers Co., Inc. and PNB Capital and Investment Corporation * Independent Director of PNB Holdings Corporation and PNB Savings Bank * President and General Manager of Government Service Insurance System * President and CEO of Allied Banking Corporation and PNOC Alternative Fuels Corporation * Various positions with PNB for twenty (20) years, including Acting President, CEO and Vice Chairman * President and Director of Philippine Chamber of Commerce and Industry * Chairman of National Reinsurance Corporation * Co-Chairman of the Industry Development Council of the Department of Trade and Industry * Treasurer of BAP-Credit Guarantee * Director of San Miguel Corporation, Philippine Stock Exchange, Manila Hotel Corporation, Cultural Center of the Philippines, CITEM, Bankers Association of the Philippines, Philippine National Construction Corporation, Allied Cap Resources HK, Oceanic Bank SF, USA, AIDSISA Sugar Mill, PDCP Bank, Equitable PCIB, Bankard, Philippine International Trading Corporation, and Philippine National Oil Corporation * Chairman and President of Alabang Country Club

Name	**LOURDES A. SALAZAR**
Age	70
Nationality	Filipino
Education	* Bachelor of Science in Commerce – major in Accounting (BSC in Accounting), University of Santo Tomas * Certified Public Accountant * Bachelor of Laws (LLB), University of the East
Current Position in the Bank	* Board Advisor
Date of First Appointment	* April 25, 2023
Directorship in Other Listed Companies	* None
Other Current Positions	* Chief Executive Officer & Director, Allied Banking Corporation (Hong Kong) Limited, a restricted license bank * Board Adviser of Philippine Airlines, Inc. * Trustee, Allied Banking Corporation (Hong Kong) Limited Provident Fund * Director, ACR Nominees Limited * Director & Shareholder, Aposal Realty Corporation * Trustee & Special Projects Adviser, The Hong Kong Bayanihan Trust * Chairman, The DTC Association (The Hong Kong Association of Restricted License Banks and Deposit-taking Companies) * Honorary Member, The Philippine Chamber of Commerce in Hong Kong * Member representing DTCA, The Hong Kong General Chamber of Commerce * Member representing DTCA, The Deposit-taking Companies Advisory Committee, Hong Kong Monetary Authority * Honorary Advisor, The Hongkong Institute of Bankers
Other Previous Positions	* Independent Non-Executive Director, Allied Banking Corporation (Hong Kong) Limited, a restricted license bank * Independent Non-Executive Director, Dynamic Holdings Limited (HK Stock Code 29) * Executive Director, The Philippine Chamber of Commerce in Hong Kong * Member, HK Qualifications Framework Banking Industry Training Advisory Committee
Awards/Citations	* Banaag Award – The Philippine Presidential Citation for Filipino Individuals ang Organizations Overseas in recognition of her diligence in initiating and effecting projects to promote the professional and socio-cultural advancement of Filipino entrepreneurs, overseas workers, and other sectors of the Filipino community in Hong Kong

Name	**CARMEN K. TAN**
Age	84
Nationality	Filipino
Current Position in the Bank	* Board Advisor
Date of First Appointment	* May 31, 2016 (Director) * September 22, 2023 (Board Advisor)
Directorship in Other Listed Companies	* Director of LT Group, Inc. MacroAsia Corporation and PAL Holdings, Inc.
Other Current Positions	* Vice Chairman of Philippine Airlines, Inc. * Director: Air Philippines Corporation, Asia Brewery, Inc., Buona Sorte Holdings, Inc., Cosmic Holdings Corporation, The Charter House, Inc., Dominium Realty and Construction Corporation, Eton City, Inc., Foremost Farms, Inc., Fortune Tobacco Corporation, Himmel Industries, Inc., Manufacturing Services & Trade Corp., Progressive Farms, Inc., PMFTC, Inc., Shareholdings Inc., Sipalay Trading Corp., Tanduay Distillers, Inc., Tangent Holdings Corporation, Trustmark Holdings Corp., Alliedbankers Insurance Corporation, Zuma Holdings and Management Corp., Grandspan Development Corp., Basic Holdings Corp., Saturn Holdings, Inc., Paramount Land Equities, Inc., Interbev Philippines, Inc., Waterich Resources Corp., and REM Development Corp.
Major Affiliations	* Trustee of Tan Yan Kee Foundation * Member of Tzu Chi Foundation

Name	**FLORENCIA G. TARRIELA**
Age	79
Nationality	Filipino
Education	* Bachelor of Science in Business Administration degree, Major in Economics, University of the Philippines * Master in Economics degree from the University of California, Los Angeles, where she topped the Masters Comprehensive Examination
Current Position in the Bank	* Board Advisor
Date of First Appointment	* May 29, 2001 (as Director) * May 24, 2005 (as Chairman of the Board) * May 30, 2006 (as Independent Director) * April 27, 2021 (as Board Advisor)
Directorship in Other Listed Companies	* Independent Director of LT Group, Inc. * Independent Director of Nickel Asia Corporation
Other Current Positions	* Columnist for "Business Options" of the Manila Bulletin and "FINEX Folio" of Business World * Director/Vice President of Tarriela Management Company and Director/Vice President/Assistant Treasurer of Gozon Development Corporation * Life Sustaining Member of the Bankers Institute of the Philippines * Trustee of Tulay sa Pag-unlad, Inc. (TSPI) Development Corporation, TSPI MBAI * Director of Financial Executive Institute of the Philippines (FINEX) * Trustee of Philippine Bible Society
Other Previous Positions	* Chairman/Independent Director of Philippine National Bank, PNB Capital and Investment Corporation, PNB-Mizuho Leasing and Finance Corporation, and PNB-Mizuho Equipment Rentals Corporation * Director of PNB International Investments Corp. * Director of PNB Capital and Investment Corporation * Director of Eton Properties Philippines Inc. * Independent Director of PNB Life Insurance, Inc. * Director of Bankers Association of the Philippines * Undersecretary of Finance * Alternate Monetary Board Member of the BSP, Land Bank of the Philippines and the Philippine Deposit Insurance Corporation * Deputy Country Head, Managing Partner and first Filipina Vice President of Citibank N. A. * Country Financial Controller of Citibank NA Philippines for 10 years * President, Bank Administration Institute of the Philippines
Awards/Citations	* 2014 Most Outstanding Citibank Philippines Alumni awardee for community involvement * 2018 Go Negosyo Woman Intrapreneur Awardee

Name	**RUTH PAMELA E. TANGHAL**
Age	57
Nationality	Filipino
Education	* Bachelor of Science in Mathematics from the Notre Dame University, Cotabato City * Juris Doctor from the Notre Dame University, Cotabato City
Current Position in the Bank	* Corporate Secretary
Date of First Appointment	* September 25, 2020
Directorship in Other Listed Companies	* None
Other Current Positions	* Corporate Secretary, Allied Integrated Holdings Inc. (Formerly: PNB Savings Bank) * Corporate Secretary, PNB International Investments Corporation (North America) * Corporate Secretary, PNB Remittance Centers, Inc. (North America) * Trustee/Corporate Secretary, PNB Foundation, Inc. * Director, E.C. Tanghal & Co., Inc.
Other Previous Positions	* Corporate Secretary, Genbancor Condominium Corporation * Assistant Corporate Secretary, PNB * Documentation Lawyer, PNB Legal Group

Name		**MICHELLE A. PAHATI-MANUEL**
Age		53
Nationality		Filipino
Education/Training	* * *	AB Political Science, University of Santo Tomas Juris Doctor, Saint Louis University Certified Compliance Officer
Current Position in the Bank	*	Assistant Corporate Secretary
Date of First Appointment	*	September 25, 2020
Directorship in Other Listed Companies	*	None
Other Current Positions	* * *	Corporate Secretary, PNB Securities, Inc. Corporate Secretary, PNB Remittance Company (Canada) Trustee, PNB Foundation, Inc.
Other Previous Positions	* * * * * * * *	Corporate Secretary, PNB Capital and Investments Corporation Department Head, Litigation Division, PNB Legal Group Research Lawyer, PNB Legal Group Investigating Lawyer (for Administrative Cases), PNB Legal Group Corporate Secretary, Bulawan Mining Corporation Corporate Secretary, PNB Management and Development Corporation (MADECOR) Court Attorney, Supreme Court Court Attorney, Court of Appeals

The following constitute the Bank's Corporate Governance and Sustainability Committee for the year 2025-2026:

Geocel D. Olanday* - Chairman
Maria Almasara Cyd N. Tuaño-Amador * - Vice Chairman
Judith V. Lopez* - Member
Isabelita M. Papa * - Member
Marcia T. Uy* - Member
** Independent Director*

The following constitute the Bank's Board Audit and Compliance Committee (BACC) for the year 2025-2026:

Judith V. Lopez* - Chairman
Geocel D. Olanday* - Vice Chairman
Chester Y. Luy - Member
Isabelita M. Papa* - Member
Michael G. Tan - Member
Eusebio V. Tan - Member
Maria Almasara Cyd N. Tuaño-Amador* - Member
Marcia T. Uy* - Member
** Independent Director*

The following are the Executive Officers of the Bank:

EDWIN R. BAUTISTA
(Please refer to page 13 of this Information Statement)

ROBERTO F. ABASTILLAS, 65, Filipino. "Bobby' is Executive Vice President and Head of the Institutional Banking Sector. He obtained his Bachelor of Science in Management (Honors Program) from Ateneo de Manila University and completed his Management Development Program at Asian Institute of Management. He brings with him over 40 years of banking experience, with the last 18 years spent in key leadership roles at UnionBank of the Philippines. His positions included Executive Vice President and Head of the Commercial Banking Center and SME Group. He also sat as a member of the Board of several UnionBank subsidiaries, including Bangko Kabayan Inc. in 2023 and First Union Insurance and Financial Agencies, Inc. in 2017. In addition, he contributed as Co-Chairman of the Credit Committee and was a member of both the Management and Retirement Committees. Prior to joining PNB, he served as Consultant, where he provided strategic guidance aimed at helping organizations achieve their financial targets. His earlier career includes leadership and officer roles across several financial institutions: First Vice President and Account Management Group Head at International Exchange Bank in 1995, Vice President and Account Management Center Group Head 1 at United Coconut Planters Bank in 1986, Account Officer at UnionBank in 1983, and Associate Account Officer at Family Bank & Trust Company in 1982.

FRANCIS B. ALBALATE, 55, Filipino, holds the position of Executive Vice President and Chief Financial Officer of Philippine National Bank. He is a Certified Public Accountant. He also holds the position of Vice President and a Member of the Board of Trustees (Secretary) of the Bankers Institute of the Philippines. Prior to joining the PNB, he was Senior Vice President and Financial Controller of Union Bank of the Philippines. He was an Audit Partner at Punongbayan & Araullo from 2003 to 2011. He worked as Head of the Transaction Advisory Services from 2007 to 2009 and Audit Senior Manager from 1999 to 2003. He was a former Financial Services Industry Audit Leader at Deloitte Philippines from 2011 to 2016. He earned a Master's degree in Business Management from the Asian Institute of Management. He graduated with a degree in Bachelor of Science in Commerce, majoring in Accounting, from San Beda College. He attended the Pacific Rim Bankers Program at the University of Washington in 2006.

ROBERTO D. BALTAZAR, 62, Filipino, Executive Vice President, is currently the Head of Global Banking and Markets Sector which includes the Global Markets Group and Wealth Management Group. He is likewise a director of PNB Capital and Investment Corporation. He sits as a voting member of the ALCO, Senior Management Committee, and the Institutional Banking Credit Committee. He is likewise the Chairman of the Customer Experience Committee. Mr. Baltazar brings with him over 30 years of banking experience both in the Financial Markets, Corporate Banking, and Investment Banking. He was a relationship manager in Far East Bank, then spent 4 years in Citibank as a foreign exchange trader then moved to HSBC in 1994 as head of FX Trading then eventually became Head of Global Markets, Debt Capital Markets and Securities Services in 2014. He sustained Debt Capital Markets and HSBC Securities Services (HSS) position as the number one Debt Capital Markets and Global Custodianship Business during his tenure. During this time, HSBC was likewise one of the top FX and Bond Trading houses. He was ACI President in 2013. He was an active member of the BAP Open Market Committee, specifically in the Foreign Exchange Subcommittee. He obtained his Bachelor of Arts degree in Economics from the Ateneo de Manila University and Master's in Business Administration Degree from the University of North Carolina at Chapel Hill, USA.

REYNALDO C. BURGOS, 57, Filipino. "Rey" is First Senior Vice President and Head of the Operations Group. He spearheads the transformation drive of PNB. Rey is also in-charge of process re-engineering aimed at taking out duplicates and redesigning processes to achieve significant improvements in productivity and efficiency. He is a member of the Bankers Association of the Philippines (BAP) Operations Committee serving for more than 10 years already. At Bancnet, he is one of the Board of Directors, member of the Operations and e-Banking Committees. He is also a director of the Philippine Clearing House Corporation (PCHC) and member of the Executive, Arbitration and Information Technology Committees. Before joining PNB, he was connected with Metrobank from 1990 to 2022 as First Vice President, handling Settlements, Cash, and Clearing Operations. With over 30 years of experience, he was exposed to different areas of operations and was part of various projects such as re-engineering, branch transformation to sales model, process review and streamlining, data driven work and analytics, and automation. He was a major contributor of the Cash Service Alliance (CSA) project of the Bangko Sentral ng Pilipinas (BSP) and acted as Technical Working Group Head in the implementation of the Check Image Clearing System (CICS) in the Philippines, under the guidance of the BSP, PCHC, and BAP. He served as President of the Clearing Officers Club, Inc. (COCI) of the Philippines for 11 years and an ex-officio member until now. Rey holds a Bachelor of Science degree in Commerce Major in Accountancy from Colegio de San Juan de Letran.

CARLO S. DIMAALA, 58, Filipino, known affectionately as Caloy among his colleagues, is a seasoned professional in the banking industry, currently serving as the First Senior Vice President and Head of the Retail Banking Sector. With over 36 years of extensive experience, he has built a distinguished career that began in 1989 when he joined Far East Bank and Trust Company as a Settling Clerk. After six years, Carlo transitioned to Banco de Oro, taking on the role of Branch Accountant for more than a year. His career then saw a series of progressive moves, starting with BA Savings Bank in October 1996. By May 1997, he had joined Capitol Development Bank, and a year later, he moved to Rizal Commercial Banking Corporation-Savings Bank, where he dedicated nearly five years to his role. In 2004, Mr. Dimaala joined Allied Banking Corporation (ABC) as a Branch Operations Officer. His time at ABC was marked by significant growth and achievement. He gained comprehensive expertise in branch banking operations, climbing the ranks through various pivotal roles including Branch Head, Area Head, and Region Head. His exceptional leadership and performance culminated in his appointment as the Branch Banking Group Head of Visayas and Mindanao in March 2018. Carlo's consistent excellence did not go unnoticed. On May 16, 2024, he was promoted to head the Retail Banking Sector, officially taking on his new responsibilities and the rank of First Senior Vice President (FSVP) on June 1, 2024. Mr. Dimaala's strong academic foundation is built upon a Bachelor of Science in Accountancy from the University of San Jose-Recoletos, Main Campus, complemented by a Master's in Business Administration from the same institution.

MARIA PAZ D. LIM, 65, Filipino, First Senior Vice President, is the Corporate Treasurer. She is also concurrently the Treasurer of PNB Capital and Investment Corporation and Allied Integrated Holdings, Inc. She obtained her Bachelor of Science degree in Business Administration, Major in Finance and Marketing, from the University of the Philippines, and Master's in Business Administration from the Ateneo de Manila University. She joined PNB on June 23, 1981, rose from the ranks and occupied various officer positions at the Department of Economics & Research, Budget Office and Corporate Disbursing Office prior to her present position.

DAVE T. MORALES, 50, Filipino**,** First Senior Vice President and Group Head, Mortgage and Auto Lending. A distinguished banking executive whose career spans 29 years of exemplary service in Consumer Lending and Retail Banking. Prior to joining PNB in August 2025, Mr. Morales devoted 21 years to UnionBank of the Philippines, where he rose through the ranks in leadership roles. As Senior Vice President II and Head of Mortgage Business, he was instrumental in driving sales growth, product development, enhancing credit risk policies, and optimizing lending operations. In earlier roles, including Sales Director for the Luzon North Region under the Retail Banking Center, he led regional sales efforts and strengthened customer engagement initiatives. His leadership also encompassed oversight of compliance and operational functions across Loan Operations, Collections, and Asset Recovery Units, ensuring disciplined execution and performance excellence. He also honed his expertise in credit and portfolio management through his tenure in the Credit Card departments of Far East Bank & Trust Company and the Bank of the Philippine Islands. Throughout his career, Mr. Morales has been recognized for transformational leadership, innovative solutions, and consistent delivery of results. A firm believer in combining academic and work, Mr. Morales earned his Doctor of Philosophy in Commerce and Master of Business Administration from the University of Santo Tomas, and his strong educational foundation complements a career marked by strategic insight, operational excellence, and measurable business impact.

MICHAEL M. MORALLOS, 57, Filipino, First Senior Vice President and Head of the Information Technology Group of Philippine National Bank, bringing over thirty-two (32) years of experience in the information technology and banking industries. He holds a Bachelor of Arts in Philosophy and Political Science from the University of the Philippines and completed advanced computer studies at the National Computer Institute of the Philippines. His professional background includes serving as a Senior FIS Systematics Products Consultant, complemented by extensive training on Wharton Senior Executive Program, IBM Project Management, Ateneo Banking Principles, and comprehensive banking systems training at the Fidelity Information Services (FIS) Training Center in Little Rock, Arkansas. Prior to joining PNB, he was First Senior Vice President and Head of Technology Platform at Siam Commercial Bank, the largest bank in Thailand. As Chief Technology Officer of PNB, Michael leads the bank’s enterprise-wide technology transformation. He spearheads major modernization programs including the Core Banking and ATM Switch modernization, enterprise-level Disaster Recovery and Business Continuity live DR activation, Consumer, Commercial and Corporate Loans Automation, Enterprise Resource Planning and the card tokenization initiative. He oversees mission-critical digital platforms, driving enhancements to the PNB Digital App, enterprise API management, containerization and CI/CD automation, security modernization (SAST/DAST), and the document management technology refresh. His leadership also advances the Bank’s cloud adoption, workflow automation, and data-driven initiatives, strengthening customer experience, regulatory compliance, and operational resilience across PNB’s domestic and overseas network.

ROLAND V. OSCURO, 62, Filipino, First Senior Vice President, is the Chief Information Security Officer and, in concurrent capacity the Data Protection Officer. He obtained his Bachelor of Science in Electronics and Communication Engineering degree from Mapua Institute of Technology and took up units in Master in Business Administration for Middle Managers at the Ateneo de Manila Graduate School. He is an Electronic and Communications Engineering Board passer. He is also an ISACA Certified Information Security Manager (CISM). Prior to his present position, Mr. Oscuro was hired as IT Consultant of the Bank on November 2, 2003. In May 2004, he was appointed as the Head of Network Management Division of Information Technology Group with the rank of First Vice President. He was the Operational Support System Group Manager of Multi-Media Telephony, Inc (Broadband Philippines) prior to joining PNB. He was also connected with various corporations such as Ediserve Corp. (Global Sources), Sterling Tobacco Corporation, Zero Datasoft (Al Bassam), Metal Industry Research and Development Center, and Pacific Office Machines, Inc.

LOTUS R. ALTAVAS, 51, Filipino, Senior Vice President, is the Head of the Human Resource Group. Lotus is a seasoned HR professional with over 20 years of solid experience gained from the banking & financial services industry. Prior to joining PNB in March 2024, she held the role of an HR Business Partner for BDO Unibank, Inc. covering the Information Technology Group. Before BDO, she was connected with ING Bank for six (6) years as Director/Head of Human Resources in concurrent capacity as HR Business Partner for Asia Retail Markets. She worked for Citi for 12 years where she held, among others, an HR Generalist role for various business units. She left Citi in 2016 as Vice President handling HR for Operations and Technology Group. Lotus is a Magna Cum Laude graduate from St. Scholastica's College, Manila with degrees in Bachelor of Science in Psychology and Bachelor of Arts in Guidance and Counseling.

MARIO LUIS P. CRUEL, 57, Filipino. *Mayo* serves as Senior Vice President and Chief Credit Officer. Prior to assuming his role as Group Head, he served as Division Head of the Credit Management Division from 2017 to 2025, and Department Head of the Credit Management Department – Head Office (CMDHO) from 2012 to 2017. He joined PNB in 2007 as a Credit Manager with the rank of Assistant Vice President. Before joining PNB, he held various credit-related roles at Metrobank, Solidbank, and Asiatrust Bank which provided exposure and work experience in credit risk management and lending operations. Mayo holds a Bachelor of Science in Business Administration from the University of the Philippines. He also enhanced his leadership and managerial capabilities by completing the four-week Management Development Program at the Asian Institute of Management (AIM)**.**

ANTONIO M. ELICAÑO, 61, Filipino, Senior Vice President, has been the Bank's Chief Legal Counsel since 22 August 2025. He earned a double-major from the Ateneo de Manila University in 1987 and 1988 and his J.D. from the Ateneo Law School in 1994. Prior to joining the Bank in 2010, he served as a law clerk at the Supreme Court for four (4) years, then a year in Malacañang as the Deputy Executive Director of the Preparatory Commission on Constitutional Reforms. He entered private practice in 2000 and was with the Bernas Law Offices until 2010.

JOY JASMIN R. SANTOS, 52, Filipino, serves as Senior Vice President and Chief Trust Officer. She previously led the Corporate Trust Division from 2013 to 2018 and earlier headed the Business Development Division of the Trust Banking Group from 2010 to 2012. Before joining PNB, she held strategic leadership roles in Citibank Savings, Inc., Keppel Bank, American Express Bank, and BPI. Ms. Santos graduated *cum laude* from the Ateneo de Manila University with a Bachelor of Arts degree in Management Economics. She earned her Master of Business Administration from the Australian National University in Canberra in 2002. In 2015, she completed with distinction the Trust Operations and Investment Management program of the Trust Institute Foundation of the Philippines. She served on the Board of Directors of the Trust Officers Association of the Philippines (TOAP) from 2021 to 2024, including her term as Vice President and Director in Charge of Fiduciary Products Development. She currently sits on the TOAP Advisory Board.

JENILYN B. VALDEZ, 50, Filipino, Senior Vice President, is the Head of the Corporate Planning and Analysis Division and the Investor Relations Officer of the Bank. She obtained her Bachelor of Science degree in Commerce, Major in Marketing Management from De La Salle University. She completed her Master of Management from Macquarie Graduate School of Management at Macquarie University in Sydney, Australia. In 2022, she gained certificate from Asian Institute of Management on Corporate and Strategic Planning. Prior to joining PNB, she was a First Vice President at Security Bank Corporation and Head of Financial Planning Division from September 2020 to July 2025. Her fintech experience were gained from True Money Philippines, Inc as CFO and Treasurer, from 2016 to 2020 and in G-Xchange, Inc. as Finance & Treasury Operations Director from 2014 to 2016. She played the roles of as Sales Productivity Head, Sales Performance Head and Branch Network Performance Head within the Global Consumer Business from 2006 to 2014 in Citibank Philippines, N.A. Her international exposure in the M&A Research and Capital Markets where she worked in Sydney, Australia from 2000 to 2005 in Thomson Reuters Australia.

CONSTANTINO T. YAP, Cons, 62, Filipino, is the Senior Vice President and Head of Digital Channel Management & Innovation Group, supervising the Bank's business strategies concerning digital transformation. In 2007, he began working at Allied Banking Corporation as the Special Project's Manager within the IT Division, where he spearheaded core banking system implementation for Allied Commercial Bank (Xiamen) as well as First Investment Finance Limited in Papua New Guinea. After the merger between Allied and PNB, he became Head of IT in 2013 and implemented integration strategies for its core banking and other banking applications across several banking organizations. In 2018, he was assigned to the Office of the President to oversee the Bank's strategies concerning information technology. With over 18 years of experience in IT and banking, Cons has been instrumental in driving technological advancements and operational efficiency. Before joining the banking industry, he was the Dean of the College of Engineering and College of Computer Studies & Systems at the University of the East (Manila campus) from 2005 to 2007 and the Assistant Dean of the College of Computer Studies at Lyceum of the Philippines from 2004 to 2005, including

Vice President for Betting Operations at the Philippine Racing Club from 1996-2000. Cons earned his Master of Science in Electrical Engineering from Purdue University, USA in 1986.

JULIET S. DYTOC, 55, Filipino. "Juliet" is First Vice President, Chief Risk Officer and Head of the Enterprise Risk Management Group. She joined PNB in 2010 under the Trust Banking Group (TBG) as Trust Risk Division Head. In this capacity, Juliet institutionalized the Trust Risk Management framework that covered a comprehensive range of risk areas including credit, market, operational, strategic, regulatory, liquidity, and reputational risk, among others. In September 2020, Juliet was appointed as head of the Market and ALM Division to manage the Bank's market, liquidity, and interest rate risk exposures. She was designated as the officer-in-charge of Enterprise Risk Management Group in February 2022, and was appointed as the Chief Risk Officer in March 2023. She has more than 30 years of experience in the banking and finance industry in the areas of risk management, account management, and product development. She started as a management trainee joining PCIBank's Management Development Program and was eventually seconded to PCIB Securities as an Investment Analyst. She took interest in the Trust business and was transferred to Equitable PCI Bank (now BDO Unibank) as a Trust Portfolio Manager. She continued this track in Metrobank as Trust Credit and Risk Officer, the first Trust risk management unit in the banking industry. She briefly handled product management at Standard Chartered Bank where she made available structured products for wealth management clients. At Sterling Bank of Asia, she refocused on risk management as head of its market risk unit. She is fluent in French and in conversational Chinese. Juliet graduated cum laude with a Bachelor of Arts degree in European Languages and obtained her Master's degree in Business Administration from the University of the Philippines. In 2000 she completed, placing fourth out of 80 participants, a one-year course on Trust Operations and Investment Management given by the Trust Institute Foundation of the Philippines (TIFP). She was, at some point, certified by the Securities and Exchange Commission (SEC) as a Fixed Income Salesman. She is a Chartered Financial Analyst (CFA®) Charterholder and an active member of the CFA Society of the Philippines since 2005.

MELISSA K. GABOR, 47, Filipino, currently serves as First Vice President and Chief Compliance Officer. She assumed this role in May 2025, following her tenure as Officer-in-Charge of the Global Compliance Group from November 2024 to April 2025. Prior to her current position, Melissa led key compliance divisions under the Global Compliance Group from 2022 to 2024, first as Head of the Regulatory Compliance Risk Division and later as Head of the Financial Crime Risk Division. In these roles, she spearheaded initiatives to strengthen compliance frameworks, mitigate financial crime risks, and ensure regulatory alignment across the organization. Melissa began her banking career in 2008 at Metropolitan Bank & Trust Company (Metrobank) as a Legal Officer under the Legal Services Department. She transitioned to compliance leadership in 2016, serving as Head of the AML Policy and Independent Testing Departments until 2020. During her tenure at Metrobank, she also held concurrent roles as Assistant Corporate Secretary of Metrobank Foundation, Inc. and GT Foundation, Inc. from 2012 to 2020, contributing to corporate governance and philanthropic initiatives. From 2020 to 2022, Melissa joined BDO Unibank, Inc., where she led the Policy Section, Critical Case Management Section, and later the Analytics Unit under the AML Department. Her work focused on policy development, high-risk case management, and data-driven compliance strategies. Melissa earned her Bachelor of Laws degree from San Beda College of Law, graduating third in her class, and successfully passed the Philippine Bar Examination in 2006.

ANALISA I. SAN PEDRO, 48, Filipino. "Ana" is First Vice President and Chief Audit Executive. Ana joined the Bank in 2002 as Management Specialist and rose from the ranks to the position of First Vice President. She is an active member of the Institute of Internal Auditors (IIA) – Philippines, Association of Certified Anti-Money Laundering Specialists (ACAMS) and Bankers Institute of the Philippines (BAIPHIL). She was designated as the Officer-in-Charge of Internal Audit Group in November 2021. Ana holds a Bachelor of Science degree in Accountancy from the Polytechnic University of the Philippines. She is a Certified Public Accountant (CPA) and a Certified Treasury Professional (CTP).

(b) Identify Significant Employees

The Bank values all its employees for their contribution to the business. No employee who is not an executive officer is expected to make any significant contribution to the business of the Bank.

(c) Family Relationships

Chairman Emeritus Lucio C. Tan and Board Advisor Carmen K. Tan are spouses. Directors Sheila T. Pascual and Vivienne K. Tan are children of Chairman Emeritus Lucio C. Tan and Board Advisor Carmen K. Tan, while Director Lucio C. Tan III is the grandson of Chairman Emeritus Lucio C. Tan and Board Advisor Carmen K. Tan. Mr. Michael G. Tan is a son of Chairman Emeritus Lucio C. Tan.

(d) Involvement in Certain Legal Proceedings

None of the directors, nominees for directors, nor any of the executive officers of the Bank have been, for the last five (5) years:

i. Involved in any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;

ii. Convicted by final judgment in a criminal proceeding, domestic or foreign, or is being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

iii. Subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or

iv. Found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(e) Certain Relationships and Related Transactions

In the ordinary course of business, the Bank 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 Bank’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 Bank. In the aggregate, DOSRI loans generally should not exceed the Bank’s equity or 15.00% of its total loan portfolio, whichever is lower. Total outstanding exposures to each of PNB’s subsidiaries and affiliates shall not exceed 10.00% of the net worth of the Bank, its subsidiaries and affiliates (the “Group”), the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to PNB’s subsidiaries and affiliates shall not exceed 20.00% of the net worth of the Bank. As of December 31, 2025 and 2024, the Bank was in compliance with such Regulations.

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 Bank’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.

For proper monitoring of related party transactions (“RPT”) and to assist the Board in performing its oversight functions in monitoring and managing potential conflicts of interest of management, board members and shareholders, the Bank created the Board Oversight RPT Committee (“BORC”). The BORC is composed of at least five (5) regular members which include three (3) independent directors and two (2) non-voting members (the Chief Audit Executive and the Chief Compliance Officer). The Chairman of the committee is an independent director and appointed by the Board.

Information related to transactions with related parties and with certain DOSRI is shown under Notes 33 and 40 of the Audited Financial Statements of the Bank and Subsidiaries and Part II, Schedule B of the Index to the Financial Statements and Supplementary Schedules Required by SRC Rule 68, Annex J.

The foregoing information addresses the requirement of Section 49 of the Revised Corporation Code to disclose the directors' self-dealings and related party transactions with the Bank.

Item 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(a) Executive Compensation

1) General

The annual compensation of executive officers consists of a 16-month guaranteed cash emolument. Non-executive directors are entitled to a per diem for each Board or Board committee meeting attended as follows: ₱60,000.00 for each board meeting and ₱30,000.00 for each committee meeting, provided that in no case shall the total per diem exceed ₱420,000.00 per month for committee meetings. No other emoluments are granted to non-executive directors of the Bank except for the aforementioned per diem. The ₱60,000.00 and ₱30,000.00 per diem for each board and board committee meeting, respectively, were adjustments made in 2023. Prior to 2023, the last adjustment made on the directors' per diem was in 2014. There is no profit-sharing arrangement between the Bank and the Bank's directors. The President and CEO, being the only executive director, is not entitled to any per diem as it is deemed incorporated in his compensation. The total per diem paid to the non-executive directors of the Bank for 2025 amounted to ₱77.43 million broken down as follows:

Board Meetings	₱21.78 million
Board Committee Meetings	₱55.65 million

In view, however, of the competitiveness of the industry and high demand for senior executive officers and in order to maintain the Bank's attractiveness and advantage, the Bank is unable to disclose the exact amount of total compensation received by its President in 2025.

Due to the sensitivity of the information, the Bank prefers not to reflect in this Information Statement the annual report on the compensation received by each director as this will allow non-stockholders access to the information. This Information Statement is easily accessible and may be downloaded from the Bank's website and its PSE Edge profile. This may, therefore, endanger the safety and security of the directors and may be a violation of data privacy laws. In compliance, however, with Sections 29 and 49 of the Revised Corporation Code requiring corporations vested with public interest to submit to its stockholders and the Commission an annual report of the total compensation of each of their directors, a report on the total per diem of each director will be presented to the stockholders at the Annual Stockholders' Meeting of the Bank and a copy of said report will be submitted to the SEC, as may be required. Any stockholder may likewise inquire about the per diem of each director by sending a request to the Office of the Corporate Secretary and such inquiry will be addressed personally.

The above information addresses the requirements under Sections 29 and 49 of the Revised Corporation Code.

Other than as above-stated, there are no other arrangements concerning compensation for services rendered by directors or executive officers to the Group.

2) Summary Compensation Table

Below is a summary compensation table of the most highly compensated executive officers, directors and other officers of the Bank.

Annual Compensation (In Pesos)					
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Others (per diem)**	**Total**
Mr. Edwin R. Bautista President & CEO (Date Hired: April 29, 2025) Mr. Florido P. Casuela President & CEO (Date of Separation: April 29, 2025) Most highly compensated executive officers other than the CEO: 1. Roberto F. Abastillas Executive Vice President (Date Hired: August 18, 2025) 2. Francis B. Albalate Executive Vice President 3. Roberto D. Baltazar Executive Vice President 4. Jose German M. Licup Executive Vice President (Date of Separation: October 11, 2025)					
CEO and Most Highly Compensated Executive Officers	Actual 2024	84,658,061	27,884,646	-	112,542,707[1/]
	Actual 2025	73,814,453	27,059,707	-	100,874,160[2/]
	Projected 2026	81,196,000	29,766,000	-	110,962,000
Directors	Actual 2024	-	-	96,330,000	96,330,000
	Actual 2025	-	-	105,540,000	105,540,000
	Projected 2026	-	-	122,426,000	122,426,000
All other officers (unnamed)	Actual 2024	4,361,446,765	1,450,672,768	-	5,812,119,533
	Actual 2025	4,754,378,530	1,588,658,799	-	6,343,037,329
	Projected 2026	5,229,816,000	1,747,525,000	-	6,977,341,000

[1/] based on 7 most highly compensated officers

[2/] based on 5 most highly compensated officers

The information above addresses the requirements of Sections 29 and 49 of the Revised Corporation Code.

3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

All executive officers are covered by the Bank's standard employment contract which guarantees annual compensation on a 16-month schedule of payment. In accordance with Sec. 6.1, Article VI of the Bank's By-Laws, all officers with the rank of Vice President and up hold office and serve at the pleasure of the Board of Directors.

4) Warrants and Options Outstanding

No warrants or options on the Bank's shares of stock have been issued or given to the directors or executive officers as a form of compensation for services rendered.

Item 7. INDEPENDENT PUBLIC ACCOUNTANTS

SyCip Gorres Velayo & Co., CPAs (SGV) is the external auditor of the Bank and its domestic subsidiaries for the calendar year 2025. Representatives of SGV will be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. Mr. Ray Francis C. Balagtas, one of the more experienced audit partners in the banking industry in the Philippines, was the lead audit partner for the year 2025.

The BACC has primary authority to select, evaluate, appoint, dismiss, replace, and reappoint the Bank's external auditors, subject to the approval of the Board of Directors (BOD) and ratification of stockholders, based on fair and transparent criteria such as (i) core values, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of audit staff; (iii) independence; (iv) effectiveness of the audit process; and (v) reliability and relevance of the external auditor's reports.

After careful evaluation, Management has decided to recommend SGV for reappointment as external auditor of the Bank and its domestic subsidiaries for the year 2026. The BACC has thereafter endorsed the reappointment of SGV to the BOD. The reappointment of SGV as external auditor of the Bank was approved by the BOD on February 27, 2026, and will be presented for ratification by the stockholders at the Bank's Annual Stockholders' Meeting to be held on April 28, 2026.

For the years reported, there were no changes in, nor disagreements with, the Bank's external auditors on accounting and financial disclosures.

OTHER MATTERS

Item 8. ACTION WITH RESPECT TO REPORTS

The following matters will be submitted to a vote at the Annual Stockholders' Meeting:

1. Approval of the Minutes of the 2025 Annual Stockholders' Meeting held on April 29, 2025

   Hereunder is a summary of the salient matters discussed at the Annual Stockholders' Meeting of the Bank in 2025:

   a. The Minutes of the 2024 Annual Stockholders' Meeting held on April 30, 2024 was approved;
   b. A Report of the President on the Results of Operations for the Year 2024 was presented;
   c. The 2024 Annual Report was approved;
   d. Amendment of Section 5.8, Article V of the Bank's By-Laws;
   e. All Legal Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since the 2024 Annual Stockholders' Meeting were confirmed and ratified;
   f. Fifteen (15) Directors were elected to serve for the term 2025-2026; and
   g. SGV was appointed as External Auditor of the Bank for 2025-2026.

A copy of the Minutes of the 2025 Annual Stockholders' Meeting was uploaded in the Bank's website on May 2, 2025. The Minutes were prepared in accordance with the requirements of Section 49 of the Revised Corporation Code which require minutes of the most recent regular stockholders' meeting to include, among others, the following:

a. A description of the voting and tabulation procedures in the previous meeting;
b. A description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given;
c. The matters discussed and resolutions reached;
d. A record of the voting results for each agenda item;
e. A list of the directors or trustees, officers and stockholders who attended the meeting; and
f. Such other items that the Commission may require in the interest of good corporate governance and the protection of minority stockholders.

2. Approval of the 2025 Annual Report

The 2025 Annual Report of the Bank, together with the Audited Financial Statements for the year ending 31 December 2025, may be viewed and downloaded from the Bank's website at www.pnb.com.ph/asm2026. The President will likewise render his report on the Bank's performance for the year 2025 during the Stockholders' meeting in compliance with Section 49 of the Revised Corporation Code which requires a presentation to the stockholders of a descriptive, balance and comprehensible assessment of the Bank's performance and a financial report for the preceding year.

3. Ratification of all legal acts and proceedings of the Board of Directors and corporate officers since the 2025 Annual Stockholders' Meeting

A list of all legal acts, resolutions and proceedings taken by the directors and corporate officers will be too voluminous to be included in this report. Most relate to regular banking transactions and credit matters which the Board of Directors, either by law or by regulations issued by the BSP, is required to act upon. It includes, among others, approval of loans, investments, new products and services, amendment of bank policies and manuals, matters related to various bank-acquired assets and related party transactions. These actions are subjected to the annual review of the BSP and the Bank's external auditor.

Item 9. OTHER ACTIONS

(a) Election of Directors

Fifteen (15) directors will be elected for the year 2026 – 2027.

(b) Appointment of External Auditor

The BACC has sole authority to select, evaluate, appoint, dismiss, replace, and reappoint the Bank's external auditors, subject to the approval of the Board of Directors and ratification of the stockholders, based on fair and transparent criteria such as (i) core values, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence; (iv) effectiveness of the audit process; and (v) reliability and relevance of the external auditor's reports. The BACC has endorsed the reappointment of SGV as its external auditor for the year 2025 to the Board of Directors. The reappointment of SGV as external auditor of the Bank was approved by the Board of Directors on February 27, 2026 and will be presented for ratification of the stockholders at the Bank's Annual Stockholders' Meeting to be held on April 28, 2026.

SGV has the advantage of having historical knowledge of the business of the Bank and its subsidiaries and affiliates, having been the appointed external auditor of the Bank in 2025 and prior years.

Item 10. VOTING PROCEDURE

The affirmative vote of the stockholders present in person or by proxy representing at least a majority of the stockholders present at the meeting shall be sufficient to carry the vote for any of the matters submitted to a vote at the Annual Stockholders' Meeting, except for Item 7 on the election of directors.

For the election of directors, the fifteen (15) nominees garnering the highest number of votes from the stockholders present or represented by proxy shall be elected directors for the ensuing year.

The manner of voting and counting of votes will be as follows:

a) Every stockholder entitled to vote shall have the right to vote the number of shares registered in his name on record as of the close of business hours on March 30, 2026. Only duly signed proxies and electronic votes submitted on or before 5:00 p.m. on April 23, 2026 shall be honored for purposes of voting.

The requirements and procedure for voting through remote communication are reflected in Annex "B" of this Information Statement.

b) For purposes of electing directors, the system of cumulative voting shall be followed. Each stockholder is entitled to such number of votes equal to the number of shares he owns multiplied by the number of directors to be elected. Under this voting system, the stockholder has the option to (i) cast all his votes in favor of one (1) nominee, or (ii) distribute those votes under the same principle among as many nominees as he shall see fit. Only candidates duly nominated shall be voted upon by the stockholders entitled to vote or by their proxies.

c) The manner of election and the counting of the votes to be cast shall be under the supervision of the Corporate Secretary.

The foregoing address the requirement of Section 49 of the Revised Corporation Code to disclose to the stockholders material information on the current stockholders and their voting rights.

Item 11. CORPORATE GOVERNANCE

PNB subscribes to the highest standards of corporate governance as the Bank believes that good governance supports long-term value creation. A comprehensive discussion and report on the Bank's corporate governance framework and its implementation prepared in accordance with the BSP's Manual of Regulations for Banks (MORB), the Securities and Exchange Commission's (SEC) Code of Corporate Governance for Publicly Listed Companies, and prevailing best practices prescribed under the ASEAN Corporate Governance Scorecard (ACGS) is attached as Annex "C" of this Information Statement.

UNDERTAKING TO PROVIDE ANNUAL REPORT

The Registrant undertakes to provide without charge to each Stockholder a copy of the Bank's Annual Report or SEC Form 17-A upon written request to the Bank addressed to:

The Corporate Secretary
Philippine National Bank
9/F, PNB Financial Center
President Diosdado Macapagal Blvd.
Pasay City, Metro Manila

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Pasay City on March 25, 2026.

PHILIPPINE NATIONAL BANK

By:

RUTH PAMELA E. TANGHAL
Corporate Secretary

Annex "A"

AGENDA

DETAILS AND RATIONALE

1. **Call to Order.** The Chairman, Mr. Edgar A. Cua, will formally open the 2026 Annual Stockholders' Meeting of the Philippine National Bank ("PNB" or, the "Bank").

2. **Secretary's Proof of Notice and Quorum.** The Corporate Secretary, Atty. Ruth Pamela E. Tanghal, will certify that the Notice has been duly published and made available to stockholders of record as of March 30, 2026, pursuant to the existing regulations of the Securities and Exchange Commission. Thereafter, Atty. Tanghal will certify as to the existence of a quorum for the valid transaction of business at the Annual Stockholders' Meeting.

3. **Approval of the Minutes of the 2025 Annual Stockholders' Meeting held on April 29, 2025.** The Minutes of the 2025 Annual Stockholders' Meeting of the Bank will be presented to the Stockholders for approval. A copy of the said Minutes was uploaded to the Bank's website on May 2, 2025 and may be accessed at https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2025_ASM_Minutes.pdf.

4. **Report of the President on the Results of Operations for the Year 2025.** The President, Mr. Edwin R. Bautista, will present to the stockholders the highlights of the Bank's performance for the year 2025.

5. **Approval of the 2025 Annual Report.** The 2025 PNB Annual Report, as well as the Audited Financial Statements (AFS) as of December 31, 2025, will be presented to the stockholders for approval. A copy of the AFS is incorporated in the Information Statement.

6. **Ratification of All Legal Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since the 2025 Annual Stockholders' Meeting.** The acts, resolutions and proceedings of the Board of Directors and Corporate Officers since the 2025 Annual Stockholders' Meeting, most of which relate to regular banking transactions and credit matters which the Board of Directors, either by law or by regulations issued by the BSP, is required to act upon, will be presented to the stockholders for approval and ratification.

7. **Election of Directors.** The nominees for election as members of the PNB Board of Directors will be presented to the stockholders. The profiles of the nominees are included in the Information Statement.

8. **Appointment of External Auditor.** The appointment of SGV & Co. as the Bank's external auditor for the year 2026 will be presented to the stockholders for confirmation and ratification.

9. **Other Matters.** Other matters arising subsequent to the sending out of the Notice of the Meeting and the Agenda, and as may be relevant to the Annual Stockholders' Meeting, may be presented to the stockholders for consideration.

10. **Adjournment.** Upon consideration of all matters included in the Agenda, the Chairman shall declare the meeting adjourned.

Annex "B"

REQUIREMENTS AND PROCEDURE FOR PARTICIPATION AND VOTING THROUGH REMOTE COMMUNICATION

A. Registration for the 2026 ASM and Voting through Remote Communication

1. Stockholders of record as of March 30, 2026, who wish to attend the Annual Stockholders' Meeting (the "ASM") and vote in absentia should register through the PNB ASM Registration Portal at www.pnb.com.ph/asm2026 from April 6, 2026 to April 21, 2026 ("Registration Period").

2. Stockholders are required to provide the following for validation and verification:

a. For individual Stockholders

- Scanned copy of the front and back portions of the stockholder's valid government-issued **photo ID**. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB. Valid government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-Ibig ID, Senior Citizen ID, and Philippine National ID;
- Valid and active e-mail address;
- Valid and active contact number (landline or mobile number).

b. For Stockholders with Joint accounts

In addition to the above requirements, a scanned copy of an authorization letter signed by all stockholders jointly owning the shares designating who among them is authorized to cast the vote for the account. The authorization letter must also be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB.

c. For Corporate Stockholders

- Scanned copy of a Secretary's Certificate or a board resolution under oath regarding the authority of the representative to attend the meeting and vote for and on behalf of the Corporation. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB;
- Scanned copy of the front and back portions of the valid government-issued **photo ID** of the stockholder's representative. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB. Valid government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-Ibig ID, Senior Citizen ID, and Philippine National ID;
- Valid and active email address of the stockholder's representative;
- Valid and active contact number of the stockholder's representative (landline or mobile number).

d. For Stockholders represented by Proxy

- In addition to the above requirements for the stockholder, the same requirements shall be submitted by the Proxy or authorized representative;
- Scanned copy of the Proxy Form or an authorization letter signed by the stockholder, authorizing the Proxy to attend the meeting and cast the vote for the account. This must also be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB.

e. **For Stockholders under Broker accounts**

- Scanned copy of the broker's certificate signed by the authorized signatory/ies on the stockholder's number of shares. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB;
- In case of a corporate stockholder, also submit a scanned copy of the certification signed by a duly authorized officer of such corporate beneficial owner attesting to the authority of the representative to vote for and on behalf of the corporate beneficial stockholder. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB;
- Scanned copy of the front and back portions of the stockholder's valid government-issued **photo ID**. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB. Valid government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-Ibig ID, Senior Citizen ID, and Philippine National ID;
- Valid and active email address;
- Valid and active contact number (landline or mobile number).

3. Upon completion of the verification procedure, the stockholder will receive an email confirmation which includes the link which the stockholder may use to access the PNB 2026 ASM livestream. Stockholders who opted during the online registration to vote in absentia will likewise receive a link to PNB's secure online voting portal ("Voting Portal") with the stockholder's default username and password.

4. The validation and verification procedure may take up to two (2) days upon submission of the required documents. Stockholders are encouraged to register early within the Registration Period.

5. The Voting Portal contains the agenda items reflected on the Notice of the 2026 PNB ASM. Registered stockholders may vote as follows:

   (a) For items other than the election of directors, registered stockholders have the option to vote "For", "Against", or "Abstain";
   (b) For election of Directors, the system of cumulative voting shall be followed. Each stockholder is entitled to such number of votes equal to the number of shares he/she/it owns multiplied by the number of directors to be elected. Under this voting system, the stockholder has the option to (i) cast all his/her/its votes in favor of one (1) nominee, or (ii) distribute his/her/its votes among as many nominees as he/she/it may deem fit;
   (c) Once the registered stockholder has completed voting, he/she/it can submit his/her/its votes by clicking the "Submit" button. Upon submission, the registered stockholder may no longer change his/her/its votes.

6. Stockholders who have successfully registered but did not send their votes for the matters presented for approval on or before April 23, 2026 will be deemed to have abstained from voting on all matters presented for approval. While stockholders are not required to send their Proxy nor is the Bank soliciting proxies, a sample Proxy Form is attached to this Information Statement for ease of use of the stockholders. Stockholders are not required to use the Proxy Form attached to this Information Statement and may use their own Proxy Form.

7. The Office of the Corporate Secretary shall tabulate all valid votes cast in absentia and votes cast through proxies. An independent party will validate the voting results, which will be reported by the Corporate Secretary at the meeting. All votes should be submitted no later than 5:00 p.m. on April 23, 2026.

B. Other Information Regarding the 2026 PNB ASM

1. Only those stockholders who have completed the registration and verification procedure within the Registration Period shall be considered in determining the existence of a quorum.

2. The conduct of the ASM will be streamed live. Votes of the stockholders on the matters presented for approval cannot be submitted through the livestreaming link nor during the Annual Stockholders' Meeting.

3. Registered stockholders may send their queries or comments to pnb_asm@pnb.com.ph on or before April 24, 2026 or may be sent via the live chatbox during the Annual Stockholders' Meeting. Queries sent but not addressed during the ASM due to time constraints shall be addressed separately and responded to through email.

4. The proceedings will be recorded in video and audio format. The Minutes of the ASM will be uploaded to the PNB website within five (5) business days upon the adjournment of the ASM.

Annex “C”

CORPORATE GOVERNANCE

The Bank remains steadfast in its commitment to strong corporate governance – ensuring rigorous oversight, responsible stewardship, and unwavering accountability to the highest standards. As the economic, environmental, social, and regulatory landscape continues to evolve, the Bank adapts proactively, reinforcing its dedication to ethical and lawful operations aligned with global best practices. By doing so, it not only upholds public trust but also advances the long-term interests of its stakeholders. Leading this commitment is the Bank’s Board, which actively shapes and upholds best governance practices to guide the Bank’s business and operations effectively.

For the fourth consecutive year, the Bank has been honored with the prestigious Four Golden Arrow award at the 2025 ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards. This recognition reaffirms the Bank’s dedication to exceeding mere compliance with corporate governance laws, rules, and regulations - continuously striving for excellence and industry-leading practices.

This document provides an overview of the Bank’s corporate governance framework and its implementation across the organization. It has been prepared in accordance with the BSP Manual of Regulations for Banks (MORB), the SEC Code of Corporate Governance for Publicly Listed Companies, and the best practices outlined in the ACGS.

Board of Directors

The Board serves as the Bank’s governing body that exercises its corporate powers and conducts all its business. Elected by the stockholders, the Board plays a critical role in fostering a culture of strong governance by establishing policies and best practices that uphold transparency, integrity, and accountability. It is also responsible for approving and overseeing the implementation of the Bank’s corporate governance framework, ensuring its effective integration across the organization.

Board Committees

The BOD has established nine Board-level committees to enhance efficiency and provide focused oversight on key areas of the Bank’s operations. Each committee operates under a clearly defined charter that outlines its authority, duties, and responsibilities. These charters are approved by the Board and are periodically reviewed and updated to ensure alignment with the Bank’s mandate, as well as compliance with applicable laws, rules, and regulations.

The Chairman, Vice-Chairman, and the President and CEO

The positions of the Chairman of the Board and of the President and Chief Executive Officer (CEO) are held by two separate individuals to foster an appropriate balance of power, increased accountability, and ensure independent decision-making.

The Chairman of the Board is Director Edgar A. Cua who has served as such since April 25, 2023. In this role, he ensures that the Board operates effectively, fostering a collaborative working relationship among its members. He also ensures that Board meetings focus on strategic priorities, including risk appetite and key governance matters. In addition to his role as Chairman, Mr. Cua serves as Chairman of the Executive Committee and of the Board Overseas Offices Oversight Committee.

The Vice-Chairman is Lucio C. Tan III. He has served as Vice-Chairman since April 30, 2024. He acts as the Chairman of the Board in the absence of the Chairman. Mr. Tan is the Vice-Chairman of the Executive Committee and the Board IT Governance Committee.

The President and CEO is Edwin R. Bautista. He assumed the position on April 29, 2025. As President and CEO, he is responsible for overseeing the overall management of the Bank’s business and operations, ensuring alignment with the strategic direction and risk appetite set by the BOD. He leads the execution of the Bank’s vision, mission, values, and strategic initiatives, driving sustainable growth and operational excellence.

The complete profile of the Chairman, the Vice-Chairman, and the President and CEO can be found in the profiles of the Board in the Information Statement.

Board Composition

The Bank's BOD is composed of 15 members with a broad range of work experience, diverse education and professional backgrounds, and deep industry expertise. They are elected by the shareholders during the Annual Meeting of the Stockholders and hold office for the ensuing year until their successors are elected and qualified. PNB's directors, prior to their election during the stockholders' meeting, are thoroughly screened to ensure that they possess all the qualifications and none of the disqualifications under existing laws and BSP regulations.

The President is the only member of the Board who has executive responsibility over day-to-day operations while the remaining Board members are non-executive directors (NEDs) who do not perform any work related to the operations and daily management of the Bank. Five members of the Board are independent directors, who are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors.

The Board ensures that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities, and respond to the needs of the Bank based on the evolving business environment and strategic direction.

The Corporate Governance & Sustainability Committee (CGSC) reviews and evaluates the qualifications, composition, and membership of the Board and Board Committees, and identify the quality, existing competencies, and skillsets of directors that are aligned with the Bank's strategic direction.

At the PNB ASM held on April 29, 2025, the following changes in the Board composition were approved by the stockholders:

- Mr. Edgar A. Cua was re-elected to the Board; he is now a Regular Director and continues to serve as Chairman of the Bank;
- Mr. Florido P. Casuela stepped down as a Director of the Bank. He was then appointed as a Board Advisor of the Bank;
- Mr. Felix Enrico R. Alfiler stepped down as a Director of the Bank;
- Mr. Domingo H. Yap stepped down as an Independent Director of the Bank;
- Mr. Edwin R. Bautista and Mr. Cesar L. Villanueva were elected as Directors of the Bank; and
- Ms. Judith V. Lopez and Ms. Marcia T. Uy were elected as Independent Directors of the Bank.

Director Estelito P. Mendoza, member of the Board for election year 2024 to 2025, passed away on March 25, 2025.

Following the April 2025 ASM, Mr. Edwin R. Bautista was appointed as the President and CEO, while Ms. Isabelita M. Papa was appointed as the Lead Independent Director of the Bank. Further, the Board conducted a series of organizational reviews of the chairmanship, memberships, and overall composition of the Board-level Committees. The composition of the nine Board-level committees has remained compliant with the applicable regulations issued by the BSP and SEC, and the standards set by the ASEAN Corporate Governance Scorecard. The latest composition can be found under the Board Committees section of this report.

Board Advisors

As provided for under the Bank's Corporate Governance Manual ("CorGov Manual"), the Bank may appoint Board Advisors with qualities that complement the existing competencies and skillsets of the Board, thereby enabling them to provide advisory support. PNB has six (6) Board Advisors, namely, Mrs. Carmen K. Tan, Ms. Florencia G. Tarriela, Mr. Florido P. Casuela, Mr. William T. Lim, Mr. Federico C. Pascual, and Ms. Lourdes A. Salazar, with Dr. Lucio C. Tan as Chairman Emeritus.

Board Advisors give guidance on strategic direction, governance matters, risk management, and other relevant issues that the Board is confronted with. As such, they may attend meetings of the Board and the nine Board committees.

Unlike the Board members, the Chairman Emeritus and the Board Advisors do not have the authority to vote on corporate matters.

Corporate Secretary

Atty. Ruth Pamela E. Tanghal, a Filipino and resident of the Philippines, serves as the Bank's Corporate Secretary. She assumed the position in 2020 and brings with her solid legal training and extensive experience in corporate secretariat functions and governance practices.

As Corporate Secretary, she supports the Board in the effective discharge of its duties by organizing and facilitating Board and Committee meetings, preparing the annual meeting calendar, and coordinating the development of meeting agendas. She is likewise responsible for recording, safekeeping, and preserving the integrity of minutes and other official corporate records. In addition, she oversees the planning and organization of the Bank's ASM.

Board members are provided with separate and independent access to the Corporate Secretary at all times. Committed to continuous professional development, Atty. Tanghal attended the LT Group-wide Corporate Governance Seminar conducted by SGV on November 26, 2025.

Chief Compliance Officer

Atty. Melissa K. Gabor serves as the Chief Compliance Officer (CCO) and Head of the Global Compliance Group. She assumed the role in an officer-in-charge in November 2024 and was confirmed in May 2025. Her office oversees the Bank's enterprise-wide compliance program, ensuring adherence to regulatory requirements across all domestic and foreign branches, offices, subsidiaries, and affiliates. As Head of the Global Compliance Group and designated Corporate Governance Executive, she supports the Board in fulfilling its governance oversight responsibilities and serves as a nonvoting member of the Board Oversight RPT Committee. The CCO reports directly to the Board Audit and Compliance Committee, ensuring independent and effective compliance oversight.

Chief Risk Officer

Ms. Juliet S. Dytoc serves as the Bank's Chief Risk Officer (CRO) and Head of the ERMG, a position she has held since 2022. The ERMG supports the Risk Oversight Committee and the Management Risk Committee in carrying out their respective mandates. As CRO, she oversees the Bank's risk exposures relative to regulatory requirements and approved internal limits, formulates risk management policies, and assists line management in developing risk-mitigation strategies aligned with the Bank's objectives and the Basel Core Principles under the Risk-Based Capital Adequacy Framework. The ERMG is responsible for identifying, assessing, monitoring and reporting various risk domains to ensure the Bank maintains a sound and comprehensive risk management system.

Chief Audit Executive

Ms. Analisa I. San Pedro serves as the Bank's Chief Audit Executive (CAE), a position she has held since 2022. The CAE ensures that the Internal Audit Group (IAG) maintains its organizational independence and adheres to sound internal auditing standards. She is responsible for developing and overseeing a comprehensive internal audit program covering the Bank, its subsidiaries, and its overseas operations. Through this function, the CAE provides the Board with an independent assessment of the adequacy, effectiveness, and regulatory compliance of key controls, procedures, and risk management systems. She also serves as a nonvoting member of the Board Oversight RPT Committee.

Management Committee

PNB's Management Committee is composed of top-tier professionals who are well-accomplished in their respective fields. The Management Committee executes the Bank's strategy and drives business performance. As of 21 January 2026, the Management Committee is headed by the President and is composed of the following:

Edwin R. Bautista
President and CEO

Roberto F. Abastillas
Executive Vice President
Head, Institutional Banking Sector

Francis B. Albalate
Executive Vice President & Chief Financial Officer
Head, Financial Management, Strategy, and Sustainability Sector

Roberto D. Baltazar
Executive Vice President
Head, Global Banking and Markets Sector

Allan L. Ang
First Senior Vice President
Deputy Head, Institutional Banking Sector for Corporate Banking

Reynaldo C. Burgos
First Senior Vice President
Head, Operations Group

Mariana F. Caculitan
First Senior Vice President
Head, International Banking and Remittance Group

Carlo S. Dimaala
First Senior Vice President
Head, Retail Banking Sector

Maria Paz D. Lim
First Senior Vice President
Corporate Treasurer

Noel C. Malabag
First Senior Vice President
Deputy Head of Global Banking and Markets Sector and Head of Global Markets Group

Dave T. Morales
First Senior Vice President
Head, Mortgage and Auto Lending Group

Michael M. Morallos
First Senior Vice President
Head, Information Technology Group

Roland V. Oscuro
First Senior Vice President & Chief Information Security Officer & Data Protection Officer

Humildad M. Santelices
First Senior Vice President
Deputy Head, Institutional Banking Sector for Commercial Banking

Lotus R. Altavas
Senior Vice President
Head, Human Resource Group

Mario Luis P. Cruel
Senior Vice President
Chief Credit Officer and Head of Credit Management Group

Antonio M. Elicano
Senior Vice President
Chief Legal Counsel

Jennifer Y. Ng
Senior Vice President
Head, Marketing Group

Mark S. Pantallon
Senior Vice President
Controller and Head of Accounting and Controllership Group

Joy Jasmin R. Santos
Senior Vice President
Chief Trust Officer and Head of Trust Banking Group

Jenilyn B. Valdez
Senior Vice President
Head, Corporate Planning and Analysis Division

Maria Teresa C. Velasco
Senior Vice President
Deputy Head of Global Banking and Markets Sector and Wealth Management Group

Constantino T. Yap
Senior Vice President
Head, Digital Channel Management and Innovation Group

Juliet S. Dytoc
First Vice President
Chief Risk Officer and Head of Enterprise Risk Management Group

Melissa K. Gabor
First Vice President
Chief Compliance Officer and Head of Global Compliance Group

Analisa I. San Pedro
First Vice President
Chief Audit Executive and Head of Internal Audit Group

Modette Ines V. Cariño
Senior Vice President
Assistant to the President and Member/Secretariat

Joel D. Tirona
Vice President
Officer-in-Charge / Head, Cards and Financial Solutions Group

Emeline C. Centeno
Consultant
Corporate Planning & Analysis Division

Robina S. Sy
Senior Vice President
Resource / Head, Asset and Liability Management Division

Legal Vehicles, Business, and Support Groups

As a large and diversified banking group, PNB operates through two classifications of business vehicles: domestic subsidiaries and foreign branches, subsidiaries, and offices.

Within the Bank, various business and support groups collaborate to fulfill a shared mission of promoting financial prosperity for Filipinos and their businesses, both locally and internationally. By empowering them, PNB contributes to building a competitive, inclusive, and sustainable economy.

Each major group is led by a Sector or Group Head who reports directly to the President, while certain group heads report to board committees. The CCO and CAE report directly to the BACC, while the CRO reports directly to the ROC.

Skills, Competency, and Diversity

The Bank acknowledges that Board diversity is a means to develop an enabling environment which allows the Bank to leverage on the diverse background and expertise of its individual directors, foster innovation, and achieve a balanced approach in making sound and objective board decision. As such, the Bank recognizes and welcomes diversity in the BOD.

Diversity is considered from various aspects including but not limited to age, gender, ethnicity, cultural and educational background, skills, competence, and knowledge. These variables are considered in designing the Board's composition, as well as in the selection and nomination of candidates to the Board. The Board also strives to ensure that it has an appropriate representation of women.

Such diversity allows the Board to raise challenging questions, contribute to problem-solving, avoid groupthink, and ensure that optimal decision-making is achieved.

Guided by the ACGS, the Bank continuously endeavors to meet the following standards:

- Having at least one female independent director; and
- Having at least one non-executive director with sufficient prior working experience in banking

As in the past years, the Bank has gone above and beyond mere compliance on the said diversity targets. As of December 31, 2025, PNB had six female directors in the Board, four of whom are independent directors. Further, five of the nine Board-level committees are chaired by female directors. Likewise, majority of the members of the Board have work experience in banking.

The Board also reflects a wide range of educational backgrounds, expertise, and professional qualifications, with members bringing experience in fields such as legal, tax, accounting, strategic marketing, auditing, finance, treasury, aviation and travel, business development, consumer goods, commercial and residential real estate, economics, construction, and policymaking among others.

Nomination and Election of Directors

The CGSC, acting as the Bank's Nomination Committee, and assisted by the Corporate Secretary, observes a specific process and criteria for receiving and evaluating nominations to the Board in accordance with the Bank's By-laws, Corporate Governance Manual, MORB, and other applicable requirements stipulated under existing laws, rules, and regulations. The guidelines and procedures governing the conduct of the nomination and election of directors promulgated by the CGSC, with the assistance of the Corporate Secretary, are disclosed in the Bank's Information Statement, which is submitted to SEC, the PSE, and the Philippine Dealing and Exchange Corporation (PDEx).

Pursuant to the Revised Corporation Code and the Bank's Corporate Governance Manual, shareholders are given the right to nominate candidate/s for election as director/s of the Bank's Board by submitting a written notice of the nomination to the Corporate Secretary at least sixty (60) days prior to the Bank's ASM. In addition, the CGSC, assisted by the Corporate Secretary, may make use of professional search firms or other external sources, such as, but not limited to, the Institute of Corporate Directors, in sourcing out potential and qualified candidates to the Board, especially for the independent directorship position.

The directors of the Bank's Board are screened, nominated, and elected based on their knowledge, qualifications, skills, educational background, relevant industry experience, expertise, proven record of integrity and good reputation, and the ability to promote smooth interaction among Board members. The screening or vetting of the directors likewise includes a determination of whether they possess all the qualifications and none of the disqualifications set forth in the MORB and other applicable laws and regulations. Moreover, the Bank ensures that its independent directors are truly independent of management and the controlling shareholder; and are free from any business or other relationship, which could or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as director. As for non-executive directors, their independence of mind is also being considered, given their responsibilities to the Board, with proper regard to the Bank's business and risk profile.

After the determination of who among the candidates are qualified to become director/s, the Corporate Secretary informs the qualified candidate, individually, that he/she is included in the initial list of nominees and that he/she will be subjected to the Bank's fit and proper due diligence, as required by the BSP. The written consent of the qualified candidate is obtained before the Bank proceeds with further background investigation. Upon completion and consideration of the necessary background and credit checks and after performing the necessary fit and proper evaluation, the Corporate Secretary presents the list of qualified candidates and their respective profiles to the CGSC for deliberation on who among the candidates may be included in the shortlist of nominees.

The CGSC, thereafter, endorses the shortlist of nominees for Board approval. Upon approval by the Board, the Corporate Secretary submits all relevant/requisite information about the nominees to the SEC and to all stockholders through the filing and distribution of the Information Statement.

Meetings and Attendance

The regular meetings of the Board are held on a monthly basis. When necessary, special meetings of the Board may be convened, in accordance with the provisions of the PNB Amended By-Laws. The Corporate Secretary releases the annual calendar of Board meetings for the ensuing year every December of the preceding year.

Matters requiring the approval, confirmation and/or ratification of the Board, and those which are for its information are clearly set out in the detailed agenda, which is prepared by the Corporate Secretary, based on Management's recommendations. The agenda and the materials for the meeting are sent out to the members of the Board by the Corporate Secretary at least five (5) business days prior to the scheduled meeting. She likewise ensures that the directors are provided with accurate information that would enable them to make sound decisions on matters that require their approval. The Chairman encourages openness, clarity, and proper deliberations at Board meetings, ensuring that directors actively participate in Board discussions and share their insights on issues and matters tabled.

The Directors shall act only as a Board or collegial body, and the individual directors shall have no power to act as such. A majority of the directors shall be necessary at all meetings to constitute a quorum for the transaction of any business and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act unless otherwise provided by law. A minority of the Board present at any regular or special meeting shall, in the absence of a quorum, adjourn to a later date and shall not transact any business until a quorum is secured.

Directors who cannot physically attend or vote at board meetings can participate and vote through remote communication pursuant to the PNB Amended By-Laws and applicable regulations.

For the election year 2025-2026, which commenced on 29 April 2025, the Board held a total of ten (10) meetings **in 2025, *viz.*:** eight (8) regular meetings, one (1) special meeting, and one (1) organizational meeting. The Board members who have been elected during the ASM held on 29 April 2025 have already complied with the 50% minimum attendance requirement under the SEC, BSP, and Revised Corporation Code regulations. Further, they attended the 2025 ASM. Thus:

Name	No. of Meetings Attended (including 2025 ASM)	Percentage of Attendance
Edgar A. Cua*	11	100.00%
Lucio C. Tan III*	11	100.00%
Edwin R. Bautista**	11	100.00%
Judith V. Lopez**	11	100.00%
Chester Y. Luy*	11	100.00%
Geocel D. Olanday*	11	100.00%
Isabelita M. Papa*	11	100.00%
Sheila T. Pascual*	11	100.00%
Wilfrido E. Sanchez*	11	100.00%

Eusebio V. Tan*	11	100.00%
Michael G. Tan*	11	100.00%
Vivienne K. Tan*	10	91%
Maria Almasara Cyd N. Tuaňo-Amador*	11	100.00%
Marcia T. Uy**	10	91%
Cesar L. Villanueva**	11	100.00%

*Re-elected during the Annual Stockholders' Meeting of the Bank held on 29 April 2025.

**Elected as member of the Board of Directors during the Annual Stockholders' Meeting of the Bank held on 29 April 2025.

In addition to the abovementioned meetings, non-executive directors also meet regularly, other than in meetings of the BACC, ROC, CGSC, and RPT Committees, in the absence of senior management, with the external auditor and CAE, CCO, and CRO. The non-executive directors' meeting with the independent directors and the external auditors (SGV & Co.) on April 14, 2025, wherein the latter presented the results of the audit of the 2024 Financial Statements of PNB and its Subsidiaries and the 2024 Management Letter.

The foregoing information addresses the requirement of Section 49 of the Revised Corporation Code to present to the stockholders the attendance of each director at each of the meetings of the board and its committees and in regular or special stockholder meetings.

Remuneration

The members of the Bank's Board, except the President and CEO, do not receive any compensation. Their remuneration and fringe benefits consist of the following: (i) per diem for every Board and Board Committee meeting attended; and (ii) non-cash benefits such as, healthcare plan, group life insurance, and group accident insurance.

The total per diem given to the members of the Board, the total compensation of the President, and of the four (4) most highly compensated executive officers were disclosed in the Bank's Information Statement sent to all shareholders.

The proposed amendments to Article V, Section 5.8 of the Bank's Amended By-Laws on the remuneration of directors, and the other proposed amendments in the other provisions thereof, were presented to the stockholders for approval during the 2024 ASM of PNB. Further, amendments to the said Section were approved by the stockholders during the 2025 ASM of PNB and, thereafter, submitted to the BSP for approval and endorsement to the SEC.

Retirement and Term Limit

Directors of the Bank are elected on an annual basis and are expected to remain fit and proper for the position of a director for the duration of their term, in accordance with the requirements and qualifications set out in the MORB, and other relevant laws, rules, and regulations. A director has the burden to prove that they possesses such qualifications and none of the disqualifications. The director shall continue to be mentally and physically fit to perform their responsibilities, manifested by their attendance and active participation during Board meetings, continuing training and education, and continued dialogue with other directors and key officers of the Bank, among others. In the event a director no longer has the required fitness, the director shall inform the Board of their intent to retire or refrain from seeking re-election.

Although the Bank believes that adopting a fixed limit on director tenure is counterproductive as it may lead to retirement of qualified and well-seasoned directors, its independent directors may only serve as such for a maximum cumulative term of nine (9) years. After reaching this limit, an independent director is perpetually barred from serving as independent director of the Bank but may continue to serve as regular director. This cumulative term is reckoned from 2012. As of December 31, 2025, the Bank has no independent director who has served for more than nine (9) years.

Board Performance Evaluation

Board performance is improved when there is good corporate governance. As such, the Board annually conducts a self-assessment of its performance, including the performance of the Chairman, individual members, Board Committees, and the President and CEO, to identify strengths and areas for improvement and to establish mechanisms for addressing the results thereof.

The members of the Board participate in an annual self-assessment exercise to assess their individual and collective performance. This exercise also covers the performance of the President/CEO through a self-assessment component, consistent with best governance practices. It is likewise designed to determine and measure the adherence of Management to corporate governance principles and serve as a platform to address and discuss specific areas or components that the Board and each director need to improve. The self-assessment questionnaire covers comprehensive evaluation criteria focused on matters such as the director's time commitment and independence, potential or actual conflicts of interest, governance landscape, ethical culture in the Bank, risk governance, fitness and propriety of Board and Management, and internal controls. The assessment uses a five-point rating scale, where 1 signifies "Critically Deficient" and 5 signifies "Strong," indicating performance that meets or exceeds standards prescribed under existing regulations.

In 2025, the performance evaluation was facilitated by Global Compliance Group (GCG), which consolidated and reviewed the responses and presents the summary of results and significant findings to the Board through the CGSC. The said Committee ensures that the results of the Board performance evaluation are shared and discussed with the Board, and that concrete action plans are developed and implemented to address the identified areas for improvement.

Pursuant to the SEC's Code of Corporate Governance for Publicly Listed Companies, the Bank engages an external entity every three years to assess the structure, processes, dynamics, roles, and overall performance of the Board, and to further align PNB's governance framework with best practices.

Orientation and Continuing Education

The Bank and the members of the Board put great emphasis on continuing professional development of directors and in keeping them updated of key developments in the banking industry. In line with this, the Board implements a policy on orientation and continuing training for all directors, which includes an annual Corporate Governance training delivered by an SEC-accredited training provider. The directors' professional development in the Bank begins during the orientation/on-boarding program for first-time directors, which is for at least eight (8) hours, while the annual continuing training is at least four (4) hours. The training programs cover topics relevant in carrying out their duties and responsibilities as directors, specifically on corporate governance matters. Professional development may relate to a particular subject area, committee membership, or key developments in PNB's external and internal environment, market, or operations.

The Chairman of the Board ensures the conduct of proper orientation for first-time directors and the provision of training opportunities for all directors. Board members are encouraged to consult the Chairman if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the business of PNB.

The orientation program for first-time directors and relevant annual continuing training for incumbent directors was conducted by training providers duly accredited by the SEC. In 2025, the Bank's Board and senior officers attended a group-wide corporate governance training conducted by SGV & Co. The Corporate Governance Division under GCG monitors directors' compliance with the said training requirements.

As of December 31, 2025, all incumbent directors were compliant with the annual four (4)-hour continuing training requirement. Certificates of attendance have been submitted to SEC and disclosed to PSE.

Name	Program	Date	Host / Training Institution
Edgar A. Cua	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Lucio C. Tan III	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Edwin R. Bautista	Corporate Governance Orientation Program	June 3 to 4, 2025	Institute of Corporate Directors

	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Judith V. Lopez	Corporate Governance Orientation Program Corporate Governance Seminar	June 3 to 4, 2025 November 26, 2025	Institute of Corporate Directors SGV & Co.
Chester Y. Luy	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Geocel D. Olanday	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Isabelita M. Papa	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Sheila T. Pascual	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Wilfrido E. Sanchez	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Eusebio V. Tan	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Michael G. Tan	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Vivienne K. Tan	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Maria Almasara Cyd N. Tuaňo-Amador	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Marcia T. Uy	Corporate Governance Orientation Program Corporate Governance Seminar	June 3 to 4, 2025 November 26, 2025	Institute of Corporate Directors SGV & Co.
Cesar L. Villanueva	Basics of Corporate Governance	May 29, 2025	Ateneo de Manila Graduate School of Business-Center for Continuing Education
Ruth Pamela E. Tanghal	Corporate Governance Seminar	November 26, 2025	SGV & Co.

The Bank's new director complied with the required eight (8)-hour seminar on corporate governance for first-time Bank directors conducted by the Institute of Corporate Directors and the Ateneo de Manila Graduate School of Business – Center for Continuing Education. They also attended an in-house orientation on board matters like rights of shareholders, PSE disclosure rules, the Bank's vision and mission, core values and code of conduct, whistleblower policy, corporate governance, related party transactions, macroeconomic environment, sustainability, the Bank's risk management framework, enterprise risk heat map, branch banking operations, customer relations, and internal audit and control system.

Shareholdings

Pursuant to the PNB Corporate Governance Manual, directors are required to advise and disclose to the Corporate Secretary their shareholdings in the Bank within three (3) business days after their appointment or any subsequent acquisition, disposal, or change in their shareholdings for proper filing of reportorial requirements with the PSE, the SEC, and the Philippine Dealing and Exchange Corporation (PDEx).

Directors, Management, and employees are considered as "insiders" as defined under Section 3 of Republic Act No. 8799, otherwise known as the Securities Regulation Code; thus, generally, it is unlawful for the director to sell or buy a security of the Bank, while in possession of material information with respect to information that is not generally available to the public. In this regard, the Corporate Secretary has regularly issued reminders to the directors on trading guidelines, i.e., blackout rule.

The following are the details of the shareholdings of the Board as of December 31, 2025. Thus:

NAME	**NO. OF PNB COMMON SHARES AS OF**	**CHANGES DURING THE YEAR**	**NO. OF PNB COMMON SHARES AS**	**% TO TOTAL OUTSTANDING COMMON**

	DECEMBER 31, 2024 (D) Direct (I) Indirect	**(A – Acquisition; D – Disposal; N - New Director)**	**OF DECEMBER 31, 2025 (D) Direct (I) Indirect**	**SHARES OF PNB**
A. DIRECTORS				
1. Edwin R. Bautista	**-**	**200,000 (N)**	**200,000 (I)**	0.01
2. Edgar A. Cua	**100 (D)**	**-**	**100 (D)**	0.00
3. Judith V. Lopez	**-**	**5 (N)**	**5 (I)**	0.00
4. Chester Y. Luy	**10 (I)**	**-**	**10 (I)**	0.00
5. Geocel D. Olanday	**1 (I)**	**-**	**1 (I)**	0.00
6. Isabelita M. Papa	**1 (I)**	**-**	**1 (I)**	0.00
7. Sheila T. Pascual	**110 (D&I)**	**-**	**110 (D&I)**	0.00
8. Wilfrido E. Sanchez	**1 (I)**	**-**	**1 (I)**	0.00
9. Eusebio V. Tan	**10 (I)**	**25,500 (A)**	**25,510 (I)**	0.00
10. Lucio C. Tan III	**300 (D)**	**-**	**300 (D)**	0.00
11. Michael G. Tan	**62,250 (D&I)**	**-**	**62,250 (D&I)**	0.00
12. Vivienne K. Tan	**10 (I)**	**-**	**10 (I)**	0.00
13. Maria Almasara Cyd N. Tuaňo-Amador	**1 (I)**	**-**	**1 (I)**	0.00
14. Marcia T. Uy	**-**	**5 (N)**	**5 (I)**	0.00
15. Cesar L. Villanueva	**-**	**2,305 (N)**	**2,305 (I)**	0.00
NAME	**NO. OF PNB COMMON SHARES AS OF DECEMBER 31, 2024 (D) Direct (I) Indirect**	**CHANGES DURING THE YEAR (A – Acquisition; D – Disposal; N - New Officer)**	**NO. OF PNB COMMON SHARES AS OF DECEMBER 31, 2025 (D) Direct (I) Indirect**	**% TO TOTAL OUTSTANDING COMMON SHARES OF PNB**
B. KEY OFFICERS				
1. Roberto F. Abastillas	**-**	**130,000 (N)**	**130,000 (I)**	0.01
2. Francis B. Albalate	**2,200 (I)**	**19,650 (A)**	**21,850 (I)**	0.00
3. Allan L. Ang	**4,632 (I)**	**7,900 (A)**	**12,532 (I)**	0.00
4. Roberto D. Baltazar	**-**	**119,600 (A)**	**119,600 (I)**	0.01
5. Mario Luis P. Cruel	**-**	**2,220 (N)**	**2,220 (D&I)**	0.00
6. Carlo S. Dimaala	**1,225 (D&I)**	**-**	**1,225 (D&I)**	0.00
7. Christian Jerome O. Dobles	**3,632 (D&I)** **1,346 (I)**	**-** **-**	**3,632 (D&I)** **1,346 (I)**	0.00 0.00
8. Juliet S. Dytoc	**-**	**2,220 (N)**	**2,220 (D&I)**	0.00
9. Antonio M. Elicano	**29,970 (D&I)**	**-**	**29,970 (D&I)**	0.00
10. Maria Paz D. Lim	**7,610 (D&I)**	**7,510 (D)**	**100 (D)**	0.00
11. Roland V. Oscuro	**3,610 (D&I)**	**-**	**3,610 (D&I)**	0.00
12. Humildad M. Santelices	**2,429 (D&I)** **2,054 (D&I)**	**-** **-**	**2,429 (D&I)** **2,054 (D&I)**	0.00 0.00
13. Mariza L. Tiburcio	**1,885 (D&I)**	**-**	**1,885 (D&I)**	0.00
14. Joy Jasmin R. Santos	**671 (D&I)**	**-**	**671 (D&I)**	0.00
15. Cristy M. Vicentina	**-**	**1,875 (N)**	**1,875 (D&I)**	0.00
16. Analisa I. San Pedro	**557 (D&I)**	**-**	**557 (D&I)**	0.00
17. Constantino T. Yap	**520 (D&I)**	**-**	**520 (D&I)**	0.00
18. Ruth Pamela E. Tanghal				
19. Michelle A. Pahati-Manuel				

Concurrent and Interlocking Directorships

The Bank recognizes that effective sharing of managerial and technical expertise between the Bank and other entities promotes economies of scale and organizational synergies, as well as broadens perspectives in strategy formulation and risk management. PNB thus adopts relevant regulations and procedures governing interlocking directorships and/or officerships in compliance with BSP Circular No. 1129, Series of 2021 on the Amendments to Corporate Governance Guidelines for BSP–Supervised Financial Institutions (BSFIs).

Directors of the Bank may concurrently serve as directors of another entity within the PNB Group and/or other entities outside of the Group subject to specific guidelines and limitations. They may concurrently serve as a director of another BSFI except in cases involving banks belonging to the same category. Interlocking directorships in banks belonging to the same category shall only be allowed if the banks: (i) are part of the same banking group; or (ii) have different business models and are serving different markets or clients.

A director of the Bank may concurrently serve as a director or an officer of another entity which is not a BSFI provided that the positions do not pose conflict of interests and that the interlocking position will not affect the director's ability to devote sufficient time and attention necessary to effectively carry out his duties and responsibilities as a director of the Bank.

To ensure that the interlocking positions do not pose any adverse impact on the business as well as to ensure that the director concerned can still efficiently discharge his/her duties and responsibilities as a director of the Bank, certain guidelines are observed. Non-executive directors may concurrently serve as director in a maximum of five publicly listed companies. Each entity within a conglomerate where the non-executive director is concurrently serving as director shall be separately counted in assessing compliance with this requirement. As of December 31, 2025, all 15 directors have complied with the prescribed limit on concurrent and interlocking directorships.

All recommendations for interlocking positions of directors are subject to evaluation and determination as to whether the interlocking positions will pose a potential conflict of interest and to ensure compliance with the guidelines and limitations stipulated herein prior to endorsement for approval. Existing interlocking positions of nominees for directors undergo the same procedures for assessment and approval.

A director is required to notify and secure the approval of the Board before accepting a directorship or officership in another entity. A director with approved interlocking position outside the PNB Group shall, upon cessation of such interlocking position, notify the Bank's Corporate Secretary.

BOARD COMMITTEES

The Board delegated certain functions to nine Board Committees to enable a more focused discussion and specialized approach on key areas of the Bank. These committees are the Executive Committee (EXCOM), Board Audit and Compliance Committee (BACC), Board Oversight RPT Committee (BORC), Corporate Governance and Sustainability Committee (CGSC), Board Strategy and Policy Committee (BSPC), Risk Oversight Committee (ROC), Board IT Governance Committee (BITGC), Trust Committee, and the Board Overseas Offices Oversight Committee (BOOOC).

As of December 31, 2025, the membership of each director in the Bank's various Board Committees are as follows:

Name	Board Audit and Compliance	Board IT Governance	Board Oversight RPT	Board Strategy and Policy	Corporate Governance and Sustainability	Executive	Risk Oversight	BOOOC	Trust
Edgar A. Cua		M	M	VC		C	M	C	M
Lucio C. Tan III		VC		M		VC			
Chester Y. Luy	M	M		M		M	M	M	
Sheila T. Pascual				M		M			C

Wilfrido E. Sanchez				M		M	M		VC
Eusebio V. Tan	M	M	M	C		M			
Michael G. Tan	M			M		M			
Vivienne K. Tan		M		M		M	M		M
Isabelita M. Papa	M	C		M	M		VC	VC	
Maria Almasara Cyd N. Tuaño-Amador	M		VC	M	VC	M (Non-voting)	C	M	
Geocel D. Olanday	VC			M	C		M	M	
Cesar L. Villanueva		M		M		M (Non-voting)			M (Non-voting)
Edwin R. Bautista		M		M		M			M (Ex-Officio)
Judith V. Lopez	C		M	M	M				
Marcia T. Uy	M		C	M	M		M		

C – Chairman
VC – Vice Chairman
M – Member

Board Audit and Compliance Committee (BACC)

Mandate:
Assist the Board by providing independent advice and guidance on the adequacy of PNB's initiatives relating to values and ethics, governance structure, risk management, internal control framework, financial reporting process, audit process, and monitoring of compliance with applicable laws, rules, and regulations; provide oversight over the internal and external audit functions and ensure that both auditors act independently from each other; provide oversight over the compliance function and/or oversee the implementation of the compliance program; oversee the annual independent audit of PNB's financial statements, including the engagement of the external auditors and the evaluation of their qualifications, independence, and performance; and ensure that senior management takes necessary and timely corrective actions to address weaknesses, policy non-compliance, regulatory issues, and other issues identified by auditors and other control functions.

Structure and membership:

- Chaired by an independent director.
- Two (2) members are Certified Public Accountants including the Chairman who has extensive background in audit.
- All members of the committee have relevant background, knowledge, and skills in Finance.
- Composed of five (5) independent directors and three (3) non-executive directors.
- The membership, composition, and independence of the BACC meet the requirements under existing laws, BSP and SEC regulations, and the ASEAN Corporate Governance Scorecard.

Meetings and Attendance:

- In 2025, the BACC held a total of 26 meetings: 24 regular meetings and 2 special meetings. The Committee likewise held 2 executive sessions with the external auditors (without the presence of the Executive Director and the Management).
- The committee charter stipulates that meetings shall be held at least four times a year. Special meetings may be convened, as necessary. Meetings can only be held if attended by majority of the members; but

the vote of the majority of the quorum which in no case is less than two members is required to approve any act in all the meetings of the committee. For matters requiring the Committee's approval and/or endorsement for Board approval, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Judith V. Lopez	Chairperson, Independent Director	17[1]	100.00
Geocel D. Olanday	Vice Chairman, Independent Director	26	100.00
Isabelita M. Papa	Member, Independent Director	26	100.00
Maria Almasara Cyd N. Tuaňo-Amador	Member, Independent Director	26	100.00
Marcia T. Uy	Member, Independent Director	16[2]	94.12
Michael G. Tan	Member, Non-Executive Director	26	100.00
Chester Y. Luy	Member, Non-Executive Director	26	100.00
Eusebio V. Tan	Member, Non-Executive Director	26	100.00
Edgar A. Cua	Former Member, Independent Director[3]	9[4]	100.00

[1] Appointed as Chairperson of the BACC on April 29, 2025

[2] Elected as a Member of the BACC on April 29, 2025

[3] Currently a Non-Executive Director

[4] Member of the BACC until April 28, 2025

Board IT Governance Committee (BITGC)

Mandate:

Assist the Board in performing its oversight functions in reviewing, approving, and monitoring the Information Technology (IT) strategic plans of the Bank, its subsidiaries and affiliate, IT operating performance, IT organization, IT policy and guidelines, and significant IT risks/concerns including disruption, cyber security, and disaster recovery to ensure that all key risks are identified, managed, and reported to the Board.

Structure and membership:

- Composed of six (6) non-executive directors, one (1) independent director, and one (1) executive director.
- The membership and composition of the BITG meet the requirements under existing BSP regulations.
- The Head of ITG also sit as a non-voting member of the committee.

Meetings and Attendance:

- In 2025, the BITGC held a total of 18 meetings: 12 regular meetings and 6 special meetings.
- The committee charter stipulates that monthly meetings be conducted or whenever necessary to properly discharge its functions. Meetings can only be held if attended by a majority of the members less one member; but the vote of the majority of the quorum, which in no case is less than three members is required to approve any act in all the meetings of the committee. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Isabelita M. Papa	Chairperson, Independent Director	18	100.00
Lucio C. Tan III	Vice Chairman, Non-Executive Director	15	83.33
Edgar A. Cua	Member, Non-Executive Director	13[1]	100
Edwin R. Bautista	Member, Executive Director	11[1]	84.62
Cesar L. Villanueva	Member, Non-Executive Director	12[1]	92.31
Chester Y. Luy	Member, Non-Executive Director	18	100.00
Eusebio V. Tan	Member, Non-Executive Director	18	100.00
Vivienne K. Tan	Member, Non-Executive Director	16	88.89

Florido P. Casuela	Former Member, Executive Director[2]	4[3]	80.00
Domingo H. Yap	Former Member, Independent Director	5[3]	100.00
Felix Enrico R. Alfiler	Former Member, Non-Executive Director	5[3]	100.00
Michael M. Morallos	Non-Voting Member	15	83.33

[1] Elected as a Member of the BITGC on April 29, 2025

[2] Currently a Board Advisor

[3] Member of the BITGC until April 28, 2025

Board Oversight RPT Committee (BORC)

Mandate:

Assist the Board by overseeing the evaluation of related party transactions to ensure that all material RPTs are identified, monitored, and conducted in the normal course of business and on an arm's length basis; review the materiality, benefits, alternatives, and comparability of terms to safeguard fairness and transparency; oversee the implementation and effectiveness of RPT policies, systems, and disclosures; report regularly to the Board on findings and recommendations; exercise authority to request information, conduct reviews, and engage external advisors when necessary; and conduct annual assessments of the Committee's charter and performance to ensure continued alignment with applicable governance standards.

Structure and membership:

- Composed of three (3) independent directors and one (1) non-executive director.
- Chaired by an independent director.
- Chairman of the BORC is not the Chairperson of the Board or of any other Board committee.
- The CCO and the CAE also sit as non-voting members of the committee.

Meetings and Attendance:

- In 2025, the BORC held a total of 15 meetings: 12 regular and 3 special meetings.
- The committee charter stipulates that the BORC shall conduct monthly meetings or as may be necessary. Meetings can only be held if attended by a majority of the members; but the vote of the majority of the quorum which in no case is less than two members is required to approve any act in all the meetings of the committee. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Marcia T. Uy	Chairperson, Independent Director	11[1]	100.00
Maria Almasara Cyd N. Tuaño-Amador	Vice Chairman, Independent Director	15	100.00
Eusebio V. Tan	Member, Non-Executive Director	15	100.00
Judith V. Lopez	Member, Independent Director	11[2]	100.00
Domingo H. Yap	Former Chairman, Independent Director	4[3]	100.00
Edgar A. Cua	Former Member, Independent Director[4]	4[3]	100.00
Analisa I. San Pedro	Non-Voting Member	12	80.00
Melissa K. Gabor	Non-Voting Member	15	100.00

[1] Appointed as Chairperson of the BORC on April 29, 2025

[2] Elected as a Member of the BORC on April 29, 2025

[3] Member of the BORC until April 28, 2025

[4] Currently a Non-Executive Director

Board Strategy and Policy Committee (BSPC)

Mandate:

Serves as the governing Board committee in exercising authority on and delegating to Management the implementation of the Board-approved strategic plans and policies.

Structure and membership:

- Composed of 15 members: five (5) independent directors, eight (8) non-executive directors and one (1) executive director.

Meetings and Attendance:

- In 2025, the BSPC held a total of 46 meetings: 23 regular meetings, 1 special meeting, and 22 joint meetings.
- The BSPC charter stipulates that regular meetings shall be held at least every month. Meetings can only be held if attended by a majority of the members. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Eusebio V. Tan	Chairman, Non-Executive Director	46	100.00
Edgar A. Cua	Vice Chairman, Non-Executive Director	46	100.00
Edwin R. Bautista	Member, Executive Director	35[1]	94.59
Judith V. Lopez	Member, Independent Director	37[1]	100.00
Chester Y. Luy	Member, Non-Executive Director	46	100.00
Geocel D. Olanday	Member, Independent Director	46	100.00
Isabelita M. Papa	Member, Independent Director	45	97.83
Sheila T. Pascual	Member, Non-Executive Director	43	93.48
Wilfrido E. Sanchez	Member, Non-Executive Director	46	100.00
Lucio C. Tan III	Member, Non-Executive Director	38	82.61
Michael G. Tan	Member, Non-Executive Director	46	100.00
Vivienne K. Tan	Member, Non-Executive Director	45	97.83
Maria Almasara Cyd N. Tuaño-Amador	Member, Independent Director	46	100.00
Marcia T. Uy	Member, Independent Director	37[1]	100.00
Cesar L. Villanueva	Member, Non-Executive Director	37[1]	100.00
Felix Enrico R. Alfiler	Former Chairman, Non-Executive Director	9[2]	100.00
Florido P. Casuela	Former Member, Former Executive Director	9[2]	100.00

[1] Elected as a Member of the BSPC on April 29, 2025

[2] Member of the BSPC until April 28, 2025

Corporate Governance and Sustainability Committee (CGSC)

Mandate:

Assists the Board in the performance of its corporate governance responsibilities, including the functions of the nomination and remuneration committee, ensuring compliance with and proper observance of the local and international principles of and guidelines in good corporate governance. It likewise oversees the consistent implementation of the Bank's sustainability framework as part of its mandate to promote sound governance and responsible business practices.

Structure and membership:

- Chaired by the Chairperson of the Board who is an independent director.
- Composed entirely of independent directors.

Meetings and Attendance:

- In 2025, the CGSC held a total of 15 meetings: 12 regular meetings, 2 special meeting, and 1 joint meeting.
- The committee charter stipulates that meetings shall be held at least every month. Meetings can only be held if attended by a majority of the members, which shall constitute a quorum.
- The unanimous vote of all the members present at the meeting shall be required to approve/endorse any act or Management recommendation in all the meetings of the CGSC. In case the unanimous vote was not attained because of an objection from any of the CGSC members, the charter provides the following rules that must be observed, among others, *viz.*: (1) for acts/management recommendations that need urgent approval/endorsement, the Chairperson shall call the matter to a vote during the said meeting, and a majority vote shall be necessary to approve the recommendation; and, (2) for acts/management recommendations that do not need urgent approval/endorsement, the CGSC shall defer its action on the matter and schedule another meeting to undergo another round of deliberation and/or for Management present further its recommendation/proposal.
- The presence of a majority of the members of the committee shall constitute a quorum. The unanimous vote of all the members present at the meeting shall be required to approve any act in all the meetings of the committee; otherwise, the proposal under consideration shall be elevated to the Board for approval.

Name	Role	No. of meetings attended	% Present
Geocel D. Olanday	Chairman, Independent Director	15	100.00
Maria Almasara Cyd N. Tuaño-Amador	Member, Independent Director	15	100.00
Judith V. Lopez	Member, Independent Director	10[1]	100.00
Isabelita M. Papa	Member, Independent Director	15	100.00
Marcia T. Uy	Member, Independent Director	10[1]	100.00
Edgar A. Cua	Former Chairman, Former Independent Director	5[2]	100.00
Domingo H. Yap	Former Member, Former Independent Director	5[2]	100.00

[1] Elected as a Member of the CGSC on April 29, 2025

[2] Member of the CGSC until April 28, 2025

Executive Committee (EXCOM)

Mandate:

Assists the Board in the review of proposals regarding credit facilities, investments in financial assets, borrowings, and other credit or transactional matters in line with the Bank's strategic goals.

Structure and membership:

- The membership and composition of the EXCOM complies with the requirements of the Revised Corporation Code of the Philippines and other applicable laws.
- The EXCOM consists of 11 members, including the President and CEO of the Bank, thus: nine (9) voting members, composing of eight (8) non-executive directors, and one (1) executive director; and two (2) non-voting members, composing of one (1) independent director and one (1) non-executive director.
- Independent directors may be appointed as non-voting members and may assume an advisory capacity to the EXCOM. Non-voting members shall not vote with respect to any determination and proposal requiring the approval or notation of the committee and shall not count in terms of determining a quorum at any meeting.

Meetings and Attendance:

- In 2025, the EXCOM held a total of 50 meetings, thus: 49 regular meetings and 1 special meeting.

- The presence of a majority of the members of the committee shall constitute a quorum. The unanimous vote of all the members present at the meeting shall be required to approve any act in all the meetings of the committee; otherwise, the proposal under consideration shall be elevated to the Board for approval.

Name	Role	No. of meetings attended	% Present
Edgar A. Cua	Chairman, Non-Executive Director	50	100.00
Lucio C. Tan III	Vice Chairman, Non-Executive Director	48	96.00
Edwin R. Bautista	Member, Executive Director	30[1]	88.24
Chester Y. Luy	Member, Non-Executive Director	50	100.00
Sheila T. Pascual	Member, Non-Executive Director	47	94.00
Wilfrido E. Sanchez	Member, Non-Executive Director	50	100.00
Eusebio V. Tan	Member, Non-Executive Director	50	100.00
Michael G. Tan	Member, Non-Executive Director	48	96.00
Vivienne K. Tan	Member, Non-Executive Director	45	90.00
Maria Almasara Cyd N. Tuaño-Amador	Non-Voting Member, Independent Director	50	100.00
Cesar L. Villanueva	Non-Voting Member, Non-Executive Director	34[1]	100.00
Florido P. Casuela	Former Chairman, Former Executive Director	16[2]	100.00
Felix Enrico R. Alfiler	Former Member, Former Non-Executive Director	16[2]	100.00

[1] Elected as a Member of the EXCOM on April 29, 2025.

[2] Member of the EXCOM until April 28, 2025.

Risk Oversight Committee (ROC)

Mandate:
Assists the Board in overseeing the Bank's risk profile and reviewing its enterprise risk management framework.

Structure and membership:

- From January to April 2025, the Committee consisted of nine (9) members: five (5) independent and four (4) non-executive directors. From May to December 2025, it consisted of eight (8) members: five (5) independent directors and three (3) non-executive directors.
- Chaired by an independent director.
- Chairman of ROC is not the Chairperson of the Board or of any other Board-level committee.

Meetings and Attendance:

- In 2025, the ROC held a total of 34 meetings: 24 regular meetings and 10 joint meetings with the BSPC.
- The committee charter stipulates that regular meetings shall be held at least every month and may hold special meetings as deemed necessary by the ROC. Meetings can only be held if attended by a majority of the members.
- Ideally, approvals/endorsements of any act or management recommendation in all ROC meetings shall be unanimously voted by all the members present at the meeting.
- For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended[1]	% Present
Maria Almasara Cyd N.	Chairman, Independent Director	24	100.00

Tuaño-Amador			
Isabelita M. Papa	Vice Chairman, Independent Director	24	100.00
Edgar A. Cua	Member, Non-Executive Director	24	100.00
Chester Y. Luy	Member, Non-Executive Director	24	100.00
Geocel D. Olanday	Member, Independent Director	24	100.00
Vivienne K. Tan	Member, Non-Executive Director	22	91.67
Judith V. Lopez	Member, Independent Director	16[2]	100.00
Marcia T. Uy	Member, Independent Director	16[2]	100.00
Domingo H. Yap	Member, Independent Director	8[3]	100.00
Felix Enrico R. Alfiler	Member, Non-Executive Director	8[3]	100.00
Wilfrido E. Sanchez	Member, Non-Executive Director	8[3]	100.00

[1] Excluding joint meetings

[2] Elected as a Member of the ROC on April 28, 2025

[3] Member of the ROC until April 28, 2025

Trust Committee

Mandate:

Oversees the fiduciary activities of the Bank and ensures that these are conducted in accordance with applicable laws, rules and regulations, and prudent practices.

Structure and membership:

- The committee consists of six (6) members: four (4) non-executive directors, one (1) executive director (the President as ex-officio member), and the Chief Trust Officer (as ex-officio member).
- No member of the BACC is concurrently designated as a member of the Trust Committee.

Meetings and Attendance:

- In 2025, the Trust Committee held 12 regular meetings.
- As stipulated in its charter, the committee shall meet at least once every quarter. The presence of a majority of the members of the committee shall constitute a quorum; but the unanimous vote of the quorum, is required to approve any act in all the meetings of the committee. In case the unanimous vote is not attained, for acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. Majority vote of the Committee members is required to approve/endorse an act. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Sheila T. Pascual	Chairman, Non-Executive Director	8	66.67
Wilfrido E. Sanchez	Vice Chairman, Non-Executive Director	12	100.00
Vivienne K. Tan	Member, Non-Executive Director	12	100.00
Edgar A. Cua	Member, Non-Executive Director	8[1]	100.00
Cesar L. Villanueva	Member, Non-Executive Director	8[1]	100.00
Felix Enrico R. Alfiler	Former Member, Non-Executive Director	3[2]	75.00
Florido P. Casuela	Former Ex-officio, Executive Director[3]	4[2]	100.00
Edwin R. Bautista	Ex-officio, Executive Director	8[1]	100.00
Joy Jasmin R. Santos	Ex-officio, Chief Trust Officer	11	91.67

[1] Elected as a Member of the Trust Committee on April 29, 2025

[2] Member of the Trust Committee until April 28, 2025

[3] Currently a Board Advisor

Board Overseas Offices Oversight Committee (BOOOC)

Mandate:

The Committee manages oversight of overseas offices, covering business operations, risk management, and compliance with legal and regulatory requirements. This oversight covers foreign branches, subsidiaries (except where local laws require independent management), marketing desks, and representative offices. It reviews the formulation of policy guidelines and procedures to ensure the quality and effectiveness of compliance and risk management across these business legal vehicles, with particular focus on key risk areas requiring heightened Board supervision and timely, effective corrective actions by Senior Management. The Committee likewise reviews actions taken in response to regulators' recommendations and to changes in laws and regulatory environments affecting each overseas entity, in coordination with the respective Boards of Directors, relevant Board Committees, and Senior Management Sector or Group Heads providing oversight. In addition, the Committee formulates policies and monitors the implementation of continuing education programs for key officers of overseas offices, oversees their participation in management committees, and reviews succession planning for their Senior Management.

Structure and membership:

- Consists of five (5) members of the Board, three (3) of whom are independent directors.

Meetings and Attendance:

- In 2025, the committee held 12 meetings.
- The presence of a majority of the BOOOC members will constitute a quorum, and the unanimous vote of all the members present constituting a quorum shall be required to approve/endorse any act of Management recommendation in all the meetings of the committee.
- In case the unanimous vote was not attained because of an objection from any of the committee members, the following rules shall be observed:

  For acts/ management recommendations that need urgent approval/endorsement, the Chairperson shall call the matters to a vote during the said meeting, under the following guidelines:

  1. The Chairperson shall not cast his/her vote unless and until all members have voted.
  2. Voting shall be by rollcall in alphabetical order, unless the Chairperson deems that a show of hands will be sufficient for the purpose.
  3. A majority vote of the Committee members present is required to approve/endorse an act/management recommendation.
  4. In the event the votes are tied, the Chairperson shall cast his/her vote to break the tie.
  5. If despite the Chairperson's vote, the voting resulted in an equal/event number of votes, another round of deliberation shall be held by the members of the Committee to possibly resolve contentious issues or clarify certain matters regarding the subject act/management recommendation. Thereafter, the process mentioned in Sections 1.1 to 1.4 shall be observed for the second time during the same meeting. If the required majority vote was still not obtained, then the act/management recommendation is deemed rejected by the committee.

  For acts/management recommendations that do not need urgent approval/endorsement, the Committee shall defer its action on the matter and schedule another meeting to undergo another round of deliberation and/or for Management present further its recommendation/proposal. In case the unanimous vote was not attained, the Committee shall follow the guidelines set forth in next preceding paragraph.

Name	Role	No. of meetings attended	% Present
Edgar A. Cua	Chairman, Non-Executive Director	12	100.00
Isabelita M. Papa	Vice Chairman, Independent Director	12	100.00
Maria Almasara Cyd N. Tuaño-Amador	Member, Independent Director	12	100.00
Chester Y. Luy	Member, Non-Executive Director	8[1]	100.00
Geocel D. Olanday	Member, Independent Director	8[1]	100.00
Felix Enrico R. Alfiler	Former Chairman, Non-Executive Director	3[2]	75.00

[1] Elected as a Member of the BOOOC on April 29, 2025

[2] Member of the BOOOC until April 28, 2025

The foregoing information addresses the requirement of Section 49 of the Revised Corporation Code to present to the stockholders the attendance of each director at each Board Committee meeting.

MANAGEMENT COMMITTEES

As the highest-ranking officer in the organization, the President is primarily accountable to the Board of in championing the desired conduct and behavior and promoting the long-term interests of the Bank.

The Management Committee (MANCOM) assists the President in the implementation of the overall strategy and oversees the management and affairs of the Bank. MANCOM ensures that activities and operations are consistent with the defined strategic objectives, risk strategy, and policies as approved by the Board.

The Chief Legal Counsel handles all legal matters and cases filed by or against the Bank and renders opinions and advice on questions of law. He plays a significant and indispensable role in the management of legal risk. The Chief Compliance Officer (CCO), on the other hand, oversees the design of an appropriate compliance system, promotes its effective implementation, and addresses breaches that may arise. She liaises with government regulatory bodies regarding relevant compliance matters.

Meanwhile, the Chief Risk Officer (CRO) oversees the risk management function and proposes enhancements to frameworks and procedures to ensure that the Bank's infrastructure, systems, and processes are robust and effective to fully support strategic objectives and risk-taking activities.

In addition, the Chief Audit Executive (CAE) develops and manages a broad and comprehensive program of internal auditing covering the Bank, its subsidiaries, and overseas businesses to provide the Board with independent assessment on key organizational and procedural controls. The CAE also ensures that risk management systems are adequate, effective, and complied with.

The Chief Information Security Officer (CISO) & Data Protection Officer (DPO) reports directly to the CRO for the CISO-related matters and to the President for the DPO functions. The CISO & DPO provides strategic leadership in managing and supporting the Bank's information security program, ensuring an effective balance between business objectives and security requirements. The CISO is responsible for maintaining information security risks within acceptable levels. In concurrent capacity, he also serves as the Bank's DPO tasked with monitoring compliance with the Data Privacy Act (Republic Act No. 10173), its implementing rules and regulations, issuances by the National Privacy Commission, and all other applicable data privacy laws and policies.

The complete background and qualifications of the members of the MANCOM can be found in the Information Statement.

A strong and independent oversight is established at all levels within the Bank. Below is the list of the Management Committees:

BANK COMMITTEES
As of January 28, 2026

1 Acquired Assets Disposal Committee (AADC)
2 Asset and Liability Committee (ALCo)
3 Asset Disposal Committee (Head Office)
4 Capital Management Sub-Committee
5 Committee on Decorum and Investigation (CoDi)
6 Committee on Overseas-Related Engagements (CORE)
7 Consumer Finance Sector Credit Committee (CFSCC)
8 Crisis Management Committee
9 Customer Experience (CX) Committee
10 Data Governance Committee
11 Domestic Branch Site Selection Committee (DBSSC)
12 Ethical Standards Committee (ESC)
13 Financial Crime Risk Review Committee (FCRRC)
14 Impairment Committee
15 Institutional Banking Sector Credit Committee (IBSCC)
16 IT Evaluation Committee (ITEC)

17 Management Committee (ManCom)
18 Management Risk Committee (MRC)
19 Metro Manila Commercial Credit Committee
20 Occupational Safety, Health, And Family Welfare Committee
21 Operations Committee (OpCom)
22 Procurement Committee
23 Products and Marketing Promotions Committee (PMPC)
24 Project Prioritization Committee
25 Provincial Commercial Credit Committee (PCCC) For Luzon Accounts
26 Provincial Commercial Credit Committee (PCCC) For Visayas and Mindanao Accounts
27 Retail Banking Sector Credit Committee (RBSCC)
28 Retirement Fund Board
29 Senior Management Credit Committee (SMCC)
30 Service Excellence and Professional Development Awards Selection Committee
31 Technology Committee (TechCom)

COMPLIANCE

A robust and effective compliance framework is the foundation of PNB’s strength and market presence. The Bank upholds the highest standards of integrity, ethics, and good governance in conducting its business, ensuring prudence in decision-making, enforcing internal discipline, maintaining a system of checks and balances, and promoting transparency and accountability to its stakeholders—including customers, investors, stockholders, and regulators.

The GCG is responsible for identifying and mitigating risks that could undermine PNB’s franchise value, including risks related to legal or regulatory sanctions, material financial loss, or reputational damage due to noncompliance with laws, regulations, self-regulatory standards, and codes of conduct. Compliance risk management is deeply embedded in PNB’s corporate culture, with risk governance recognized as a shared responsibility among employees, Management, and the Board.

GCG is led by the CCO, who functionally reports to the BACC and administratively to the President. While independent from the Bank’s business units, it has access to all operational areas as well as to any records or files necessary for the group to carry out its responsibilities and conduct review of possible breaches of the compliance policy. GCG is composed of five divisions: Corporate Governance, Financial Crime Risk, Regulatory Compliance Risk, Compliance Assurance, and Compliance Operations.

Through the CCO, GCG oversees the design and effective implementation of the Compliance Program, which defines the group’s authority, mandate, and formal role within the organization. This program reinforces adherence to banking laws, rules, and regulations, ultimately ensuring the safety and soundness of PNB’s operations.

Corporate Governance

The Corporate Governance Division (CGD) supports the CCO, in the latter’s role as PNB’s designated Corporate Governance Executive to ensure the effective implementation of the Bank’s governance framework. With the ever-changing and always developing corporate governance landscape, CGD monitors corporate governance regulations and guidelines issued by regulators such as the SEC and the BSP, as well as internationally accepted standards and best practices, assessing their impact on the Bank’s governance structure and practices. In addition, CGD oversees the Bank’s compliance with regulations and policies on RPTs and assists the BORC in ensuring that RPTs are conducted on an arm’s length basis. The division also serves as the secretariat of the BORC and provides advisory support to various business units on corporate governance and related party transaction matters.

Financial Crime Risk

Due to the high risk of money laundering, terrorist financing/weapons of mass destruction, proliferation financing, bribery, and corruption locally and overseas, the mitigation of financial crime risks is crucial in preserving the integrity of the financial system.

A robust financial crime compliance effort provides added protection to the Bank from the risks associated with existing and potential customers. Appropriate governance of all matters pertaining to financial crimes are properly implemented as these concerns are presented timely to the BACC for its approval or notation. This is to ensure that the Bank shall not be used as a conduit for money laundering and terrorist financing by having adequate controls, systems, policies, and mechanisms in place.

The Financial Crime Risk Division (FCRD) encompasses five key areas: anti-money laundering, counter terrorist financing, sanctions, anti-bribery and corruption, and tax transparency. This scope was expanded to cover not only money laundering, but also other forms of financial crime. To mitigate the different risks, FCRD ensures an end-to-end robust control framework is in place and is embedded enterprise-wide. It also provides guidance to the Board, management, and business units on the applicable regulatory requirements and risk mitigation to help safeguard the bank against financial crime threats, legal penalties, and reputational damage. FCRD also provides trainings to upskill and retool employees and to keep them abreast with the changes in policies and procedures set forth by legislation, regulations, banking guidance, and global best practices.

Regulatory Compliance Risk

The Regulatory Compliance Risk Division (RCRD) ensures adherence to banking laws, rules, regulations, and guidelines issued and mandated by the Bank's various regulators. The division facilitates the timely dissemination of regulatory issuances to various units through the designated Risk and Compliance Officers. RCRD provides advisory support to the Bank's business units, fostering a constructive dialogue between the GCG and various offices to effectively identify and monitor compliance risks. This collaboration enables the prompt implementation of corrective actions to mitigate risks in a timely and consistent manner. Additionally, RCRD conducts regulatory compliance awareness training and workshops for PNB employees, ensuring they remain informed about new and existing regulations issued by the BSP and the Philippine Deposit Insurance Corporation (PDIC). These initiatives help employees understand the impact of regulatory changes on their respective areas of responsibility.

Compliance Assurance

The Compliance Assurance Division's (CAD) primary responsibility is to review and assess a business unit's compliance with applicable rules and regulations, prescribed practices, internal policies and procedures, or ethical standards in relation to regulatory and money laundering/terrorist financing risks. CAD's testing reviews mitigate compliance risks by identifying root causes in areas of non-compliance and providing recommendations to avoid recurrence. Compliance Assurance's testing coverage is determined by the results of the Compliance Risk and Control Self-Assessment (RCSA) performed by the business units and subjected to review and challenge by the RCRD, CGD and FCRD. Special reviews may be conducted as instructed by the CCO, Senior Management, BACC, and/or the Board.

Compliance Operations

The Compliance Operations Division (COD) is responsible for managing GCG's administrative requirements, budget, hiring, training, system access, equipment and furniture requirements, management information, BSP examination - from logistics, support, submission, and monitoring of action plans for each BSP directive, among others to allow the rest of the four divisions to focus on their primary tasks.

INTERNAL AND EXTERNAL AUDIT

The Internal Audit Group (IAG), headed by the CAE, performs the internal audit functions for the Bank which is strictly guided by its conformance with the Global Internal Audit Standards (GIAS) and full compliance with the mandate for the third line role instituted by the BSP regarding Internal Audit Function and Internal Control Framework. IAG provides independent, objective assurance and advisory services to evaluate and improve the effectiveness of risk management, control, and governance processes including the evaluation on the effectiveness of the Fraud Risk Management Framework of the Bank. IAG achieves this through the competent application of systematic and disciplined processes, expertise, and insight.

IAG maintains its independence from the responsibilities of Management, and it reports functionally to the BACC monthly. The BACC is responsible for the establishment of IAG and the appointment, re-appointment, and replacement of the CAE and the Deputy Chief Audit Executive (DCAE). The responsibility of the BACC includes the annual performance review of the CAE, accepting the resignation and/or dismissal subject to due process. It also reviews, evaluates, and approves the Annual Audit Plan as well as the audit reports to the extent that the BACC Chairman may issue directives to Senior Management to develop and implement necessary corrective actions in a timely manner. The IAG's independence from the responsibilities of Management is critical to the integrity, objectivity, competency, and exercising due professional care of the IAG. It is established through accountability to the governing body; unfettered access to people, resources, and data needed to complete its work; and freedom from bias or interference in the planning and delivery of audit services.

On the other hand, external assurance providers (external auditors) provide additional assurance to a) satisfy regulatory expectations that serve to protect the interests of the stakeholders and b) satisfy requests by Management and the governing body to complement internal sources of assurance. The external auditor undertakes an independent audit of the Bank and provides an objective assurance regarding the manner under which the financial statements are prepared and presented to the shareholders. The external auditor also ensures the establishment and maintenance of an environment of good corporate governance as reflected in the financial records and reports of the Bank.

The BACC has the sole authority to select, evaluate, appoint, dismiss, and re-appoint the external auditor (subject to shareholder ratification) and shall approve in advance all audit engagement fees and terms and all audit-related, and tax compliance engagements with the external auditor.

In compliance with the requirements of the regulators (BSP and SEC), the Bank's external auditor and/or auditing firm shall be changed, or the lead and concurring partner shall be periodically rotated. As such, the Bank established a policy on External Audit Tender Process whereby selection of external auditors undergoes stringent evaluation process. The following factors may be considered in the selection of external auditors: (a) audit plan, methodology and timeline of the engagement; (b) reputation, industry expertise and global reach; (c) staffing and authority of team members and engagement partners; (d) effectiveness of consultation process, transparency, and communication; (e) use of technology and innovation and (f) quality of audit services.

The IAG aligns and collaborates its audit activities and maintains open communication line with the external auditors.

RIGHTS OF SHAREHOLDERS

PNB's shareholders have the following rights and privileges, thus: (a) right to inspect corporate books and records; (b) right to information; (c) right to dividends; (d) opportunity to place agenda items prior to and raise questions during the stockholders' meeting; and (e) right to vote on all matters that require their consent or approval.

All shareholders have the right to nominate and elect candidates to the Board. They also have the right to remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code of the Philippines, including, but not limited to: (i) amendment/s to the Bank's Articles of Incorporation and By-Laws, (ii) authorization on issuance of additional shares, and (iii) transfer or other mode of disposition of all or substantially all assets of the Bank.

The rights and responsibilities of shareholders are discussed in detail in the PNB Corporate Governance Manual and PNB By-Laws, accessible through PNB's website.

Stockholders' Meeting

PNB's shareholders are the highest authority in the Bank's governance structure. The stockholders' meeting serves as an avenue to make decisions based on the interests of the Bank in a fair and transparent manner.

The stockholders' meetings consist of the ASM held once a year; and, special meetings, which may be held as needed in accordance with the procedure provided in the PNB By-Laws and applicable laws.

Pursuant to the Bank's By-Laws, the ASM shall be held at the principal office of the Bank or any other place within Metro Manila as may be determined by the majority of the Board, on the last Tuesday of April of each year, unless such day is a legal holiday, in which case, the meeting shall be held on the following business day.

Special meetings may be called by the Chairperson of the Board, by the President and CEO, by a majority of the Board, or on the demand, in writing, of the shareholders who own majority of the voting stock.

Per Board Resolution dated January 24, 2025, the ASM of the Bank was held virtually on April 29, 2025, pursuant to SEC Memorandum Circular No. 6, Series of 2020. Further, in compliance with the said SEC Circular, the presiding officer for the ASM, who was the Chairman of the Board, was physically present and, thus, called and presided the meeting at the principal office of the Bank.

Before the ASM

On January 24, 2025, the Board approved the holding of the ASM on April 29, 2025 through remote communication and allowed voting *in absentia* to provide the stockholders a safer mode of attendance and participation in the Bank's ASM. The Notice of the ASM was disclosed to the PSE Edge on the same day.

The Notice was also published, in print and online format, from April 1, 2025 to April 2, 2025 in the BusinessWorld and the Philippine Daily Inquirer, and from April 11, 2025 to April 17, 2025 in the Philippine Star.

During the ASM

The Bank conducted its recent ASM via remote communication and implemented electronic voting *in absentia* to provide the Directors, Senior Management, shareholders, and other stakeholders, for a safer mode of attendance and participation in the ASM, and to comply with the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6, series of 2020.

All members of the Board who served for Election Year 2024-2025, including the Chairperson of the Board, the President and CEO, and the Chairman of the BACC; key officers of the Bank, including the Corporate Secretary, CCO, and Investor Relations Officer; and representatives of the external auditors and regulators, attended the virtual ASM.

The Chairperson of the Board formally opened the 2025 ASM. The Corporate Secretary certified the existence of a quorum for a valid transaction of business at the meeting. Every shareholder qualified to vote was entitled to one vote for each share of stock standing in his or her name on the books of the Bank.

Shareholders voted on the following agenda: (a) approval of the Minutes of shareholders' meeting held the previous year; (b) approval of the Annual Report and the AFS; (c) approval of the Amendments to the By-Laws; (d) election of directors; and (e) appointment of the External Auditor. All legal acts, resolutions and proceedings of the Board and corporate officers were included in the agenda of the ASM for ratification of the shareholders.

Shareholders were allowed to elect directors individually. Each resolution dealt with only one item; there was no bundling of several items into the same resolution.

At the meeting, shareholders were encouraged to express their opinions and raise any questions, either on the agenda or any other questions related to the business and operations of the Bank. All questions had been answered by the Board and the Bank's corporate officers and were recorded in the Minutes of the meeting.

The Bank engaged its external counsel, Roxas Delos Reyes Laurel Rosario & Gonzales Law Offices, for the validation of proxies and votes cast during the meeting.

After the ASM

The results of the meeting were disclosed to the PSE Edge and on the Bank's website on April 29, 2025. The Minutes of the ASM were uploaded to the Bank's website on May 2, 2025. The Minutes contained the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item, questions raised by shareholders, responses from the Board and officers, and attendance of the Board members, key officers and shareholders.

DISCLOSURE AND TRANSPARENCY

PNB Website

The official website of PNB serves as a platform to reach out to clients, investors, shareholders, and various stakeholder groups. As such, the Bank is committed to promote transparency by ensuring the timely and accurate disclosure of relevant material information. This includes financial statements and reports, materials provided in briefings to analysts and the media (e.g., investor presentation materials and briefing notes), a downloadable Annual Report, the Notice and Minutes of the Annual Stockholders' Meeting, and the Bank's Articles of Incorporation and By-laws. These materials are uploaded on the website in coordination with resource units.

Annual and Quarterly Reports

The Bank consistently provides complete and accurate information about its operations and affairs. Its primary disclosure mechanisms are the annual and quarterly reports, which present the Bank's financial performance in a comprehensive, accurate, reliable, and timely manner. These reports offer a fair and complete overview of PNB's financial condition and results of operations.

The Bank's Annual Report includes Statement of Management's Responsibility, affirming the fair and truthful preparation of its financial statements. Additionally, the reports are also disclosed in accordance with the reportorial requirements of the SEC and PSE. The contents of these reports are prepared in coordination with relevant resource units.

Press Releases and Media Briefings

Relevant information and updates that need to be communicated to the general public are disseminated through press releases or press statements. To release these materials, PNB makes use of both mainstream and online channels. Mainstream or traditional channels include print (major publications and marketing collaterals) and broadcast media (TV and radio). Apart from the Bank's website, and when appropriate, the Bank also utilizes official social media accounts. All these communication channels are used because of their extensive reach and accessibility.

In 2025, the Bank came out with 24 press releases. The Bank participated in interviews with journalists, as may be necessary. Further, PNB regularly shared economic views and insights from the Bank Economist to banking and finance beat reporters, as part of the Bank's contribution to their economic reports.

Investor Relations

Investor relations is the Bank's strategic responsibility to keep communication with investors open and to help maintain the Bank's foothold in the financial market. During the year, the Bank continued its efforts in deepening its engagement with shareholders, investors, analysts, and the media through virtual conferences and briefings sponsored by investment bank, financial services companies, and the PSE. The discussions focused on PNB's operating results and outlook on growth and asset quality, overall strategy amid the dynamically evolving business environment. In addition, PNB replied to various queries from investors/analysts. Aside from these, PNB also met with institutional investors to respond to specific concerns of said investors and informed them of the latest developments on the Bank, particularly the strategic initiatives to sustain growth and profitability.

PNB has implemented its Investor Relations Program aimed at promoting investors' awareness and name recognition through participation in domestic and international conferences sponsored by fund managers as well as improving investors' perception of the Bank by keeping them abreast of recent developments in the Bank through constant communications. This program was also designed to effectively address concerns/issues of shareholders and investors that could materially affect the Bank's reputation, operations, and viability particularly during the period of uncertainties brought about by the global pandemic.

The Investor Relations Program is anchored on three main principles:

- Accuracy and Timeliness: PNB is committed to provide analysts, credit rating agencies, investors, and shareholders with correct and up-to-date information on developments in the Bank;
- Transparency: PNB is committed to disclose relevant information to investors and shareholders in accordance with the prescribed standard of disclosure by regulatory agencies; and
- Consistency and Impartiality: PNB is committed to prepare the same, unbiased information and to make said information accessible to all interested analysts, credit rating agencies, investors, and existing shareholders through various modes of communication.

The contact information of the Investor Relations Officer is available on the PNB website.

The following were the quarterly briefings held jointly by LT Group, Inc. (LTG) and PNB for the analysts and investors:

Date of Analysts' and Investors' Briefing Hosted by LTG and PNB	Key Discussion Points / Subject
February 28, 2025	Virtual Analysts' Briefing on the LTG Companies' 2024 Full-Year Financial Results
May 13, 2025	Virtual Analysts' Briefing on the LTG Companies' 2025 Three-Month Financial Results
August 12, 2025	Virtual Analysts' Briefing on the LTG Companies' 2025 Six-Month Financial Results
November 13, 2025	Virtual Analysts' Briefing on the LTG Companies' 2025 Nine-Month Financial Results

GOVERNANCE POLICIES AND PRACTICES

Corporate Governance Manual

The Corporate Governance Manual serves as the foundation for PNB's commitment to upholding the principles of good corporate governance. It establishes the framework that guides the Bank's leadership and management in ensuring ethical, transparent, and responsible business practices. To maintain its relevance and effectiveness, the Corporate Governance Division regularly reviews and evaluates the CorGov Manual, ensuring that it remains aligned with regulatory requirements, industry best practices, and the evolving needs of the Bank and its stakeholders.

The CorGov Manual clearly defines the roles, responsibilities, and accountabilities of the Board, including the types of decisions requiring its approval. By outlining governance structures and decision-making processes, it reinforces accountability at all levels of the organization. In line with PNB's commitment to transparency, the CorGov Manual is publicly disclosed and readily accessible through the Bank's website, allowing stakeholders to stay informed about the Bank's corporate governance policies and practices.

Corporate Governance Confirmation Statement

The Bank adopts a policy of and ensures full compliance with the Code of Corporate Governance. PNB has substantially complied with the recommendations of the Code of Corporate Governance for Publicly Listed Companies, except for the following:

1) 30% public float requirement to increase liquidity in the market; and
2) Disclosure of director remuneration and executive compensation on an individual basis.

The details of the Bank's compliance with the Code of Corporate Governance and the explanation for the abovementioned items can be found in its Integrated Annual Corporate Governance Report, published on the PNB website.

The Bank has also substantially complied with the provisions and requirements set forth in its Corporate Governance Manual and there were no reported significant deviations from what is expected from its Board, Board Advisors, officers, and employees.

Code of Ethics for Directors

The Code of Ethics for Directors serves as a guiding framework that upholds the highest standards of integrity, professionalism, and accountability among PNB's Board members. It is designed to ensure that directors exercise their powers, duties, and responsibilities in accordance with fit and proper standards, fostering ethical leadership and sound corporate governance. The Code establishes the minimum standards of conduct expected of all directors, reinforcing their commitment to the Bank's values and governance principles.

To ensure alignment with PNB's broader governance framework, the Code must be read in conjunction with the Bank's Corporate Governance Manual, Articles of Incorporation, By-Laws, and internal policies and procedures. This integration ensures consistency in governance practices and decision-making processes across all levels of leadership.

The provisions of the Code apply to all members of the Board—whether executive, non-executive, or independent. Each director is expected to adhere to and uphold the principles set forth in the Code, demonstrating ethical conduct and responsible stewardship in the best interest of the Bank and its stakeholders.

Code of Conduct for Employees

The Code of Conduct for Employees establishes a moral and ethical framework that promotes discipline, enhances productivity, and safeguards the corporate image of the Bank. It sets clear standards of behavior expected from all employees, reinforcing a culture of professionalism, integrity, and accountability. The provisions of the Code apply to all employees, including those in overseas branches, offices, and PNB's domestic and foreign subsidiaries.

To ensure accessibility and compliance, each employee is provided with a copy of the Code of Conduct. Additionally, the Code is readily available on the Bank's intranet for easy reference. All employees are required to sign an Acknowledgment Receipt, certifying that they have received, read, and understood the Code's provisions and commit to adhering to its rules and regulations. This process is repeated annually to reinforce awareness and compliance across the organization.

Any violation of the Code must be reported by the immediate supervisor and/or Head of Office to the Human Resource Group and/or the Corporate Governance and Sustainability Committee. A designated committee may then assess the report and determine the appropriate sanctions or disciplinary actions, ensuring that breaches are addressed in a fair and consistent manner.

Whistleblowing Mechanism

It is the responsibility of all directors, officers, and employees to report suspected or actual occurrence of fraud and/or violation of any law, rule, policy, and misconduct, in accordance with the Bank's Whistleblower Policy.

Under the policy, a whistleblower may be an employee of the Bank or a third party who discloses, in good faith, any illegal, unethical, or improper behaviors or practices, and misconduct in the Bank. He/She can report any suspected or actual infraction thru (i) call or text to the whistleblower hotline , (ii) electronic mail dedicated for whistleblower complaints, and (iii) verbal or written report or submission of a signed or unsigned Disclosure of Violation/Complaint Form to any of the members of the Ethical Standards Committee (ESC), President/CEO, Chief Compliance Officer (CCO), Chief Audit Executive (CAE), Chief Legal Counsel (CLC) or any member of the Board of Directors. For complaints / reports involving financial fraud or those classified as sensitive and/or special cases, the same may be reported directly to the PNB President/CEO, CCO, CAE, CLC or any member of the Board of Directors either verbally or in writing or e-mail to ensure the anonymity of the whistleblower.

Whistleblowers are duly protected from retaliation by ensuring that his/her identity is kept in strict confidence. Anyone who retaliates against the whistleblower is subject to disciplinary action, including the possibility of dismissal from the Bank's service. The whistleblower may report verbally or in written form any act of harassment, bullying, or adverse personnel action experienced to any of the members of the ESC, the senior officers, and/or members of the Board of Directors, as stated above. The Bank shall grant incentives to whistleblowers who provide credible information leading to the uncovering of financial fraud.

Anti-Bribery and Anti-Corruption

In line with the Bank's commitment to ensure that business dealings are conducted with the highest level of integrity and professionalism, employees are prohibited from engaging in any form of bribery such as the following:

- Giving/offering pecuniary benefits to external parties with the intention to influence the other party to commit a violation for personal and/or business advantage.
- Acceptance/receiving of pecuniary benefits from clients, suppliers, service providers to facilitate the processing or approval of transactions or service agreements with the Bank despite deficiency and/or non-compliance with the standard requirements and procedures.
- Acceptance of gifts/donations/sponsorship not consistent with the provision of the Bank's Policy on Soliciting and Receiving of Gifts.

Employees who have knowledge of any form of irregular transactions or corrupt practices being entered into by an office or an employee under the name of the Bank must report the same through the offices identified in our Whistleblower Policy.

Consumer Welfare

In line with BSP Circular No. 1160 Series of 2022 covering Regulations on Financial Consumer Protection implementing Republic Act No. 11765 otherwise known as the "Financial Products and Service Consumer Protection Act", the Bank continues to embed consumer protection practices across the organization. It is at the forefront of the Bank's corporate responsibility, from the Board who approves the policies and conducts oversight in the implementation of Bank's Consumer Protection Risk Management System (CPRMS) and the Consumer Assistance Management System (CAMS), to the Management Committee who ensures that all consumer protection practices are aligned with the approved policies and risk management system and is consistently adhered to by relevant units. Aligned with the Bank's Enterprise Risk Management Framework (ERMF), the CPRMS includes governance structure, policies, processes, measurement, and control procedures and mechanisms to protect the rights and interest of consumers.

Consumers have the right to be informed of the benefits as well as the risks involved regarding the products and services they availed from the Bank. Throughout the banking relationship, the following standards of conduct are observed: (a) equitable and fair treatment, (b) disclosure and transparency of financial products and services, (c) protection of consumer assets against fraud and misuse, (d) data privacy and protection, and (e) timely handling and redress of complaints.

Consumer assistance mechanisms are made available in various forms: face-to-face support from PNB branch personnel; account officers and relationship managers; 24x7 customer care hotlines; and electronic or digital channels. Each inquiry, request and/or complaint is acknowledged and processed within the standard turnaround time. From the frontline offices, customer concerns are handled by the resolving offices to provide reasonable resolution to address the same. Escalation of customer concerns is in place to ensure that appropriate courses of action is given to complex complaints. This complaint management process is established, a cross-functional activity involving multiple offices, which provide priority assistance in resolving customer concerns. As part of this process, monitoring of complaints resolution and validation of implemented resolution has been incorporated to ensure customer satisfaction and retention. The process also extends to periodic root cause assessment, formulation, implementation, and monitoring of long-term mitigation initiatives to limit the recurrence of system or process exceptions, and thereby improve customer experience and concerns.

A monthly summary is reported to the MRC and to the ROC for transparency and evaluation. This report also includes key risk indicators with Red-Amber-Green (RAG) Rating to establish the measure of success of concerned offices handling customer concerns based on standard parameters. Moreover, consumer risk related incidences are also captured in the Bank's loss event database and the same are reported and escalated to the MRC and ROC for escalation, resolution, and monitoring.

PNB aims to be the financial partner of consumers in their journey to financial health and wealth. The Bank is committed to equip consumers with the information and tools they need to make wise financial decisions towards achieving their goals.

Creditors' Rights

PNB takes an active role in safeguarding the rights of its creditors. The Bank is committed to honoring its contractual financial obligations as evidenced by good credit standing. Since deposit-taking is one of the Bank's principal banking activities, special premium is placed on the protection of depositors who serve as the Bank's main creditors. The Bank recognizes that creditors have the right to safeguard their transactions with the Bank and be heard though appropriate channels when they escalate feedback and concerns.

The Bank provides its depositors with ready access to information that accurately represents the fundamental benefits and risks, as well as the terms and conditions of a financial product or service. Moreover, PNB is one with the PDIC in promoting public confidence and stability in the economy. As such, the Bank advertises PDIC's deposit insurance protection in appropriate and accurate manner by including the official PDIC Insurance Statement *("Deposits are insured by PDIC up to P1,000,000.00 per depositor as of March 15, 2025")* in general advertisements of the Bank and advertisements relating to deposit products and services appearing in print ads, TV, official website, and other forms of marketing communications.

As a matter of practice, PNB respects and upholds the rights of its creditors by observing fair and truthful disclosure of financial and operating results which enable them to evaluate and assess the Bank's performance and credit standing. The annual and quarterly reports are the primary disclosure mechanisms used by the Bank to convey its financial performance in a comprehensive, accurate, reliable, and timely manner. The reports provide a fair and complete picture of the Bank's financial condition and results of business operations.

Outsourcing and Vendor Management

PNB remains committed to fostering efficient and collaborative relationships with its suppliers, vendors, and third -party service providers. This commitment is upheld through the combined efforts of the Administration Group through the Accreditation and Vendor Management Department (AVMD) and Procurement Department (PD), and the Outsourcing and Vendor Risk Management Department (OVRMD) of the Enterprise Risk Management Group (ERMG).

To ensure operational efficiency and regulatory alignment, AVMD, PD, and OVRMD continued to refine its processes, strengthening internal controls and supporting the Bank's compliance with evolving BSP requirements. In coordination with the Corporate Sustainability Team, the Bank has also begun integrating sustainability considerations into supplier accreditation and vendor -related activities, in line with governmen t-mandated sustainability directives.

Corporate Services Division (CSD) of the Administration Group and OVRMD jointly oversee the Bank's outsourcing arrangements and third -party risk management activities to ensure adherence to governance standards. As part of ongoing automation efforts, ERMG—through OVRMD—implemented the Governance, Risk and Compliance (GRC) system to further enhance the monitoring and assessment of thir d-party risks. Complementing this initiative, CSD continues to explore additional digital tools to support the Bank's broader automation and digitization agenda.

Selection Process for Senior Management

The Bank recognizes that employees are its most valuable asset. PNB remains committed to maintaining a strong pool of qualified and competent talents to sustain leadership, drive performance, and deliver excellent customer service, ultimately enhancing shareholder value.

For the appointment of senior officers (Vice President and above), candidates are sourced from various channels and undergo a rigorous selection process. In-depth interviews are conducted by the recommending Group/Sector Head, the Human Resource Group Head, the President and CEO, and Director of the Bank to assess overall qualifications, capabilities, and other relevant factors. Once a candidate is selected, the appointment is subject to the approval of the Board, upon endorsement by the President and the Corporate Governance and Sustainability Committee. Following Board approval, all regulatory requirements must be fulfilled, ensuring full compliance with applicable guidelines and conditions set by regulatory bodies.

Succession Management

The Succession Management Program is an evolving process of strategically and systematically identifying, assessing, and developing talents for future critical roles to ensure consistent and effective organizational performance. This program ensures the availability of talents who have the potential and required competencies and are ready to assume vacant positions as the need arises, due to organizational exigencies, particularly for key management positions.

PNB maintains an Executive Talent Pool (ETP) composed of high potential talents who are being prepared or are ready to assume higher roles / responsibilities in any of the critical positions within the organization. Identified talents shall be categorized depending on the Talent's competencies and aspirations – (i) Universal Talent where the Talents may be considered for any critical position within the organization, and (ii) Subject Matter Experts where the Talents shall be considered for a specific area of focus/discipline.

To ensure that there are "ready successors" for critical positions, the Bank shall maintain an updated and dynamic ETP consisting of high performing and high potential officers who will be ready to assume vacant key/critical positions in the Bank. Nominations and acceptance of talents in the Talent Pool involves the following steps:

1. Identification of key/critical positions.

2. Nomination of Candidates - based on the candidate's ability, engagement, and aspiration to assume higher role, subject to the initial evaluation of the Nominating Officer/Incumbents, the respective Sector or Group head nominates possible candidates who may be from within or outside of their respective Group/Sector.

3. Conduct of Talent Screening - the process of evaluating and assessing the shortlisted nominees' competencies based on tenure, rank, past and present performance and disciplinary record, competencies and readiness, subject to the approval of the President.

4. Learning and Development – An Individual Development Plan (IDP) shall be crafted by the Talent in close coordination with the incumbent, the supervising Head of Office together with Performance & Career Management Department (PCMD) and the Institute for Banking Excellence (IBE). A career dialogue with the accepted Talent and the Supervising Head of Office will be conducted to discuss the identified competency, behavioral, and leadership skills / requirements, timelines, mobility, and other requirements (e.g., certifications and licenses) of the position for which he/she is being considered as a possible successor. To address the development needs of each talent, the IBE of the Human Resource Group shall curate basic, core, advance and specific training programs intended for the talents in the ETP.

5. Talent Review Process (TRP) – Talent's progress shall be monitored and evaluated based on the completed development plan, displayed competencies, and completed certifications/licenses, and readiness.

6. Engagement – strategies are employed to sustain the desired level of performance as well as the talent's commitment to the program.

7. Placement – the talent review process and the learning and development programs continue until the need or opportunity arises for the talent to assume a key/critical position within the organization.

In-House and External Training Program for Senior Management

PNB's commitment to learning excellence continues to earn industry recognition. The Bank was honored as the 2024 Learning Champion (Philippines) by LinkedIn, named 2023 Learning & Development Organization of the Year (Private Sector) by the Philippine Society for Talent Development (PSTD), included in the 2025 OnCon Icon Top 50 L&D Teams, and recognized again by LinkedIn as a 2026 AI Pioneer: Learning Champion Finalist—affirming PNB's leadership in both workforce development and AI--enabled learning transformation.

To support Senior Management development, HRG's Institute for Banking Excellence delivers a strategic mix of face--t-o-face and virtual instructor-led programs, complemented by external training for advanced, regulatory, and industry-specific competencies. PNB's digital learning ecosystem also provides flexible, on-demand access to compliance training and curated leadership pathways focused on strategy, decision-making, and people leadership.

Recognizing the importance of holistic leadership, HRG-IBE continues to embed programs centered on mental well-being, inclusion, and team resilience ensuring leaders are equipped to navigate evolving organizational challenges.

PNB's leadership framework is strengthened by PNB B.L.O.O.M. (Building Leaders by Opening Opportunities thru Mentoring), which advances modern mentoring practices grounded in Asian workplace culture. This is further supported by technical programs on product expertise, risk management, audit, digital fluency, and economic and industry outlooks that underpin the Bank's transformation agenda.

A key milestone is the launch of the AI Proficiency and Excellence Academy (APEX), PNB's enterprise-wide capability-building initiative for responsible AI adoption. Through APEX, the Bank develops Digital Champions, hosts AI hackathons, and delivers targeted upskilling programs that prepare employees to confidently integrate AI into everyday work.

Through these initiatives, the Bank continues to shape a future-ready organization, empowering Senior Management to lead with clarity, innovation, and resilience in an increasingly digital and dynamic environment.

Remuneration Policy

PNB aims to sustain a strong, performance-conducive environment that would attract, motivate, and retain the best talents. For this purpose, the Bank maintains a Remuneration Policy that commensurately compensates its directors and officers for high levels of performance. Such policy complements the Bank's efforts to hire and develop the best talents through its competitive recruitment program and continuing learning initiatives.

The PNB Remuneration Policy provides a sustainable compensation structure and fringe benefits program for directors and officers. The policy allows the Bank to be competitive with industry counterparts. It identifies basic compensation, incentives, recognition, and rewards for those who meet their performance targets and goals.

Officers' Compensation and Benefits

The compensation package for officers consists of monetary and non-monetary benefits, fringe benefits, and long-term schemes such as the following:

- Monetary emoluments consisting of monthly compensation, guaranteed bonuses equivalent to four monthly basic salary, allowances for business-related expenses, official travel, annual clothing allowance, annual rice subsidy, burial/funeral cash assistance and other monetary allowances, and award upon reaching service milestones of at least 10 years and every five years thereafter; and
- Non-monetary benefits consisting of healthcare plan for the officer and two qualified primary dependents, group life insurance, group accident insurance, leave privileges, telecommuting work arrangement for eligible officers, car plan, scholarship program for qualified beneficiaries, retirement benefits, employee investment program, government mandated benefits (SSS/PAGIBIG Loans/Sickness/Maternity) and loan facilities such as general-purpose loan, motor vehicle loan, and housing loan.

Performance-Based Remuneration

PNB designed its compensation and benefits package as a competitive tool to attract and retain highly qualified individuals who will support the Bank's implementation of its business directions and to achieve business goals. Hence, provisions of the compensation and benefits policies show the clear linkage with employee contributions which are measured through a balanced scorecard approach in its performance management system. Officers who are unable to meet their targets become ineligible to certain benefits and/or incentive programs such as the car plan benefit, employee loans, and performance bonus to name a few. The same is true for employees who get involved in administrative cases where certain benefits are temporarily withheld in case an administrative sanction is imposed. In case of dismissal, benefits are forfeited and taken back including but not limited to the car plan benefit, the guaranteed bonuses equivalent to a three–month salary.

Retirement

PNB has a Retirement Plan that provides funds for the payment of separation benefits to employees who are eligible under the Bank's Retirement Plan, including cases of disability or death while on service.

There are three modes of retirement, to wit:

- Normal Retirement: an employee shall be compulsorily retired from service and shall be entitled to receive the benefits under the Plan upon reaching 60 years of age or upon completing 35 years of service, whichever comes first.
- Early Retirement: with the consent of the Bank, an employee who has not yet reached the normal retirement requirement may opt to avail of the early or optional retirement benefits under the Plan upon reaching (i) 55 years of age and rendering at least 10 years of continuous service; or (ii) completing at least 10 years of service; and
- Late Retirement: Any employee may offer his/her service to the Bank beyond the normal retirement date, but not beyond 65 years of age. Such retirement, however, shall be subject to the approval of the Bank on a case-to-case basis, considered as Fixed Term Employment.

Employees who intend to resign from service but do not meet the prescribed eligibility requirements are not entitled to any separation pay.

PHILIPPINE NATIONAL BANK is **not soliciting proxies** and a stockholder is NOT required to submit a proxy to PNB. This Proxy form is being provided only for the convenience, and upon request, of a stockholder.

PROXY

The undersigned Stockholder of **PHILIPPINE NATIONAL BANK** ("PNB") does hereby nominate, constitute and appoint ____________________________ with email address _________________________ as my/our/its proxy, to represent me/us/it and vote all shares registered in my/our/its name in the books of PNB at the Annual Stockholders' Meeting scheduled on April 28, 2026. I/we hereby confirm and ratify any and all acts lawfully done by my/our/its proxy pursuant hereto.

Any other proxy or proxies issued by me/us/it on or before this date is/are hereby considered revoked and declared null and void and will have no effect whatsoever.

	For	Against	Abstain
1. Approval of the Minutes of the 2025 Annual Stockholders' Meeting held on April 29, 2025	☐	☐	☐
2. Approval of the 2025 Annual Report	☐	☐	☐
3. Ratification of All Legal Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since the 2025 Annual Stockholders' Meeting	☐	☐	☐
4. Appointment of External Auditor (SGV & Co.)	☐	☐	☐

	VOTE FOR	NUMBER OF VOTES
5. Election of Directors		
Edwin R. Bautista	☐	
Edgar A. Cua	☐	
Judith V. Lopez (Independent Director)	☐	
Chester Y. Luy	☐	
Geocel D. Olanday (Independent Director)	☐	
Isabelita M. Papa (Independent Director)	☐	
Sheila T. Pascual	☐	
Wilfrido E. Sanchez	☐	
Eusebio V. Tan	☐	
Lucio C. Tan III	☐	
Michael G. Tan	☐	
Vivienne K. Tan	☐	
Maria Almasara Cyd N. Tuaño-Amador (Independent Director)	☐	
Marcia T. Uy (Independent Director)	☐	
Cesar L. Villanueva	☐	

Name of Stockholder : ____ Email Address : ________________________

Signature : ____ Date : ________________________________

Contact Number : ____

MANAGEMENT REPORT

Item 1. Business

A. Business Development

The Philippine National Bank ("PNB" or the "Bank"), the country's first universal bank, is one of the largest local private commercial banks in terms of assets, net loans and receivables, capital and deposits. As of December 31, 2025, the Bank has a distribution network of 635 domestic branches and offices and 1,730 automated teller machines (ATM) in the Philippines. In addition, it has the widest international footprint among Philippine banks spanning Asia, Europe, the Middle East, and North America with its overseas branches, representative offices, remittance centers, and subsidiaries.

In July 2016, PNB celebrated its Centennial Year with the theme, "A Century of Excellence", signifying a meaningful milestone for an institution that has served generations of Filipinos here and abroad. For over 100 years, PNB stands proud as an institution of stability and security for many Filipinos. With its century of banking history and experience, PNB is poised to move forward to becoming a more dynamic, innovative and service-focused bank, providing service excellence to Filipinos all over the world.

The Bank was established as a government-owned banking institution on July 22, 1916. As an instrument of economic development, the Bank led the industry through the years with its agricultural modernization program and trade finance support for the country's agricultural exports, pioneering efforts in the Overseas Filipino Workers' (OFW) remittance business, as well as the introduction of many innovations such as "Bank-on-Wheels", computerized banking, ATM banking, mobile money changing, domestic traveler's checks, and electronic filing and payment system for large taxpayers. PNB has the widest overseas office network and one of the largest domestic branch networks among local banks.

On February 9, 2013, the Bank concluded its merger with Allied Banking Corporation (ABC) as approved and confirmed by the Board of Directors (BOD) of PNB and ABC on January 22 and January 23, 2013, respectively. The respective shareholders of PNB and ABC, representing at least two-thirds of the outstanding capital stock of both banks, approved the terms of the Plan of Merger of the two banks on March 6, 2012.

In April 2018, PNB successfully issued in Singapore and Hong Kong its 5-year Fixed Rate Senior Notes worth US$300 million out of its US$1 billion Medium Term Note (MTN) Program. This marked the first time that PNB tapped the international bond market for medium term dollar funding. Orders for the offering reached approximately US$1.2 billion at its peak, equivalent to 4x oversubscription. The high demand for the initial issue underscored the international investors' strong confidence in PNB. In May 2019, PNB's BOD approved the increase in the amount of the Bank's MTN Program to US$2 billion. The following month, PNB issued US$750 million in 5.25-year Fixed Rate Senior Notes priced at 99.47% and carried a yield of 3.39% and a coupon of 3.28%. The transaction was oversubscribed with an order book of over US$3.25 billion. The proceeds of the Notes were used to support PNB's loan expansion as the Bank took advantage of the country's sustained economic growth. In October 2024, PNB also successfully tapped into the international market with a US$300 million 5-year Sustainability Bond offering under its US$2 billion MTN program. Moody's assigned an investment grade rating of "Baa3" to the said bonds which was priced at T+102 basis points, with a fixed coupon rate of 4.85%. There was a strong demand for the bond offering as the final order book was more than 3.6x oversubscribed, reaching US$1 billion from global investors.

In July 2019, the Bank issued and listed 276,625,172 Common Shares priced at ₱43.38 per share from its stock rights offering. The net proceeds from the offering amounted to ₱11.7 billion. Proceeds from the offering were utilized to enhance PNB's presence in emerging growth areas.

PNB fully integrated its wholly owned thrift bank subsidiary, PNB Savings Bank (PNBSB), into the Bank through acquisition of its assets and assumption of its liabilities in exchange for cash on March 1, 2020. Consequently, the 68 PNBSB branches were converted into PNB branches while the systems integration was completed on June 7, 2020. With the integration, PNB would be able to deliver a more efficient banking experience and serve a wider customer base, while the customers of PNBSB would have access to PNB's diverse portfolio of financial solutions. The consumer lending business, previously operated through PNBSB, would also benefit from PNB's ability to efficiently raise low cost of funds. Since the purpose of this company changed from banking to that of a holding company, PNBSB was renamed as Allied Integrated Holdings Inc. (AIHI) after the Securities and Exchange Commission (SEC) approved the amendments to its Articles of Incorporation and By-Laws on February 23, 2021. The SEC also approved the end of the corporate life of AIHI on December 31, 2022, and the company is now proceeding towards liquidation.

On November 9, 2020, the BOD and Stockholders of PNB Holdings Corporation (PHC) approved the sale of PHC's equity investment in PNB General Insurers Co., Inc. (PNB Gen) to PNB or any suitable third party buyer. Likewise, the BOD of PNB approved the sale of 100% of its shares in PNB Gen to Allied Bankers Insurance Corporation (ABIC) on December 11, 2020. Consequently, on December 29, 2020, a Share Purchase Agreement was entered into by PNB and PHC, collectively as "Sellers", and ABIC as "Buyer" for the sale of 100% PNB Gen shares. PNB received from ABIC on January 21 and March 19, 2021, the first two tranches representing 10% and 45%, respectively, of the selling price for the sale of PNB's shares in PNB Gen. On March 31, 2021, ABIC advanced 80% of the last tranche of the selling price. On April 30, 2021, PNB received from ABIC the remaining 20% of the last tranche of the selling price for the sale of PNB's shares in PNB Gen marking the Bank's exit from the nonlife insurance space.

In 2021, the Bank had undertaken a series of transactions to monetize its low-earning assets. On January 13, 2021, the SEC approved the increase in the authorized capital stock of PHC from ₱500.0 million to ₱50.5 billion. On the same date, PNB proceeded with the subscription of an additional 466,770,000 PHC shares in exchange for certain real estate properties with fair values of ₱46.7 billion. The Bank's BOD approved on April 23, 2021, the property dividend declaration of up to 239,353,710 Common Shares of PHC with a par value of ₱100.00 per share, to all stockholders of record of the Bank as of May 18, 2021. On December 24, 2021, the SEC approved the Bank's property dividend declaration.

Last March 26, 2021, the Bank's BOD approved and confirmed the infusion of additional capital of up to ₱245.0 million to Allianz-PNB Life Insurance, Inc., an affiliate, subject to regulatory and other necessary approvals.

PNB continued to introduce new products for its customers to address their ever-evolving needs. In September 2021, PNB launched two new global feeder funds, namely: the PNB World Perspectives Equity Feeder Fund and the PNB US Equity Sustainability Leaders Feeder Fund. These feeder funds allow Filipino investors to invest in the United States (US) and other globally traded shares of stocks to further diversify their investments. Likewise, in support of the government's Personal Equity Retirement Account (PERA) program, PNB, as a product provider, launched its first digital PERA fund, the PNB PERA Bond Fund. In October 2021, the PNB Singapore Mobile App was launched for Filipinos in Singapore to make remittance easier and more convenient for them. The app enables a fully automated remittance process for all registered clients and potential clients (subject to one-time onsite Know-Your-Customer) based in Singapore. In March 2022, PNB and CIS Bayad Center, Inc., or Bayad, the country's biggest and widest multi-channel payment platform, have partnered to make it easier for Filipinos to settle payments electronically. This strategic partnership offers a one-stop-shop solution for the best customer experience. PNB also introduced the PNB CashNet Plus mobile app for corporate clients in April 2022. Clients have the option to log in via biometrics for added security and convenience in accessing their company accounts.

In September 2023, PNB introduced the PNB World Elite Mastercard (WEM) to its high net-worth customers. The PNB WEM, dubbed as the Bank's most premium card, is a by-invitation only credit card in partnership with Mastercard and PAL. It is designed to appeal to a segment of high net-worth customers and geared to connect with PNB's high-end and affluent cardholders. The product offers exclusive and top-tier benefits and services suitable to its target market's status.

To provide convenient financial services to OFWs, PNB opened a branch at the Department of Migrant Workers (DMW) Building in November 2023. The establishment of this Branch reflects the Bank's commitment to serve OFWs seeking reliable banking solutions as PNB offers a range of services tailored to their requirements. OFWs transacting in this branch are assured to receive personalized assistance and guidance in navigating their financial matters. This customer-centric approach is consistent with the Bank's strategy of being a supportive financial partner for the OFWs.

In May and August 2024, PNB participated in the Paleng-QR Ph Plus spearheaded by the Bangko Sentral ng Pilipinas (BSP) in partnership with the local government units of (i) Pampanga at San Fernando City and (ii) Cebu at Carbon Market, respectively. The events promoted cashless payments through QR code acceptance (QR Ph), raised awareness about cashless payments and enabled participants to understand the benefits of using QR codes for easy and seamless transactions.

The Bank's Consumer Finance Sector, in collaboration with Philippine Airlines (PAL) and Mastercard, held an exclusive media launch in September 2024, unveiling the PNB-PAL Mabuhay Miles World Elite Mastercard, the first full metal contactless card in the Philippines co-branded with an airline. This breakthrough allows PNB to redefine luxury by offering bespoke services, exceptional benefits, and global privileges that provide seamless convenience and exclusive perks, ensuring cardholders experience the finest the world has to offer.

In November 2024, the Bank launched the PNB Private Wealth Portal, a powerful tool for clients of the Wealth Management Group (WMG) to confidently manage their wealth. Through the portal, clients can view all their current investment holdings, download their Statement of Accounts (SOA) as well as easily connect with their Wealth Relationship Managers for queries, requests for product presentations and for their investment orders/reservations.

In December 2024, the Philippine Army Finance Center Producers Integrated Cooperative (PAFCPIC) marked a significant milestone with the signing of a Memorandum of Agreement (MOA) with both the Retail Banking Sector and Trust Banking Group of PNB. The partnership gives PAFCPIC employees and members access to PNB's comprehensive suite of financial services and structured retirement program.

In January 2025, PNB signed a MOA with Social Security System (SSS) for Pension Account for foreign nationals. Through the partnership, disbursement of social security benefits for Filipino permanent migrants with acquired citizenship and foreign nationals with SSS coverage during their working years in the Philippines will be covered. The Bank's overseas offices: New York, Los Angeles, Hong Kong, Japan, Singapore, Guam, Europe, and Canada will aid in the account opening, bringing PNB ever closer to SSS Pensioners. The initiative further highlights the Bank's significant role in providing channels and disbursement solutions, strengthening PNB's presence in different continents.

Additionally, ACDI Multipurpose Cooperative (ACDI MPC), the country's largest cooperative serving military personnel, signed a ₱5.0-billion, five-year term loan agreement with PNB to strengthen its financial services and expand its reach. Through this partnership, ACDI MPC aims to enhance its financial offerings for active and retired military personnel, supporting their financial needs and long-term stability. PNB, a trusted banking partner for institutions and cooperatives, remains committed to empowering organizations like ACDI MPC by providing tailored financial solutions.

In March 2025, PNB forged a partnership with the real estate developer Ayala Land, Inc. (ALI) to boost property purchases in the Philippines for buyers overseas. The partnership, through ALI's global marketing arm, Ayala Land International Sales, Inc. (ALISI), aims to enhance the real estate purchasing experience for Filipino and foreign clients based especially in the USA, Singapore, and Japan. The collaboration makes it easier to acquire properties in the Philippines by offering accessible financing and secure remittance solutions. The enhanced "PNB Own a Philippine Home Loan" program allows buyers in the US to apply for a real estate loan evaluated based on scoring, with no age limit on loan applications.

In April 2025, PNB, together with the other banks, signed project finance facility with Terra Solar Philippines, Inc., a subsidiary of Meralco PowerGen Corp. (MGen). The facility will finance the ongoing development of an integrated solar photovoltaic (PV) facility and a Battery Energy Storage System (BESS) in Nueva Ecija and Bulacan. Once operational, the 3,500 megawatt-peak (MWp) solar plant and 4,500 megawatt-hour (MWh) BESS will supply clean energy to approximately 2.4 million households and reduce carbon emissions by 4.3 million tons. The loan is in line with PNB's commitment to support green financing.

In July 2025, PNB has partnered with Japan's Digital Wallet Corporation (DWC), the team behind Smiles, Japan's leading mobile remittance platform, to enhance the bank's international remittance capabilities and provide improved service to Filipinos across the globe. The collaboration brings together PNB's established global banking network with DWC's innovative digital remittance technology – reinforcing both organizations' commitment to improving access to fast, secure, and user-friendly financial services. The milestone reflected the shared commitment of both institutions to expand financial inclusion and uplift the experience of overseas Filipinos.

In September 2025, PNB and PMFTC Inc. have officially signed a partnership agreement that will bring cashless payment technology to the frontlines of PMFTC's sales operations nationwide. Through this initiative, over 1,200 PMFTC salesmen will be equipped with QRPH-enabled IDs and lanyards, allowing them to accept customer payments using any mobile banking app or e-wallet. The partnership is a strong example of how companies can collaborate to drive digital transformation across industries.

In November 2025, PNB introduced "PNB e-Send", the Bank's newly enhanced digital remittance service designed to make every money transfer from the US to the Philippines faster, safer, and more meaningful. This upgrade replaces PNB Web Remit, marking a major step in modernizing PNB's digital channels for Global Filipinos. Built for convenience and security, PNB e-Send works seamlessly across all devices - smartphones, tablets, and laptops. Users can register, send funds, and track remittances anytime, anywhere. The service also provides competitive exchange rates and low service fees, along with multiple payout options such as direct credit to any Philippine bank account or mobile e-wallet.

In December 2025, PNB raised ₱15.7 billion via a dual tranche 3-year and 5-year ASEAN Sustainability bond offering under its ₱50 Billion Bond and Commercial Paper Programme. The issuance marks the Bank's successful return to the domestic debt capital market since 2019, garnering an orderbook that was more than 5.2 times oversubscribed the initial target size on back of the strong support from institutional and retail investors. The Bank raised a total of ₱10.88 billion of its PHP Fixed Rate Series "A" ASEAN Sustainability Bonds due 2028 at an interest rate of 5.4877% per annum, while the PHP Fixed Rate Series "B" ASEAN Sustainability Bonds due 2030 secured a total of ₱4.82 billion at an interest rate of 5.7764% per annum. The net proceeds from the Bonds will be used to finance or refinance eligible projects under PNB's Sustainable Financing Framework consistent with the ASEAN Sustainability Bonds Standards, a reflection of PNB's resolute commitment towards sustainable financing in tandem with the Bank's growth mode.

In affirmation of its well-managed operations, PNB also received awards from various organizations and other international award-giving bodies. For instance, PNB was a recipient of two awards from the Philippine Dealing System Holdings Corp (PDS Group) during the 17th PDS Annual Awards held last March 2022, viz: (1) the Top Fixed-Income Brokering Participant and (2) one of the Top Five Fixed-Income Cash Settlement Banks. In addition, in September 2022, PNB was awarded by the SSS as "Best Disbursement Partner" in the Commercial Bank category in its "2022 Balikat ng Bayan Awards" during its 65th founding anniversary celebration. The SSS Balikat ng Bayan Awards acknowledge the valuable contributions of individuals and organizations in helping SSS deliver quality service and programs to its members. In November 2022, PNB was awarded for the second year in a row by a joint program of the European Union and the UN Women as Runner Up for Transparency and Reporting during the UN Women 2022 Philippines Women's Empowerment Principles (WEPs) event. PNB was also cited for its commitment to transparency and reporting pertaining to gender data and indicators as well as report on performance and impact of gender on its adaptive policies and programs, tracking performance in progress towards gender equality, and women's economic empowerment. In December 2022, PNB was awarded by Asia Corporate Excellence and Sustainability Awards (ACES) as one of Asia's Most Influential Companies during the recent ACES Awards 2022 Ceremony and Gala Dinner held in Kuala Lumpur, Malaysia. The award is given to companies that show genuine interest in the well-being of its stakeholders through corporate social responsibility initiatives that are integrated into policies and operations, with a high level of employee and top management involvement on community engagement, environment, and social empowerment programs.

In March 2023, PNB received recognition again during the 18th Philippine Dealing System (PDS) Annual Awards Night held in Makati for its strong contribution to the growth and stability of local financial markets. The Bank was cited as: a) the Top 2 Fixed-Income Brokering Participant that garnered the highest total volume turnover of securities transacted by face amount; and b) the Top 5 Fixed-Income Cash Settlement Bank for generating the highest volume for the year as measured by the total number of fixed-income transactions settled for PDEx Trading Participants who are non-demand deposit account holders at the Central Bank.

Forbes media ranked PNB as 2nd Best Bank in the Philippines in its list of 2023 World's Best Banks in April 2023. Furthermore, in April 2024, PNB was ranked first in the Philippines in Forbes' list of World's Best Banks for 2024. The ranking was based on a worldwide survey of more than 49,000 banking customers in thirty-three countries. PNB was among the 403 leading and best banks to be included in the global magazine giant’s ranking. The banks were rated in five key areas – trustworthiness, terms and conditions (such as fees and rates), customer service (wait times and helpfulness of employees), digital services (ease of using the website and app), and quality of financial advice.

In June 2023, PNB was recognized twice in the Asia Responsible Enterprise Awards (AREA) 2023 for the following categories: Corporate Governance category as PNB adheres and maintains the quality and completeness of disclosure and reporting of governance practices in annual reports of business entities in the public and private sectors; and Corporate Sustainability Reporting category for the Bank’s comprehensive sustainable reporting in disclosure, transparency, and credibility while bridging the social, environmental, and economic issues affiliated to the business.

PNB’s High Dividend Fund was recognized in August 2023 as one of the Best Managed Funds for 2023 under the Peso Equity Fund category by the Chartered Financial Analyst (CFA) Society of the Philippines, an association of local investment professionals that annually gives recognition to funds that stand out among peers. The PNB High Dividend Fund was among the seven funds that delivered the highest risk-adjusted returns to investors. Launched in June 2012, the PNB High Dividend Fund is a domestic equity fund in the Philippines that seeks dividend income and capital appreciation by investing in listed companies with high dividend yields and established history of paying dividends.

In September 2023, the SSS gave PNB two awards as Best Collection Partner for the Overseas Bank category and Best Disbursement Partner for the Universal Bank category during the “Balikat ng Bayan Awards 2023”. The ‘Best Collection Partner’ distinction is given to financial institutions that are consistently among the top with the highest collections, biggest volume of transactions, and widest coverage. The ‘Best Disbursement Partner’ award is given to PESONet-member financial institutions that have the highest number of transactions and highest amount of disbursements to pensioners, employers, and individual accounts.

In September 2023, PNB received the prestigious Gawad Maestro Learning and Development Organization of the Year Award for the Private Sector category from the Philippine Society for Talent Development (PSTD) during the 6th Gawad Maestro Awards 2023. PNB was recognized for fostering a strong learning culture in the workplace and continuously implementing learning and development programs that help employees cope with the changing times and ways of working. PSTD likewise noted that the Bank has demonstrated outstanding leadership and creativity in improving organizational performance through learning and development.

PNB won the Philippines Digital Experience of the Year - Banking accolade at the Asian Experience Awards 2023 held in October 2023. The PNB Digital App was cited for offering clients a superior banking experience with its fresh look, intuitive design, and quick access to frequent banking transactions via a customizable dashboard. The PNB Digital App was designed to meet the growing demand for reliable and secure online banking solutions and offers an array of features tailored to enhance the banking experience for PNB customers.

In December 2023, PNB was declared as the Best Bank for Corporate Social Responsibility in the Philippines by the International Business Magazine Awards 2023. The award manifests PNB’s sincerity and commitment to implement a culture of creating a meaningful impact by respecting and supporting communities and the environment.

PNB was named as the Most Admired Financial Services Provider in the Philippines in August 2024 by the International Business Magazine Awards (IBMA). The IBMA gives the most coveted awards to the most outstanding nominations across various industries with a pool of subject matter experts and strong research analyst wing who carefully inspect, verify, and scrutinize all nominations. This is the second time the IBMA has recognized PNB since the Bank was declared by IBMA as Best Bank for Corporate Social Responsibility in 2023.

In August 2024, PNB’s mobile banking app, PNB Digital, was awarded the highly acclaimed Excellence in Customer Service Innovation Award during The Digital Banker’s Digital CX Awards 2024 in Singapore. The Digital Banker’s Digital CX Awards is an awards program that recognizes pioneering innovation in digital customer experience across the financial services ecosystem. The program assesses the ever-changing needs of customers in the digital economy.

PNB was hailed as Learning Champion for 2024 during the LinkedIn Talent Awards in August 2024. PNB was recognized in the Learning Champion category for companies with 5,000 to 10,000 employees, highlighting the Bank's commitment to employee learning and development. The LinkedIn Talent Awards celebrate companies that excel in talent engagement, adaptability, and innovation with the use of LinkedIn Talent Solutions, connecting them to programs that let them develop relevant and applicable skills.

In December 2024, PNBs "Every Step Together" advertising campaign was the winner of "Best Branded Digital Ad" at the 46th Catholic Mass Media Awards (CMMA). The digital ad launched in 2023 was intended to create an emotional bond between the Bank and its customers by communicating the Bank's mission of paving the way to financial prosperity for Filipinos.

In February 2025, PNB's Profit Peso Bond Fund was recognized as one of the Best Managed Funds for 2025 under the Intermediate Term Bond Funds using pure FVPL valuation category. The award was presented at the "Vision 2025: Market Forecast and Fund Excellence" event hosted by the Chartered Financial Analyst (CFA) Society of the Philippines.

In April 2025, PNB won the 'Best Sustainability Bond – Financial Institution' award for issuing a US$300-million sustainability bond, with J.P. Morgan as the bookrunner and lead manager. The deal underscores strong investor confidence in the Bank's sustainability initiatives. The deal attracted a diverse group of investors, with 89% coming from the Asia Pacific (APAC) region and 11% from Europe, the Middle East, and Africa (EMEA). The Asset Triple A Awards is among the most prestigious honors in the financial industry, recognizing excellence in banking, finance, treasury, and capital markets. This award further cements the position of PNB as a key player in sustainable finance and innovation.

In July 2025, PNB has been awarded by Euromoney as the Best Bank for Investment Research in the Philippines during its Private Banking Awards. This is PNB's 5th consecutive win since 2021. According to Euromoney, PNB won the award as the bank "continues to provide comprehensive investment research and economic insights, guiding clients in making informed financial decisions."

In October 2025, PNB was awarded for the fourth straight year with the prestigious Four Golden Arrows by the Institute of Corporate Directors (ICD) at the 2025 ASEAN Corporate Governance Scorecard Golden Arrow Awards Night. The Golden Arrow signifies a company's continuing efforts to raise the level of compliance with the ASEAN corporate governance principles. PNB's consistent recognition reflects its strong governance culture and alignment with both local and international best practices.

In November 2025, PNB Trust was recognized by The Asset, as one of the top investment houses for 2025 for two years in a row. PNB Trust was among Asia's leading institutions in fixed-income investment management, earning top honors as Top Investment House – Local Currency Bonds 2025 and Top Investment House – G3 Bonds 2025. These awards highlight the Bank's disciplined investment approach and its continued leadership across Philippine peso and G3 bond markets.

B. Business Description

1. Product and Services

PNB, the country's first universal bank, is one of the largest privately owned Philippine commercial banks. PNB was established by the Government of the Philippines in 1916 and became fully privatized in 2007. As an instrument of economic development, PNB has led the industry through the years with its agricultural modernization program and trade finance support for the country's agricultural exports. In addition, the Bank pioneered efforts in the OFW remittance business and introduced many innovations such as the "Bank on Wheels", computerized banking, ATM banking, mobile money changing, domestic traveler's checks, and an electronic filing and payment system for large taxpayers and Unit Investment Trust Fund (UITF) ATMs. PNB has the largest number of overseas offices and one of the largest domestic branch networks among local banks.

PNB's principal commercial banking activities include deposit-taking, lending, bills discounting, trade finance, foreign exchange dealings, fund transfers, remittance servicing, a full range of retail banking and trust services, and treasury operations. Through its subsidiaries and affiliates, the Bank engages in full banking services in China and the United Kingdom; banking services in Hong Kong; and a number of diversified financial and related businesses, such as remittance servicing in the United States, Canada, and Hong Kong, investment banking, life insurance, and stock brokerage.

The Bank provides a full range of banking and other financial services to its customers through its Head Office, 635 domestic branches, and 71 overseas branches, representative offices, remittance centers, and subsidiaries in 17 jurisdictions across the United States, Canada, Europe, the Middle East, and Asia. The Bank's customers include corporations, small and medium markets, and retail customers, as well as various government units and agencies.

PNB's banking activities are undertaken through the following groups within its organization:

Retail Banking Sector

The core business of the Retail Banking Sector (RBS) focuses primarily on the Bank's deposit-taking activities by offering a wide range of deposit products and services, such as peso accounts and variants like interest-bearing savings, time deposits, current accounts, and US dollar and other third-currency accounts. The RBS also provides its broad customer base with other retail products such as credit cards, consumer loans, remittance services, and other banking services. While the primary objective is to generate lower-cost funding for the Bank's operations, RBS—as a sales-focused sector—also cross-sells trust, treasury, and bancassurance products (life and non-life) to existing as well as referred customers. In support of sustained deposit growth and an enhanced customer journey, RBS continues to strengthen customer engagement through branch modernization initiatives, improving service delivery and overall customer experience.

Mortgage and Auto Lending Group

Mortgage and Auto Lending Group represents a core banking business, providing a diversified portfolio of secured lending products that support residential homeownership and vehicle financing across the full credit lifecycle. Through the use of technology, data-driven insights, and strategic partnerships, the group delivers financial services that are not only efficient but also highly customer-centric, largely attributed to improved decision-making and streamlined processes and leading to a faster turnaround time. Furthermore, these initiatives operate within a collaborative framework, with a fully integrated Sales Team working closely alongside the Sales Support unit, strengthened by the Documentation and Review unit and complemented by a specialized collections team. Each of these functions plays a vital role in ensuring accuracy, compliance, and consistency. The group is also equipped with cross-functional capabilities that extend beyond mortgage and auto lending activities, thereby further enhancing customer relationships and fostering sustainability and long-term value for both clients and the organization.

Cards and Financial Solutions Group

The Cards and Financial Solutions Group (CFS) provides a comprehensive suite of card-based payment solutions serving both retail and corporate clients. CFS delivers secure, reliable, and customer-centric financial services by leveraging innovation, data-driven insights, and strong strategic partnerships. CFS manages a diversified card portfolio across leading global and domestic payment networks, including Mastercard, Visa, UnionPay, BancNet, QRPh, and InstaPay, enabling customers to transact efficiently across both domestic and international channels. CFS operates through a unified structure encompassing Sales, Business Development, Finance & Accounting, Operations, and Collections, enabling the management of the end-to-end customer lifecycle – from acquisition and activation to servicing and portfolio optimization. Through this integrated approach, CFS is well-positioned to support the Bank's long-term growth objectives by delivering inclusive, innovative, and sustainable financial solutions.

International Banking and Remittance Group

PNB maintains the widest overseas network among Philippine banks, providing Global Filipinos with broad access to branches, representative offices, remittance centers, and subsidiaries across the United States, Canada, Europe, the Middle East, and Asia. Through its International Banking and Remittance Group (IBRG), the Bank expands its reach beyond physical locations by forging partnerships with OFW-related organizations, government institutions, manning agencies, global remittance providers, and payout partners.

IBRG extends PNB's services beyond its physical network by offering cross-selling opportunities that address the various needs of Global Filipinos. In most jurisdictions, IBRG provides reliable remittance services alongside banking solutions such as bills payment, account opening, payroll processing, corporate credit, trade facilities, and consumer financing. The IBRG also supports Filipinos preparing for overseas employment through financial literacy programs and partnerships, while PNB's overseas offices foster community engagement and strengthen global ties.

Institutional Banking Sector

The Institutional Banking Sector (IBS) is the primary lending arm responsible for the establishment, expansion, and overall management of the Bank's relationships with corporate and commercial clients. The Corporate Banking Group (CBG) supports IBS's large corporate and conglomerate clients, while the Commercial Banking Group oversees relationships with middle-market and small and medium-sized enterprise (SME) customers located in Metro Manila and provincial areas. The Cash Management Division (CMD) provides transaction banking solutions that support clients' day-to-day liquidity, payments, and receivables management requirements, complementing the lending and relationship management efforts of the Sector.

The Commercial Banking Group (COMMBG) is geographically segmented into Metro Manila COMMBG, Luzon COMMBG, and VisMin COMMBG to deepen relationships with commercial clients and capitalize on growth opportunities in priority industries. CMD is also structured to support nationwide coverage and is backed by dedicated sales, product, and implementation teams to ensure seamless solution delivery.

IBS offers a comprehensive suite of well-crafted products and services designed to meet the various requirements of its clients, ranging from short-term loans, long-term loans, and project finance to trade facilities, among others.

Global Banking and Markets Sector

The Global Banking and Markets Sector (GBMS) is primarily tasked with the management of the Bank's liquidity and funding needs, as well as the execution of financial market transactions involving investments, trading of fixed income, foreign exchange, and derivatives, and providing hedging solutions for clients. The GBMS capitalizes on opportunities in capital markets as the economy continues to recover as well as strategically deploys its excess funds in longer-dated, high-quality outlets in the midst of an interest rate easing cycle. The GBMS provides a wide range of banking products and services to corporates, financial institutions, and individuals. Its functions include developing the Bank's wealth management proposition by providing both corporate and individual (retail and high-net-worth) clients access to financial markets, comprehensive solutions, and tailored investment strategies, while building long-term trust that spans generations.

Trust Banking Group

The PNB Trust Banking Group (TBG) offers a comprehensive range of funds, spanning money market, fixed income, multi-asset, local equity, and global feeder strategies, designed to meet varying client objectives, risk profiles, and time horizons. These portfolios are actively managed by experienced fund managers with strong professional credentials. Clients may conveniently invest in any of these funds through the UITF Online facility via PNB Digital.

Beyond pooled funds, TBG offers personal trust solutions such as the Personal Management Trust (PMT) and Investment Management Account (IMA), as well as corporate trust solutions including Corporate Fund Management and Employee Benefit Trust. The Bank remains a leading provider of escrow, facility agency, trust under indenture, and transfer agency services.

Digital Channel Management and Innovation Group

The Digital Channel Management and Innovation Group (DCMIG) is responsible for driving PNB's consumer digital strategy, ensuring that the Bank's digital services are efficient, customer-centric, and aligned with the Bank's mission and vision. Committed to innovation and continuous improvement, DCMIG constantly explores and implements solutions to enhance the customer experience and drive business growth.

DCMIG oversees the end-to-end development of digital channels, including market scoping and assessment to identify opportunities, business model ideation to ensure viability, and customer experience design for seamless interactions.

DCMIG, in collaboration with stakeholders and technology partners, is also responsible for the execution, delivery, implementation, and post-launch support of digital channels and services for the domestic and overseas markets. DCMIG also collaborates with marketing and business teams to drive digital adoption and engagement.

By fostering innovative and user-friendly digital experiences, DCMIG supports PNB's vision of delighting customers, increasing revenue, and optimizing operational efficiency to better serve the Bank's retail business.

2. Competition

In the Philippines, the Bank faces competition in all its principal areas of business, from both Philippine (private and government-owned) and foreign banks, as well as finance companies, mutual funds, and investment banks. The competition that the Bank faces from both domestic and foreign banks was in part a result of the liberalization of the banking industry with the entry of foreign banks under Republic Act (R.A.) 7721 in 1994 and R.A. 10641 in 2014, as well as the mergers and consolidations in the banking industry. As of December 31, 2025, based on data from the BSP, there were forty-four universal and commercial banks, of which 15 are private domestic banks, 3 are government banks and 26 are branches or subsidiaries of foreign banks. Some competitor banks have greater financial resources, wider networks, and greater market share than PNB. Said banks also offer a wider range of commercial banking services and products; have larger lending limits; and stronger balance sheets than PNB. To maintain its market position in the industry, the Bank offers diverse products and services, invests in technology, leverages on the synergies within the Lucio Tan Group of Companies and builds on relationships with the Bank's other key customers.

The Bank also faces competition in its operations overseas. In particular, the Bank's stronghold in the remittance business in 17 countries in North America, Europe, the Middle East, and Asia is being challenged by competitor banks and non-banks. As of December 31, 2025, the Bank has a distribution network of 635 domestic branches and offices and 1,730 ATMs nationwide. The Bank is one of the largest local private commercial banks in the Philippines in terms of consolidated total assets, net loans and receivables, capital, and deposits as well as branch network. In addition, it has the widest international footprint among Philippine banks spanning Asia, Europe, the Middle East and North America with its overseas branches, representative offices, remittance centers and subsidiaries.

3. Revenue Derived from Foreign Operations

The percentage contributions of the offices of PNB and its subsidiaries (the "Group") in Asia, Canada and USA, and United Kingdom to the Group's revenue, for the years 2025, 2024, 2023 are as follows:

	2025	2024	2023
Asia (excluding the Philippines)	**2.4%**	3.7%	3.6%
Canada and USA	**1.0%**	1.2%	1.4%
United Kingdom	**0.1%**	0.2%	0.2%

4. New Products and Services

In 2024 and 2025, PNB introduced the following new products and promotions, among others, to its customers:

1. **Credit Card Promotions (2024 and 2025)**
   Various promotional tie-ups in the dining, shopping and entertainment categories were implemented. Some notable partners were Century Park Hotel, Bistro Group, Dusit, New World, Century, Admiral Club Manila Bay, Mugen Group, Flavors- Holiday Inn, SM Sale, Lazada and Shopee.

2. **InstaPay Bills Pay PH (launched 2024)**
   An interoperable bills payment facility that enables billers to collect and consolidate subscriber payments made through various participating mobile banking/e-wallet applications.

3. **InstaPay QRPh (launched 2024)**
   Through its partnership with GHL Systems, Inc., the Bank was able to deploy payment acceptance via digital QR codes programmed into GHL point-of-sale terminals.

4. **PNB Private Wealth Portal (launched 2024)**
   Accessible via the PNB Digital mobile banking app, this channel provides clients the tools and insights to manage their wealth better.

5. **PNB Mabuhay Miles World Elite Mastercard (launched 2024)**
   A by-invitation only credit card from PNB in partnership with Philippine Airlines (PAL) and Mastercard. This card unlocks global privileges and elite experiences. From earning exclusive travel rewards to accessing bespoke lifestyle services, this first full metal contactless card in the Philippines - co-branded with an airline - embodies the pinnacle of luxury and sophistication.

6. **Debit Account Lite (PC-417) (launched 2024)**
   Designed to address BSP's requirement for a basic deposit account that promotes financial inclusions. This account enables Filipinos, especially the unserved and underserved, to receive and make payments, as well as have a facility for store of value. This account follows a simplified Know-Your-Customer (KYC) process for low-risk clients. It has basic functionalities that enable ease, accessibility, convenience, and reasonable cost for both banks and customers.

7. **Digital Savings Account (PC-419) (launched 2024)**
   Designed to address the Bank's directive to offer an end-to-end account via the PNB Digital platform with minimal to no physical touch point. This also drives greater efficiency in the delivery of financial products and services as the bank expands reach into the digital market segments.

8. **PNB GHK Back to Back to Back (launched 2024)**
   The Pangarap Loan Promo invites clients to take advantage of an exciting opportunity to avail or re-avail the loan, requiring a minimum term of six (6) months and a minimum loan amount of HKD 10,000. Eligible clients can enjoy rewards that increase based on their loan tenure, making this a compelling chance to achieve financial goals while reaping valuable benefits.

9. **12 Stickers of Christmas (launched 2024)**
   The promo is designed to retain over-the-counter (OTC) remitters and convert first-time remitters by allowing clients to redeem exciting rewards based on the number of stickers they earn. This initiative encourages continued engagement and rewards loyal customers, making it an enticing opportunity for both new and returning clients to maximize their remittance experience.

10. **2024 UITF Online Electric Raffle Promo (launched 2024)**
    A promo campaign to promote awareness and to entice PNB Digital users to try and experience investing through the PNB UITF Online facility. Every ₱2,000 investment in any of the PNB UITFs shall entitle the client to one (1) electronic raffle coupon.

11. **Employee Referral Promo (launched 2024)**
    An internal campaign which aims to encourage non-branch PNB employees to exercise their role as Brand Ambassadors by promoting enrollment to PNB Digital through referral activities.

12. **Pick, Pair and Prizes Promo (launched 2024)**
    An external campaign which aims to increase enrollment to PNB Digital and sustain momentum of app usage, particularly financial transactions and, inherently, app income.

13. **PNB Paskong PanaLoan for Auto Loan (launched 2024)**
    Launched for the holiday season, the then Consumer Finance Sector[1] (CFS) aimed to provide the customers an affordable, less stressful, and more rewarding PNB Auto Loan. The promo ran from October 31, 2024, to January 31, 2025. It was inclusive of the following benefits: waived fees of up to ₱100,000 and hassle-free PNB Credit Card application.

14. **PNB Paskong PanaLoan for Home Loan (launched 2024)**

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[1] Consumer Finance Sector was reorganized effective October 1, 2025. It was dissolved and its functions were reorganized into two business groups: 1) Cards & Financial Solutions Group and 2) Mortgage & Auto Lending Group.

Launched during the onset of the holiday season, the Year-End PNB Home Loan Promo was an affordable, less stressful, and more rewarding upgrade in lifestyle. The promo ran from October 31, 2024 to January 31, 2025. It was inclusive of the following benefits: waived fees of up to ₱100,000, low interest rates and a hassle-free PNB Credit Card application.

15. **Top Booster Promo Version 2 (launched 2025)**
Top Booster Promo is a low-cost CASA deposit campaign for new and existing clients to grow and maintain an incremental Year-to-Date Average Daily Balance (YTD -ADB) over a one-year period to earn corresponding cash credits.

16. **2025 Tactical Incentive Program (launched 2025)**
The Tactical Incentive Program aimed to broaden the Trust Banking Group's client base through the acquisition of new-to-trust accounts. The objective was to reward and recognize branches and other sales units with outstanding performances in the marketing of trust products and services.

17. **PNB Digital Happy Habits Promo (launched 2025)**
A raffle promo aimed at enticing enrollment in the PNB Digital platform and building a habit of using the app for financial transactions.

18. **PNB Cashback Titanium Mastercard (launched 2025)**
A credit card product with cashback proposition that targets a good mix of young family, millennials and the Gen Z market. The product has a cashback proposition, featuring year-round rewards and quarterly highlights.

19. **The Future is in Your Hands – Help Plant the Seeds of Change (launched 2025)**
The Office of the Chief Financial Officer conducted an online sustainability survey among internal and external stakeholders to gather insights on the Bank's Environmental, Social, and Governance (ESG) performance and sustainability practices, helping PNB create greener ways of doing business.

20. **PNB Global Hong Kong's "The Pangarap Loan VIP Promo" (launched 2025)**
Designed to make the Pangarap Loan more attractive, this promo offers benefits such as VIP Lane access and a Voucher Booklet featuring discounts from popular merchants in Hong Kong.

21. **Reduction of InstaPay Service Fee (launched 2025)**
A six-month promotional adjustment setting the InstaPay fee at ₱10.00 for transactions of ₱500.00 and below to promote financial inclusion and digital adaption. This supported BSP's call for accessible digital transaction pricing and encouraging wider adoption of digital payments.

22. **PNB JAPAN (JPY All-Purpose Assistance Now) Loan (launched 2025)**
A new loan product launched for OFWs in Japan. Available to existing clients with Philippine Peso Time Deposit, it provides immediate credit options while keeping their savings intact.

23. **Enhancement of POS/QRPh Merchant Referral Program (launched 2025)**
A model where the bank maintains merchant relationships and settlement while a service provider manages onboarding for QRPh. This enables seamless, secure payment solutions without the operational burden of direct onboarding.

24. **Miles to Home - Save, Send and Fly Promo (launched 2025)**
The PNB Miles to Home Promo is an ongoing campaign for Global Filipinos in partnership with Philippine Airlines, offering participants a chance to win 50,000 PAL Mabuhay Miles for every eligible remittance transaction and PNB deposit account opened. The promo is available to customers in participating countries where PNB operates, along with its authorized partners, agents, and tie-up affiliates.

25. **Payroll via Incoming PESONet and/or InstaPay (launched 2025)**
This initiative allows employees of corporate clients to receive their salaries, bonuses, and allowances directly in their PNB Payroll Debit Savings, Fast Cash ATM, or Payroll Checking accounts via PESONet or InstaPay, even if PNB is not the company's payroll-disbursing bank.

26. **PNB e-Send Launch (launched 2025)**
    The enhanced successor to PNB WebRemit, offering improved functionality and seamless user experience with optimized mobile-responsive features.

27. **Implementation of Zero ADB for Payroll Service (launched 2025)**
    This program removed the Average Daily Balance (ADB) requirement for payroll service to enhance market competitiveness and increase client acquisition. This also opens the opportunity for unlock cross-selling other bank products.

28. **PNB Global Hong Kong's 'The 12 Stickers of Christmas Promo - Level up!' (launched 2025)**
    The 12 Stickers of Christmas Promo (Level up!) is a rewards-based promotion for all PNB GHK remitters which aimed to increase OTC remittance transactions by allowing clients to earn stickers for every qualified transaction and exchanging the stickers for rewards.

5. Related Party Transactions

Please refer to Item 5(e) of the Information Statement.

6. Patents, Trademarks, Licenses, Franchises, Concessions and Royalty Agreements

The Bank's operations are not dependent on any patents, trademarks, copyrights, franchises, concessions, and royalty agreements.

7. Government Approval of Principal Products or Services

Generally, e-banking products and services require BSP approval. New deposit products require notification to the BSP. The Bank has complied with the aforementioned BSP requirements.

8. Estimate of Amount Spent for Research and Development Activities

The Bank provides adequate budget for the development of new products and services which includes hardware and system development, continuous education and market research. Estimated amount spent for 2025, 2024 and 2023 totaled ₱689.4 million, ₱683.4 million and ₱733.3 million, respectively.

9. Number of Employees

The total employees of the Bank as of December 31, 2025, was 8,858, of which 4,854 are classified as Bank Officers and 4,004 as rank-and-file employees, broken down as follows:

	Total
Officers:	
Vice President and up	163
Assistant Manager up to Senior Assistant Vice President	4,691
Rank and file	4.004
Total	8,858

The Bank will continue to pursue selective and purposive hiring strictly based on business requirements. The Bank has embarked on a number of initiatives to improve operational efficiency.

The Bank's regular rank and file employees are represented by a Union. Total union membership is 3,295 out of 4,004 rank and file employees or 82.29% of the total rank and file population. The Bank has a Collective Bargaining Agreement which was renewed for a two-year period from July 1, 2025 to June 30, 2027.

The Bank has not suffered any strikes or lock out, and the Management of the Bank considers its relations with its employees and the Union as harmonious and mutually beneficial. Through the amicable effort of the organized union and Management to discuss issues such as conduct of the Labor Management Council (LMC) meeting and Labor Management Orientation Seminar (LMOS), industrial peace is continuously being enjoyed by the Bank.

10. Risk Management

A clear understanding of risks surrounding the business activities is crucial for any organization to create sustainable stakeholder value in executing its strategies. It is therefore essential to reinforce the overall strategy of an organization with a prudent risk management framework. This ensures that the Bank's opportunities are optimized while minimizing the effects of downside risks.

PNB, as one of the leading financial institution in the country with various allied undertakings and with an international footprint, performs a vital role of financial intermediation in the economy and in each of the communities it serves. With evolving global best practices and standards towards continuing financial stability and resilience, it remains committed to comply with the regulatory and legislative framework in each of the jurisdictions it operates in.

The nature and the impact of future changes in laws and regulations are not always predictable. These changes have implications in the way business is conducted and with corresponding potential impact to capital and liquidity.

A disciplined risk management culture and framework facilitates oversight and accountability for risk at all levels of the organization and across all risk types. The Board of Directors (BOD), through the Risk Oversight Committee (ROC), exercises oversight and provides guidance to experienced Senior Management Team, which, through the Management Risk Committee (MRC), works closely with the business lines in managing risk.

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

There are nine (9) Board Committees, as follows:
1. Board Audit & Compliance Committee (BACC);
2. Board Information Technology Governance Committee (BITGC);
3. Board Overseas Offices Oversight Committee (BOOOC);
4. Board Oversight Related Party Transaction Committee (BORC);
5. Board Strategy & Policy Committee (BSPC);
6. Corporate Governance and Sustainability Committee (CorGov);
7. Executive Committee (EXCOM);
8. Risk Oversight Committee (ROC); and
9. Trust Committee (TrustCom).

PNB's ROC was created by the PNB Board of Directors to assist the Board in overseeing the risk profile and review the enterprise risk management framework. It was 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.

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

ROC membership is composed of at least three (3) members of the BOD, majority of whom shall be Independent Directors, including the Chairperson. The Chairperson shall not be the Chairperson of the BOD, or any other Board Committee.

The members shall possess a range of expertise and adequate knowledge of the Bank's risk exposures. They must also meet the qualifications and compliance standards prescribed by the Securities and Exchange Commission (SEC), the Bangko Sentral ng Pilipinas (BSP), and other applicable laws, rules, and regulations, including but not limited to the Fit and Proper Rule, the SEC Corporate Governance Code, and expertise in risk management.

Approved by the BOD in 2020, the Management Risk Committee (MRC) was created as a forum to ensure that the Bank's Enterprise Risk Management Framework (ERMF) is operationalized and that Senior Management has an enterprise-level view and awareness of all key risks that the Bank is facing and must deal with. It will be a forum for dialogue amongst the businesses, operations and control functions with respect to risk issues that arise from the conduct of business, changes to laws and regulations, and the general business environment.

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

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

The risk management framework banks on a dynamic process that supports the development and implementation of the overall Bank strategy. The process revolves around methodically addressing risks associated with the business lines of PNB. The ERMF which is regularly reviewed and updated, has served the Bank well and made it resilient through economic cycles. The Bank has placed a strong reliance on this risk governance framework using the three lines model of the Institute of Internal Auditors (IIA).

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

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

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

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

The Enterprise Risk Management Group (ERMG) is independent from the business lines and monitors various risks across the Group, including, but not limited to, credit, market, operational, reputational and environmental and social risks.

Implementation of the processes and procedures that support the policies for risk management applicable to PNB is monitored. These policies clearly establish the types of risks to be managed, define the risk organizational structure, and provide appropriate training necessary to manage and control risks. The policies also provide for the validation, audit, and compliance testing to measure the effectiveness and suitability of the risk management structure.

ERMG also functions as Secretariat to the ROC, which meets monthly to discuss issues arising from material risks. Further, ERMG engages with all levels of the Bank's business and support groups, including domestic and overseas branches and offices, as well as subsidiaries. This ensures that risk management and monitoring are embedded at origination.

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

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

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

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

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

Risk Categories and Definitions

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

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

The identification of risks revolves around the monitoring of risk categories as defined by BSP for supervision purposes. These key risks, namely: credit, market, operational, credit concentration, interest rate, liquidity, information technology, information security/cyber security/data privacy, strategic business, reputational, and human resource risks, are not only monitored under separate and distinct components, but also across all interrelated business risks.

The Bank broadly classifies and defines risks into the following categories and manages the risks according to their characteristics. These are monitored accordingly under the enterprise's Internal Capital Adequacy Assessment Process (ICAAP) 2025 program:

Risk Category	Risk Definition	Risk Management Tools
Credit Risk (including Credit Concentration Risks and Counterparty Risks)	Credit risk is the risk that a bank's borrower/ obligor/ customer or counterparty, will fail to meet its obligations in accordance with agreed terms thus subjecting the bank to financial loss. Credit risk is found in all activities where success depends on counterparty, issuer, or borrower performance. (BSP Circ. 510, Series of 2006) Credit concentration risk arises from excessive exposures to individual counterparties, groups of related counterparties and groups of counterparties with similar characteristics (e.g., counterparties in specific geographical locations, economic or industry sector). Its potential loss implications are large enough relative to a bank's capital, total assets, or overall risk level, to threaten a financial institution's health or ability to maintain its core operations. It is inherent in a bank's assets, liabilities or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. The potential for loss reflects the size of the position and the extent of loss given a particular adverse circumstance. (BSP MORB Sec 301.6, Series of 2009; BCBS)	Enterprise-wide Tools ▪ Internal risk rating for corporate accounts ▪ Credit Scoring for consumer loans ▪ Credit limits (statutory/ regulatory & internal limits) ▪ Manual of Signing Authority (MSA) ▪ Updated & responsive credit policies ▪ Performance vs. target ▪ Pre-approval review of loan recommendations ▪ Post-approval review of booked loans ▪ Expanded Real Estate Exposure Reporting ▪ BSP Uniform Stress Test Report ERMG Tools ▪ Trend Analysis (Portfolio / Past Due and non-performing loan (NPL) Levels) ▪ Stress testing/Rapid Loan Portfolio Reviews ▪ Credit Risk Rating Migration ▪ Tracking the movements of loan portfolio ▪ Monitoring of large exposures ▪ Monitoring of credit risk concentration ▪ Capital Adequacy Ratio (CAR) (quarterly report) ▪ Review of adequacy of loan loss reserves and impairment loss ▪ Specialized Credit Monitoring (REST/EREE for Real Estate and Industry Limits) ▪ Concentrations and Demographics Review ▪ Counterparty Limits Monitoring
Market Risk	Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of financial instruments, products and transactions in an institution's overall portfolio, both on or off-balance sheet. Market risk arises from market-making, dealing and position taking in interest rate, foreign exchange, equity, and commodities market. (BSP Cir. No. 544, Series of 2006)	▪ VaR Limits ▪ Stop Loss Limits ▪ Management Action Triggers for FVOCI cumulative losses ▪ Duration Report ▪ FX Position Limit ▪ ROP Exposure Limit ▪ Limit to Derivatives / Structured Products ▪ Exception Report on Traders' Limit ▪ Exception Report on Rate Tolerance ▪ TPR computation ▪ Monthly validation/ preparation of the Market Risk Weighted Exposures in the CAR Report ▪ Stress testing / Scenario analysis

Risk Category	**Risk Definition**	**Risk Management Tools**
		▪ BSP Uniform Stress Testing ▪ Backtesting
Liquidity Risk	Liquidity risk is the current and prospective risk to earnings or capital arising from a financial institution's (FI) inability to meet its obligations when they come due, without incurring unacceptable losses or costs. Liquidity risk includes inability to manage unplanned decreases or changes in funding sources. (BSP Cir. No. 981).	▪ MCO Limits ▪ Liquidity Ratios Limits ▪ Liquid Assets Monitoring ▪ Liquidity Stress testing ▪ Large Fund Provider Analysis ▪ Funding Liquidity / Contingency Planning ▪ Interbook Lending
Interest Rate Risk in the Banking Books (IRRBB)	Interest rate risk is the current and prospective risk to earnings or capital arising from movements in interest rates. It arises from differences between the timing of rate changes and the timing of cash flows (repricing risk); from changing rate relationships among different yield curves affecting FI activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk); and from interest-related options embedded in FI products (options risk). The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. (BSP Circ 1044, Series of 2019)	▪ EAR Limits ▪ Balance Sheet Profiling ▪ Interest Repricing Gap Analysis ▪ Delta Economic Value of Equity (EVE) ▪ Stress testing ▪ BSP Uniform Stress Testing
Operational Risk	Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems; or from external events. This definition includes Legal Risk but excludes Strategic and Reputational Risk. Operational Risk is inherent in all activities, products and services, and cuts across multiple activities and business lines within the FI and across the different entities in a banking group or conglomerate where the financial institution belongs. *(BSP Circular 900, dated 18 January 2016)*	▪ Internal Control ▪ Risk and Control Self-Assessment (RCSA) ▪ Loss Events Report (LER) ▪ Board approved Product Manuals ▪ Board approved Operating Policies and Procedures Manuals ▪ Key Risk Indicators (KRI) ▪ Business Continuity Plan (BCP) ▪ Disaster Recovery Plan (DRP) ▪ Business Continuity Playbooks ▪ Business Continuity Risk Assessment (BCRA) ▪ Business Impact Analysis (BIA) ▪ Crisis Management Plan (CMP) ▪ BCP Drills/Testing ▪ Incident Monitoring ▪ Vendor Risk Assessment (VRA) ▪ Vendor Risk Rating (VRR) ▪ Vendor Performance Evaluation (VPE) ▪ Materiality Determination template ▪ Statistical Analysis ▪ Awareness Campaign – Operational Risk, Business Continuity, Vendor Risk
Reputational Risk	Reputational risk is the risk to earnings, capital, and liquidity arising from negative perception on the bank of its customers, shareholders, investors, and employees, market analysts, the media, and other stakeholders such as regulators	▪ Customer Engagement and Consolidated Complaints Report ▪ After Call and After Email Survey ▪ Security measures for Digital Banking ▪ Market research on digital trends and profiling of digital users, statistics on

Risk Category	Risk Definition	Risk Management Tools
	and other government agencies, that can adversely affect the bank's ability to maintain existing business relationships, establish new businesses or partnerships, or continuously access varied sources of funding. (BSP Circ 1114, Series of 2011) Reputational Risk also covers Customer Franchise Risk and Consumer Protection Risk. Customer Franchise Risk is defined in PNB's Policy on ICAAP, as the failure to find, attract, and win new clients, nurture and retain those PNB already has, and entice former clients back into the fold as well as the failure to meet client's expectation in delivering PNB's products and services. Consumer Protection Risk is defined as failure of PNB to deliver its mandate to provide appropriate service and protection to its financial consumers.	usage, and transactions to anticipate and respond to changes in overall trends related to demands of customers and clients in relation to digital services platforms ▪ Fraud Management Program ▪ Social Media Management Framework ▪ Social Media Risk Management ▪ Use of Social Media metrics / Social Media Analytics ▪ Website Management / Analytics ▪ Public Relations Campaign ▪ Mainstream media monitoring tool ▪ Products and Marketing Promotions Review
Strategic Business Risk	Strategic business risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of the firm's strategic goals, the resources deployed against these goals, and the quality of implementation. The resources needed to carry out business strategies are both tangible and intangible. They include communication channels, operating systems, delivery networks, and managerial capacities and capabilities. The organization's internal characteristics must be evaluated against the impact of economic, technological, competitive, regulatory, and other environmental changes. (BSP Cir. No. 510, dated 03 Feb 2006).	▪ Regular ALCO reports on latest Financials, monthly CAR, NPL & NIM projections, weekly performance on deposits, loans, treasury assets (levels, YTD, ADB) ▪ Regular updates on the status of sale of ROPA and other properties as well as NPL reduction ▪ Economic briefings for ALCO, Treasury and Senior Management by the Bank economist ▪ Corplan's banking, industry reports and research studies ▪ Research Division's regular economic reports and forecasting and equities reports ▪ Budget Performance Report (BPR) distributed to concerned sector/group heads and PNB President (Key Result Areas [KRA] actual performance against targets) ▪ Compliance updates on new, revised regulations ▪ Annual Strategic Planning activities ▪ Performance and monitoring reports and surveys on bank products and services
Information Security/ Cyber Security / Data Privacy Risk	Information Security (Infosec) / Cyber Security risk is the risk to organizational operations (including mission, functions, image, and reputation), organizational assets, and individuals due to the potential for unauthorized access, use, disclosure, disruption, modification or destruction of information or information assets that will compromise the Confidentiality, Integrity, and Availability (CIA). This covers data or information being processed, in storage	▪ Information Security Risk Assessment (ISRA) ▪ Information Asset Register ▪ Information Security Management System Implementation ▪ RCO/BISO Checklist ▪ User Access and UAM Review ▪ Network Security Protection / Network monitoring tool ▪ Installation of firewalls, anti-virus, IPS/IDS, enterprise security solution (endpoint security, email and internet)

Risk Category	Risk Definition	Risk Management Tools
	or in transit. Cyber Risk is the risk associated with financial loss, disruption or damage to the reputation of an organization from failure, unauthorized or erroneous use of its information systems. (NIST IR 7298 Revision 2, Glossary of Key Information Security Terms, Page Numbers 98 & 100) Data Privacy Risk is the risk associated to potential loss due to unauthorized collection, processing, or access to personal data. It includes risks that the confidentiality, integrity and/or availability of personal data will not be maintained, or the risk that processing will violate the rights of data subjects or the general privacy principles (i.e., transparency, legitimate purpose, proportionality). Consequently, the data privacy risks may negatively impact the Bank's reputation and may result to financial losses. (Data Privacy Act of 2012 or RA 10173).	▪ Vulnerability assessments and penetration testing (to include social engineering tests) and follow through on remediation of threats and risks ▪ Logs Review ▪ Incident Reporting Management ▪ Independent Operations Review and Quality Assurance ▪ Scanning of outbound and inbound digital traffic ▪ Continuous InfoSec/Cyber Risk awareness ▪ Enterprise-wide data privacy risk management framework which complies with both domestic and global requirements ▪ Conduct of Privacy Impact Assessment (PIA) as required by DPA of 2012 ▪ Institutionalization of data protection culture within the group through regular awareness program ▪ Data Privacy Management System
Information Technology Risk	Information Technology Risk is any potential adverse outcome, damage, loss, violation, failure or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks. (BSP Circular 808) It is also a business risk that is associated with the use, ownership, operation, involvement, influence and adoption of IT within the Bank. It consists of IT-related events that could potentially impact the business. IT Risk includes Information Security Risk that could result from non-preservation of any or all of the domains of information security; that is, confidentiality, integrity and availability of information asset. (ISACA Risk IT Framework).	▪ IT Risk Assessment (ITRA) ▪ Project Risk Assessment (PRA) ▪ Incident Reporting Management ▪ Patch Management ▪ Technology Operations Management Policies & Guidelines ▪ Maintenance and upgrades of disaster recovery sites ▪ Business Users / IT joint engagement for problem resolution ▪ Formal Project Management Program adoption ▪ Maintenance and upgrades of disaster recovery sites ▪ Business Impact Analysis ▪ Change Management Process ▪ Capacity Monitoring ▪ Data Loss Prevention tool ▪ Privilege Access Management (PAM) ▪ Network Security Protection / Network monitoring tool ▪ Installation of firewalls, anti-virus, IPS/IDS, enterprise security solution (endpoint security, email and internet) ▪ IT Service Management tool ▪ Vulnerability assessments and penetration testing ▪ Logs Review
Human Resource Risk	Human Resource Risk covers the Bank's risk of financial loss due to inadequate training and inexperience or illegal activities of risk-taking behavior of personnel. This risk is closely related to operations risk and its internal control aspects. It highlights the human side of	▪ Talent Acquisition/Retention and Career Management; ▪ Remuneration Management; ▪ Performance Appraisal System ▪ Training and Development ▪ Labor Management Relations ▪ Code of Conduct/Personnel Policies

Risk Category	Risk Definition	Risk Management Tools
	risk-taking and the role and adequacy of code of conduct, personnel policies, training and development programs, ability to recruit and retain employees through adequate compensation and benefits and ability to sustain adequate workforce through succession planning.	▪ Employee Welfare/Wellness ▪ Employee Engagement Program ▪ Rewards System ▪ Compensation Package Review ▪ Attendance Reports ▪ Performance Appraisal Report ▪ Monitoring of employee's deliberate non-submission of acknowledgement receipts of personnel policies issued by HRG ▪ Grievance Reports/Complaints ▪ Attrition rates, separation reports and exit interview forms ▪ Disciplinary Cases Report ▪ Recruitment Turnaround Time Report ▪ Number of Training Programs Conducted Report ▪ Hiring and Attrition Tracking

Regulatory Capital Requirements under BASEL III – PILLAR 1 Capital Adequacy Ratio

The Bank's Capital Adequacy Ratio as of December 31, 2025 stood at 20.12% on a consolidated basis while the Risk Weighted Assets (RWA) as of the end of 2025 amounted to ₱941.650 billion, composed of ₱828.583 billion (Credit Risk Weighted Assets – CRWA), ₱13.084 billion (Market Risk Weighted Assets – MRWA) and ₱99.983 billion (Operations Risk Weighted Assets – ORWA).

The Bank's regulatory requirements for the four (4) quarters for 2025 are as follows:

Consolidated	**Weighted Exposures (as of End of Every Quarter of 2025)**			
(*Amounts in ₱ millions*)	**March 31**	**June 30**	**Sep 30**	**Dec 31**
CRWA	739,622	753,197	781,755	828,583
MRWA	19,967	15,870	6,646	13,084
ORWA	90,665	99,983	99,983	99,983
Total Risk-Weighted Asset	**850,255**	**869,050**	**888,384**	**941,650**
Common Equity Tier 1 Ratio	18.96%	19.28%	19.95%	19.31%
Capital Conservation Buffer	12.96%	13.28%	13.95%	13.31%
Total Capital Adequacy Ratio	**19.83%**	**20.14%**	**20.79%**	**20.12%**

Presented below is the full reconciliation of all regulatory capital elements back to the balance sheet in the audited financial statements as at December 31, 2025 attributable to the Bank (amounts in ₱ thousands):

Accounts	Balance in Financial Reporting Package	Accounting differences and other adjustments	Balance in Audited Financial Statements
Capital stock	61,030,594	–	61,030,594
Additional paid-in capital	32,106,560	–	32,106,560
Surplus reserves	5,170,727	–	5,170,727
Surplus	128,074,385	6,690,617	134,765,002
Net unrealized loss on Available-for-Sale investments	1,206,935	(186,422)	1,020,513
Remeasurement losses on retirement plan	(3,401,949)	1,225,785	(2,176,164)
Accumulated translation adjustment	3,242,826	169,353	3,412,179
Other equity reserves	2,166,533	(835,843)	1,330,690

Share in aggregate reserves on life insurance policies	–	(28,715)	(28,715)
TOTAL	229,596,610	7,034,775	236,631,386

Credit Risk-Weighted Assets as of December 31, 2025

The Bank adopts the standardized approach in quantifying the risk-weighted assets. Credit risk exposures are risk weighted based on third party credit assessments of Fitch, Moody's, Standard & Poor's and PhilRatings agencies. The ratings of these agencies are mapped in accordance with the BSP's standards. The following are the consolidated credit exposures of the Bank and the corresponding risk weights:

In ₱ Millions	Exposure, Net of Specific Provision	Exposures covered by Credit Risk Mitigants*	Net Exposure	0%	20%	50%	75%	100%	150%
Cash & Cash Items	20,817	–	20,817	20,817	–	–	–	–	–
Due from BSP	68,541	–	68,541	68,541	–	–	–	–	–
Due from Other Banks	25,736	–	25,736	–	12,678	10,018	–	3,040	–
Financial Asset at FVPL	–	–	–	–	–	–	–	–	–
Financial Assets at FVOCI	173,779	4,506	169,273	138,005	7,922	5,501	–	17,845	–
Debt Securities at Amortized Cost	129,675	2,820	126,855	100,230	8,038	16,065	–	2,523	–
Unquoted Debt Securities	–	–	–	–	–	–	–	–	–
Loans and Receivables	766,494	7,393	759,101	–	121,376	40,834	8,519	575,721	12,651
Loans and Receivables Arising from Repurchase Agreements, Securities Lending and Borrowing Transactions	73,214	72,789	425	–	237	188	–	–	–
Sales Contracts Receivable	1,016	–	1,016	–	–	–	–	772	244
Real and Other Properties Acquired	11,113	–	11,113	–	–	–	–	–	11,113
Other Assets	25,604	–	25,604	817	–	–	–	24,787	–
Total On-Balance Sheet Asset	1,295,989	87,508	1,208,480	328,410	150,251	72,606	8,519	621,951	24,007
Total Risk Weighted Asset - On-Balance Sheet	–	–	–	–	30,050	49,913	6,390	624,687	36,011
Total Risk Weighted Asset - Off-Balance Sheet Asset	–	–	–	–	–	–	351	78,646	–
Counterparty Risk Weighted Asset in Banking Book	–	–	–	–	–	653	–	–	–

In ₱ Millions	Exposure, Net of Specific Provision	Exposures covered by Credit Risk Mitigants*	Net Exposure	0%	20%	50%	75%	100%	150%
Counterparty Risk Weighted Asset in Trading Book	–	–	–	–	27	1,058	–	797	–

* Credit Risk Mitigants used are cash, guarantees and warrants.

Market Risk-Weighted Assets as of December 31, 2025

The Bank's regulatory capital requirements for market risks of the trading portfolio are determined using the standardized approach ("TSA"). Under this approach, interest rate exposures are charged both for specific risks and general market risk. The general market risk charge for trading and Fair Value through Other Comprehensive Income (FVOCI) portfolio is calculated based on the instrument's coupon and remaining maturity with risk weights ranging from 0% for items with very low market risk (i.e., tenor of less than 30 days) to a high of 12.5% for high risk-items (i.e., tenor greater than 20 years) while capital requirements for specific risk are also calculated for exposures with risk weights ranging from 0% to 8% depending on the issuer's credit rating. On the other hand, equities portfolio is charged 8% for both specific and general market risk while foreign exchange (FX) exposures are charged 8% for general market risks only.

Capital Requirements by Market Risk Type under the Standardized Approach

(Amounts in ₱ Million)	Capital Charge (a)	Adjusted Capital Charge (b) b= a*125% 1/	Market Risk Weighted Exposures (c) c= b*10 2/
Interest Rate Exposures	790.68	988.35	9,883.49
Specific Risk	18.75	23.43	234.34
General Market Risk	771.93	964.91	9,649.15
Equity Exposures	0.47	0.59	5.87
Foreign Exchange Exposures	255.59	319.48	3,194.84
Total	1,046.74	1,308.42	13,084.20
Notes:			
1/ Capital charge is multiplied by 125% to be consistent with BSP required minimum Capital Adequacy Ratio (CAR) of 10%, which is 25% higher than the Basel minimum of 8%.			
2/ Adjusted capital charge is multiplied by 10 (i.e. the reciprocal of the minimum capital ratio of 10%)			

The following are the Bank's exposure with assigned market risk capital charge.

Interest Rate Exposures consist of specific risk and general market risk.

Specific Risk

Specific Risk which reflects the type of issuer of the combined portfolio of financial assets designated at Fair Value through Profit or Loss (FVPL) is ₱18.75 million and is composed of securities with various tenors that are subject to risk weights ranging from 0% to 8%. Zero-point forty-four percent (0.44%) of these securities are issued by Republic of the Philippines (ROP), allocated across the 0.25% and 1.60% risk-weighted buckets. Rated non-Philippine exposures account for around three-point nineteen percent (3.19%) of the portfolio, comprising two point sixty-five percent (2.65%) in other sovereign issuers rated BBB- and above and zero point fifty-four percent (0.54%) in non-sovereign issuers rated AAA to BBB-.

On the other hand, the Bank's holding in peso denominated securities which are estimated at ninety-six-point thirty-seven percent (96.37%) of the portfolio have zero risk weight.

Part IV.1a INTEREST RATE EXPOSURES – SPECIFIC RISK (Amounts in ₱ millions)							
	Positions	Risk Weight					
		0.00%	0.25%	1.00%	1.60%	8.00%	Total
PHP-denominated debt securities issued by the Philippine National Government (NG) and BSP	Long	32,438.880					32,438.880
	Short						–
FCY-denominated debt securities issued by the Philippine NG/BSP	Long		59.818		89.526		149.344
	Short						–
Debt securities/derivatives with credit rating BBB- and above issued by other sovereigns	Long				892.735		892.735
	Short						–
Debt securities/derivatives with credit rating of AAA to BBB-issued by other entities	Long						–
	Short						–
All other debt securities/derivatives that are below BBB- and unrated	Long				180.097		180.097
	Short						–
Subtotal	Long	32,438.880	59.818	–	1,162.358	–	33,661.055
	Short	–	–	–	–	–	–
Risk Weighted Exposures [Sum of long and short positions times the risk weight]		–	0.150	–	18.598	–	18.747
Specific Risk Capital Charge for Credit-Linked Notes and Similar Products		–	–	–	–	–	–
Specific Risk Capital Charge for Credit Default Swaps and Total Return Swaps		–	–	–	–	–	–
Specific Risk Capital Charge for Debt Securities and Debt Derivatives		–	–	–	–	–	18.747

General Market Risk – Peso

The Bank's total General Market Risk of its Peso debt securities and interest rate derivative exposure is 631.241 million. In terms of weighted positions, the greater portion (32%) of the Bank's capital charge comes from the 5 to 7 years bucket at 200.863 million as well as Over 5 year to 7 years bucket (25%) at 160.845 million or a combined capital charge of 361.709 million. The remaining weighted positions (42%) are distributed over the remaining buckets.

Currency: PESO							
PART IV.1d GENERAL MARKET RISK (Amounts in P million)							
Zone	Time Bands		Debt Securities & Debt Derivatives/Interest Rate Derivatives		Risk Weight	Weighted Positions	
			Total Individual Positions				
	Coupon 3% or more	Coupon less than 3%	Long	Short		Long	Short
1	1 month or less	1 month or less	65,674.19	35,289.25	0.00%	-	-
	Over 1M to 3M	Over 1M to 3M	15,181.61	12,822.25	0.20%	30.363	25.645
	Over 3M to 6M	Over 3M to 6M	3,061.91	8,446.34	0.40%	12.248	33.785

	Over 6M to 12M	Over 6M to 12M	31.97	1,165.04	0.70%	0.224	8.155
2	Over 1Y to 2Y	Over 1.0Y to 1.9Y	802.08	200.00	1.25%	10.026	2.500
	Over 2Y to 3Y	Over 1.9Y to 2.8Y	2,200.71	-	1.75%	38.512	-
	Over 3Y to 4Y	Over 2.8Y to 3.6Y	2,309.54	675.70	2.25%	51.965	15.203
3	Over 4Y to 5Y	Over 3.6Y to 4.3Y	2,467.38	80.40	2.75%	67.853	2.211
	Over 5Y to 7Y	Over 4.3Y to 5.7Y	6,409.91	229.51	3.25%	208.322	7.459
	Over 7Y to 10Y	Over 5.7Y to 7.3Y	4,302.58	13.37	3.75%	161.347	0.501
	Over 10Y to 15Y	Over 7.3Y to 9.3Y	1,115.53	-	4.50%	50.199	-
	Over 15Y to 20Y	Over 9.3Y to 10.6Y	1,821.74	-	5.25%	95.642	-
	Over 20Y	Over 10.6Y to 12Y	-	-	6.00%	-	-
		Over 12Y to 20Y	-	-	8.00%	-	-
		Over 20Y	-	-	12.50%	-	-
Total			105,379.15	58,921.86		726.700	95.460
Overall Net Open Position							631.241
Vertical Disallowance							6.599
Horizontal Disallowance							36.538
TOTAL GENERAL MARKET RISK CAPITAL CHARGE							674.378

General Market Risk – US Dollar

The capital charge on the Bank's General Market Risk from dollar-denominated exposures is 92.190 million. The exposure is concentrated under the Over 3 month to 6 months' time bucket with risk weight of 0.40% resulting in a capital charge of 32.691 million. The balance is distributed across other time buckets up to over 20 years with capital charge ranging from 0.169 million to 33.991 million.

Currency: USD							
PART IV.1d GENERAL MARKET RISK (Amounts in ₱0.000 million)							
Zone	Time Bands		Debt Securities & Debt Derivatives/Interest Rate Derivatives		Risk Weight	Weighted Positions	
			Total Individual Positions				
	Coupon 3% or more	Coupon less than 3%	Long	Short		Long	Short
1	1 month or less	1 month or less	37,023.794	54,157.711	0.00%	0.000	0.000
	Over 1M to 3M	Over 1M to 3M	13,802,238	14,528.228	0.20%	27.604	29.056
	Over 3M to 6M	Over 3M to 6M	8,172.769	2,645.550	0.40%	32.691	10.582
	Over 6M to 12M	Over 6M to 12M	1,157.679	31.570	0.70%	8.104	0.221
2	Over 1Y to 2Y	Over 1.0Y to 1.9Y	0.000	0.000	1.25%	0.000	0.000
	Over 2Y to 3Y	Over 1.9Y to 2.8Y	0.000	0.000	1.75%	0.000	0.000
	Over 3Y to 4Y	Over 2.8Y to 3.6Y	697.969	228.458	2.25%	15.704	5.140
3	Over 4Y to 5Y	Over 3.6Y to 4.3Y	83.011	0.000	2.75%	2.283	0.000
	Over 5Y to 7Y	Over 4.3Y to 5.7Y	245.392	0.000	3.25%	7.975	0.000
	Over 7Y to 10Y	Over 5.7Y to 7.3Y	906.433	0.000	3.75%	33.991	0.000
	Over 10Y to 15Y	Over 7.3Y to 9.3Y	43.769	0.000	4.50%	1.970	0.000
	Over 15Y to 20Y	Over 9.3Y to 10.6Y	44.580	0.000	5.25%	1.763	0.000
	Over 20Y	Over 10.6Y to 12Y	0.000	0.000	6.00%	0.000	0.000
		Over 12Y to 20Y	2.108	0.000	8.00%	0.169	0.000
		Over 20Y	0.000	0.000	12.50%	0.000	0.000
Total			62,168.742	71,591.517		132.254	45.000
Overall Net Open Position							87.254
Vertical Disallowance							4.355
Horizontal Disallowance							0.581
TOTAL GENERAL MARKET RISK CAPITAL CHARGE							92.190

General Market Risk – Third currencies

The Bank is likewise exposed to various third currency contracts most of them are in less than 30 days that carries a 0% risk weight. The combined general market risk charge for contracts in Australian Dollar

(AUD), Singaporean Dollar (SGD), Japanese Yen (JPY), Canadian Dollar (CAD), Korean Won (KRW), New Zealand Dollar (NZD), Euro (EUR), Pound Sterling (GBP) and Hong Kong Dollar (HKD), is ₱5.364 million with risk weight of 0.20% to 0.40%.

PART IV.1d GENERAL MARKET RISK (Amounts in ₱ millions)										
		Total Debt Securities & Debt Derivatives/Interest Rate Derivatives		Risk Weight	Weighted Positions		Overall Net Open Position	Vertical disallowance	Horizontal disallowance within	Total General Market Risk Capital Charge
Currency	Time Bands	Long	Short		Long	Short				
AUD	1 month or less	0.000	78.743	0.00%	0.000	0.000				
	Over 1M to 3M	0.000	0.000	0.20%	0.000	0.000				
TOTAL		0.000	78.743		0.000	0.000	0.000	–	–	0.000
CAD	1 month or less	0.000	94.608	0.00%	0.000	0.000				
TOTAL		0.000	94.608		0.000	0.000	0.000	–	–	0.000
SGD	1 month or less	0.000	478.225	0.00%	0.000	0.000				
TOTAL		0.000	478.225		0.000	0.000	0.000	–	–	0.000
JPY	1 month or less	75.110	172.753	0.00%	0.000	0.000	0.000			0.000
	Over 1 months to 3 months			0.20%						
	Over 6 months to 12 months			0.40%						
TOTAL		75.110	172.753		0.000	0.000	0.000			0.000
HKD	1 month or less	0.000	698.469	0.00%	0.000	0.000				
	Over 1M to 3M	0.000	1,286.861	0.20%	0.000	2.574				
	Over 3M to 6M	0.000	697.607	0.40%	0.000	2.790				
TOTAL		0.000	2,682.937		0.000	5.364	5.364	0.00	–	5.364
NZD	1 month or less	0.000	17.111	0.00%	0.000	0.000				
	Over 1M to 3M	0.000	0.000	0.20%	0.000	0.000				
TOTAL		0.000	17.111		–	0.000	–	–	–	–
EUR	1 month or less	0.000	103.855	0.00%	0.000	0.000				
	Over 1 months to 3 months			0.20%						
TOTAL		0.000	103.855		0.000	0.000			0.000	
GBP	1 month or less	–	158.780	0.00%	0.000	0.000				0.000
TOTAL		0.000	158.780		0.000	0.000	–	–	–	–
KRW	1 month or less	–	0.000	0.00%	0.000	0.000				
TOTAL		0.000	0.000		0.000	0.000	–	–	–	–
TOTAL THIRD CURRENCIES										5.364

Equity Exposures

The Bank's holdings are in the form of preferred stocks traded in the PSE, with 8% risk weight both for specific and general market risk. The Bank's capital charge for equity weighted positions is ₱0.470 million or total risk-weighted equity exposures of ₱5.870 million.

Item	Nature of Item	Positions	Stock Markets
			Philippines
A.1	Common Stocks	Long	–
		Short	–
A.9	Others	Long	2.935
		Short	–

Item	Nature of Item	Positions	Stock Markets Philippines
A.10	TOTAL	Long	2.935
		Short	–
B.	Gross (long plus short) positions (A.10)		2.935
C.	Risk Weights		8%
D.	Specific risk capital charges (B. times C.)		0.235
E.	Net long or short positions		2.935
F.	Risk Weights		8%
G.	General market risk capital charges (E. times F.)		0.235
H.	Total Capital Charge For Equity Exposures (sum of D. and G.)		0.470
I.	Adjusted Capital Charge For Equity Exposures (H. times 125%)		0.587
J.	Total Risk-Weighted Equity Exposures (I. times 10)		5.870

Foreign Exchange Exposures

The Bank's exposure to FX Risk carries a capital charge of ₱255.587 million. This includes ₱ 129.338 million capital charge arising from exposure in Non-Deliverable Forwards (NDFs) which carries a 4% risk weight while ₱126.249 million is from FX Exposures with 8% risk weight in FX assets and FX liabilities in U.S. Dollar (USD), and third currencies not limited to Japanese Yen (JPY), Swiss Franc (CHF), Pound Sterling (GBP), Euro (EUR), Canadian Dollar (CAD), Australian Dollar (AUD), Singapore Dollar (SGD) and other minor currencies.

Part IV. 3 FOREIGN EXCHANGE EXPOSURES (as of December 31, 2025)						
	Closing Rate USD/₱:					58.790
Nature of Item	Currency	In Million USD Equivalent				In Million Pesos
		Net Long/(Short) Position (excluding options)		Net Delta-Weighted Positions of FX Options	Total Net Long/(Short) Positions	Total Net Long/(Short) Position
		Banks	Subsidiaries /Affiliates			
		1	2	3	4=1+2+3	5
Currency						
A.1 U.S. Dollar	USD	15.565	1.890		17.455	1,026.184
A.2 Japanese Yen	JPY	0.224	–		0.224	13.168
A.3 Swiss Franc	CHF	0.941	–		0.941	55.314
A.4 Pound Sterling	GBP	1.189	(0.479)		0.710	41.750
A.5 Euro	EUR	4.418	0.001		4.419	259.815
A.6 Canadian Dollar	CAD	0.611	–		0.611	35.915
A.7 Australian Dollar	AUD	0.238	0.000		0.238	13.997
A.8 Singapore Dollar	SGD	1.501	0.000		1.501	88.262
A.9 Foreign currencies not separately specified above						
Arab Emirates Dirham	AED	0.080	0.000		0.080	4.724
Bahrain Dinar	BHD	0.001	0.000		0.001	0.057
Brunei Dollar	BND	0.000	0.000		0.000	0.021
Yuan Renminbi	CNY	0.493	0.000		0.493	29.001
Hongkong Dollar	HKD	0.140	(0.314)		(0.174)	(10.221)
Korean Won	KRW	0.013	0.000		0.013	0.738
Malaysian Ringgit	MYR	0.000	0.000		0.00	0.00
Norwegian Krone	NOK	0.000	0.000		0.00	0.00
New Zealand Dollar	NZD	0.048	0.000		0.048	2.843
Saudi Riyal	SAR	0.086	0.000		0.086	5.083
Thai Baht	THB	0.005	0.000		0.005	0.285
Taiwan Dollar	TWD	0.016	0.000		0.016	0.960
Indo Rupiah	INR	0.000	0.000		0.00	0.00
A.10 Sum of net long positions						1,578.116
A.11 Sum of net short positions						(10.221)
B. Overall net open positions 1/						1,578.116
C. Risk Weight						8%
D. Total Capital Charge for Foreign Exchange Exposures (B. times C.)						126.249
E. Adjusted Capital Charge for Foreign Exchange Exposures (D. times 125%)						157.812
F. Total Risk-Weighted Foreign Exchange Exposures, Excluding Incremental Risk-Weighted Foreign Exchange Exposures Arising from NDF Transactions (E. times 10)						1,578.116

Part IV. 3 FOREIGN EXCHANGE EXPOSURES (as of December 31, 2025)						
	Closing Rate USD/₱:					58.790
Nature of Item	Currency	In Million USD Equivalent				In Million Pesos
		Net Long/(Short) Position (excluding options)		Net Delta-Weighted Positions of FX Options	Total Net Long/(Short) Positions	Total Net Long/(Short) Position
		Banks	Subsidiaries /Affiliates			
		1	2	3	4=1+2+3	5
G. Incremental Risk-Weighted Foreign Exchange Exposures Arising from NDF Transactions (Part IV.3A, Item F.)						1,616.725
H. Total Risk-Weighted Foreign Exchange Exposures (Sum of F. and G.)						3,194.841

Operational Risk – Weighted Assets

The Bank uses the Basic Indicator Approach in quantifying the risk-weighted assets for Operational Risk. Under the Basic Indicator Approach, the Bank is required to hold capital for operational risk equal to the average over the previous three years of a fixed percentage (15% for this approach) of positive annual gross income (figures in respect of any year in which annual gross income was negative or zero are excluded).

(Amounts in P Million) Consolidated as of December 31, 2025	Gross Income	Capital Requirement (15% x Gross Income)
2023 (Year 3)	47,232	7,085
2024 (Year 2)	53,619	8,043
2025 (Last Year)	59,122	8,868
Average for 3 Years	53,324	7,999
Adjusted Capital Charge (Average x 125%)		9,998
Total Operational Risk Weighted Asset		99,983

C. Subsidiaries

The following represent the Bank's significant subsidiaries:

Domestic Subsidiaries:

Allied Integrated Holdings Inc. (AIHI) is a wholly-owned subsidiary of PNB. It was formerly PNB Savings Bank, which had been converted into a holding company on October 28, 2020 after PNB substantially acquired its assets and assumed its liabilities on March 1, 2020 and following the surrender of its thrift bank license to BSP on March 5, 2020. The SEC subsequently approved on February 23, 2021 its conversion from a savings bank to a holding company, the change in its corporate name, and the shortening of the company's corporate life up to December 31, 2022.

As a holding company, AIHI had been mainly tasked to manage the remaining real estate assets acquired by the former PNB Savings Bank. AIHI is now in the process of winding down its operations following the end of its corporate life by yearend 2022.

PNB Capital and Investment Corporation (PNB Capital), a wholly-owned subsidiary of the Bank, is licensed by the SEC to operate as an investment house with a non-quasi-banking license. It was incorporated on July 30, 1997 and commenced operations on October 8, 1997.

PNB Capital's core business revolves around investment banking, offering services such as debt and equity underwriting, private placements, loan structuring, syndication, project financing, and a wide range of financial advisory solutions. It is authorized to trade securities issued by both private corporations and the Philippine Government for its own account. Additionally, PNB Capital markets its structured and packaged debt and equity instruments by engaging banks, trust companies, insurance firms, brokerage houses, funds, retails investors and other institutions that invest in such securities.

PNB Capital has arranged some of the largest loan syndications and award-winning deals in the Philippines. Likewise, it is very active in the capital market transactions in the country. PNB Capital has been recognized multiple times by local and foreign award giving bodies for the successful execution of landmark transactions, reaffirming its commitment to excellence in financial intermediation. Some of the prestigious accolades include: The Asset Triple A Awards 2024 Transport Deal of the Year for the ₱100 Billion Syndicated Term Loan for SMC Mass Rail Transit 7, Inc.; The Asset Triple A Awards 2025 Renewable Energy Deal of the Year ─ Solar for the ₱18.2 Billion Syndicated Term Loan for 3Barracuda Energy Corporation; The Asset Triple A Awards 2025 Best IPO Deal for the ₱5.3 Billion Citicore Renewable Energy Corp. Initial Public Offering; The Asset Triple A Awards 2025 Best Sustainability Bond for the USD 300 Million Sustainability Bond Issuance of the Philippine National Bank; and the Asian Banking & Finance Corporate and Investment Banking Awards 2025 Sustainability Bond of the Year ─ Philippines for the ₱3.0 Billion Syndicated Term Loan for Cebu2World Development, Inc.

PNB Securities, Inc. (PNB SI), is a wholly-owned subsidiary duly licensed by the SEC to engage in the brokerage and dealership of the various securities listed in the PSE such as common and preferred equities, REITs, ETFs and other equity derivatives.

PNB SI performs other equity related services such as the distribution of Initial Public Offerings, block sales, private placements, tender offer agency and price stabilization agency as well as processing of dividend and pre-emptive rights entitlements in behalf of its clients. PNBSI regularly collaborates with PNB Capital, PNB branches, the Bank's Trust Banking Group and Wealth Management Group in relation to their equity market needs.

The company also facilitates corporate access for its foreign institutional clients through collaboration with PNB Research.

PNB SI also offers technical research studies as well as distributes PNB Research studies to inform and guide clients in making decisions relating to their investments in the equities market.

PNB-Mizuho Leasing and Finance Corporation (PMLFC) (formerly PNB-IBJL Leasing and Finance Corporation), a joint venture between the Bank (75%) and Mizuho Leasing Company (25%), was incorporated on April 24, 1996 as a financing company under Republic Act No. 8556 (the amended Finance Company Act). Its major activities were financial lease (direct lease, sale-leaseback, lease-sublease and foreign currency leasing), operating lease (through its wholly-owned subsidiary, PNB-Mizuho Equipment Rentals Corporation), term loans (for productive capital expenditures secured by chattel mortgage), receivable discounting (purchase of short-term trade receivables and installment papers) and floor stock financing (short-term loan against assignment of inventories, e.g., motor vehicles).

On March 3, 2020, the SEC approved the change of its corporate name.

On June 24, 2022, the BOD of the Bank approved the proposal to amend the Articles of Incorporation of PMLFC by shortening its corporate term to March 31, 2024, subject to necessary approvals. On December 23, 2022, the SEC approved the said amendment. PMLFC is now in the process of winding down its operations following the end of its corporate life on March 31, 2024.

PNB-Mizuho Equipment Rentals Corporation (PMERC) (formerly PNB-IBJL Equipment Rentals Corporation**)**, a wholly-owned subsidiary of PMLFC, was incorporated on July 3, 2008 as a rental company and started commercial operations on the same date. It was engaged in the business of renting all kinds of real and personal properties.

On March 4, 2020, the SEC approved the change of its corporate name.

On November 22, 2023, the SEC approved the amendment to the Articles of Incorporation of PMERC, shortening its corporate term to December 31, 2024. PMERC is now in the process of winding down its operations following the end of its corporate life on December 31, 2024.

Foreign Subsidiaries:

The Bank has the largest overseas network among Philippine banks, with 69 branches, representative offices, remittance centres and subsidiaries in the United States, Canada, Europe, the Middle East and Asia. The Bank also has 97 overseas agents and tie-up partners and maintains correspondent relationships with

337 banks and financial institutions worldwide as at 30 June 2024. Its foreign subsidiaries include the following:

PNB International Investments Corporation (“**PNB IIC**”), formerly Century Holding Corporation, a wholly-owned subsidiary of the Bank, is a U.S. non-bank holding company incorporated in California on December 21, 1979. It changed its name to PNB International Investment Corporation on November 16, 1999. PNB IIC owns PNB Remittance Centres, Inc. (“**PNB RCI**”) which was incorporated in California on October 19, 1990. PNB RCI is a company engaged in the business of transmitting money to the Philippines. As of June 30, 2024 PNB RCI has 17 branches in six states of the United States of America. Effective December 31, 2024, PNB IIC purchased PNB RCI Holding Company, Ltd. which was incorporated in California on August 18, 1999. PNB RCI Holding Company, Ltd. is the holding company for PNB Remittance Company Canada (“**PNB RCC**”). PNB RCC is also a money transfer company incorporated in Canada on April 26, 2000. PNB RCC has 6 branches as of June 30, 2025.

PNB IIC does not actively compete for business, being a holding company only. PNB RCI and PNB RCC have numerous competitors, including U.S. banks, Philippine bank affiliates doing business in North America, as well as other money transfer companies such as Western Union, Money Gram, RIA, Xoom, Transfast, Lucky Money, and LBC.

PNB RCI is regulated by the U.S. Internal Revenue Service and the Department of Financial Protection and Innovation of the State of California and other state regulators of licensed money transmitters. PNB RCC is regulated by the Financial Transactions and Reports Analysis Centre of Canada.

PNB Global Remittance & Financial Company (HK) Limited (“**PNB Global**”)

PNB Global Remittance and Financial Company (HK) Limited (PNB Global HK), a wholly owned subsidiary of PNB, was established in Hong Kong on July 20, 1976. The company is engaged in providing remittance services bound to the Philippines. It also grants consumer loans to Filipinos and foreign nationals working in Hong Kong who are interested to purchase real estate properties in the Philippines.

PNB Global HK’s Main Office is in Wanchai District while its six branches are strategically situated in Shatin, Yuen Long, Tsuen Wan, North Point, and two in Worldwide House in Central District of Hong Kong.

PNB National Bak (Europe) PLC (“PNBE”)

PNB National Bank (Europe) PLC (“PNBE”) is a wholly owned subsidiary of PNB. It started as a representative office in 1968 to support the expansion of PNB’s international services and facilities. In 1976, the office was converted to PNB London Branch through an interim authority to operate issued by the Bank of England. The branch was subsequently incorporated in June 1994. It was granted a deposit taking license by the Bank of England in July 1997.

Following the merger of PNB and ABC in 2013, PNBE merged with Allied Bank Philippines (UK) Plc in 2014, with the former as the surviving entity. PNBE is an authorized institution under the Financial Services Act 2012 and is regulated by the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA).

Following the conclusion of the Brexit transition period in 2020, PNBE continues to provide services to Filipinos in the region through its UK office as well as its web and phone remittance platforms.

Allied Commercial Bank (“ACB”) is a majority owned (99.04%) subsidiary of PNB and was formerly known as Xiamen Commercial Bank. ACB maintains its head office in Xiamen, Fujian, China and has a branch in Chongqing which was established in 2003.

From its establishment in 1993 until 2017, ACB was allowed to deal only in foreign currency-denominated products and services. In 2017, local currency or Chinese Yuan-denominated products and services were allowed except to local residents. Finally, in 2020, ACB obtained a banking license allowing it to offer services to all market segments with all traditional banking products, denominated in local or foreign currencies.

ACB is a full-service commercial bank specializing in international trade finance and lending to micro, small, and medium-sized enterprises. It offers a diverse and competitive range of deposit and lending products and remains committed to innovating financial solutions that meet the needs of its target clients.

Key operational and strategic advancements:

- 2020: Launched an enterprise internet banking system to enhance convenience for corporate depositors.
- 2022: Upgraded its systems to automate credit management processes, improving operational efficiency and risk control.

Cross-border CNY Business: Defined as trade settlements and related transactions conducted in Chinese Yuan (CNY) between China and its international trade partners. ACB successfully developed and tested a pre-system for CNY cross-border payment and collection information management in early 2024. Following official regulatory approval to conduct cross-border CNY business in July 2024, the bank now provides customers with efficient cross-border settlement and financing services.

Credit Reporting Compliance: China's credit investigation framework mandates banks to submit credit exposure data. In 2024, ACB advanced the completion of its second-generation corporate credit reporting system, further enhancing the accuracy and timeliness of enterprise credit data submissions to comply with regulatory requirements.

In 2023, ACB amended its Articles of Association & By-law to a perpetual term, with supplementary revisions to align with regulations, strengthen corporate governance, and optimize the BOD, Board Supervisor, and senior management mechanisms. Guided by the updated Articles, ACB standardized governance, enhanced body effectiveness, and laid the groundwork for long-term stable development.

Allied Banking Corporation (Hong Kong) Limited ("**ABCHKL**"), was incorporated in 1978 and is a private limited company and holds a restricted license under the Banking Ordinance in Hong Kong. ABCHKL became a majority-owned subsidiary of the Bank as a result of the merger of PNB and Allied Banking Corporation in 2013.

ABCHKL's principal activity is commercial banking services, predominantly in Hong Kong, which includes deposit-taking, lending and trade financing, documentary credits, money market and foreign exchange operations.

ABCHKL's wholly-owned subsidiary, ACR Nominees Limited, a private limited company incorporated in Hong Kong, and its principal activities are to provide management and general corporate services to its customers. It is a Trust or Company Service Provider licensee in Hong Kong.

Item 2. Directors and Executive Officers

Please refer to pages 11 to 40 of the Information Statement.

Item 3. Audited Consolidated Financial Statements

The Audited Financial Statements ("AFS") of the Bank and its subsidiaries (collectively, the "Group"), which comprise the Statements of Financial Position as of December 31, 2025 and 2024, and the Statements of Income, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for each of the three (3) years in the period ended December 31, 2025, and Notes to the Financial Statements, including a Summary of Significant Accounting Policies and other explanatory information, Independent Auditor's Report and the Statement of Management's Responsibility are filed as part of the Bank's SEC 17-A report for the year ended December 31, 2025.

Item 4. Information on Independent Accountant, Changes in Accounting Principles and Other Related Matters

A. Audit and Other Related Fees

The following are the engagement fees for each of the last two fiscal years for the professional services rendered by the Bank's external auditor, SyCip Gorres Velayo and Co., (inclusive of out-of-pocket expenses and value-added tax):

		Professional fees (in ₱ millions)	
Nature of Service	**Description**	**2025**	2024
Audit Fees	Audit of the consolidated financial statements of the Bank; audit of the combined financial statements and managed funds of the Trust Banking Group; audit of domestic and foreign subsidiaries of the Bank	**41.284**	38.093
Other Assurance Services	Other assurance and related services charged by the external auditor related to special purpose audits or financial statement reviews	**6.284**	10.253
Tax-Related Services	Business tax advisory services	**3.554**	2.328
All Other Services	Accounting advisory and other consultancy services	**-**	2.909
TOTAL		**51.122**	**53.583**

There were no fees billed and paid for the last three (3) years for tax accounting performed by the Bank's external auditor.

The approval of the above audit engagement fees is based on the Bank's existing Manual of Signing Authority. All engagements of the external auditor and the corresponding engagement fees are subject to the approval of the BOD as endorsed by the BACC.

The BACC has primary authority to select, evaluate, appoint, dismiss, replace and reappoint the Bank's external auditors, subject to the approval of the BOD and ratification of stockholders, based on fair and transparent criteria such as (i) core values, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence; (iv) effectiveness of the audit process; and (v) reliability and relevance of the external auditor's reports.

A. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the amendments and improvements to Philippine Financial Reporting Standards (PFRS) which are effective beginning on or after January 1, 2024. The changes in the accounting policies that have or did not have any significant impact on the financial position or performance of the Group are discussed under Note 2 (Summary of Material Accounting Policies) of the audited financial statements of the Group.

B. Disagreements with Accountants

The Group had no disagreement with its auditors on any matter of accounting principles or practices, financial statements disclosure, or auditing scope procedure.

Item 5. Management's Discussion and Analysis of Financial Condition and Results of Operations

The financial statements have been prepared in accordance with PFRS.

2025 vs 2024

The Group's consolidated total assets stood at ₱1.37 trillion as of December 31, 2025, 9.3% higher compared to the ₱1.26 trillion reported as of December 31, 2024. Major changes (+/–5% variance) in assets were registered in the following accounts:

- **Cash and Other Liquid Placements**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Cash and Other Cash Items	**₱20,868,793**	₱20,638,033	₱230,760	1.1
Due from Bangko Sentral ng Pilipinas	**68,529,550**	55,128,316	13,401,234	24.3
Due from Other Banks	**24,831,235**	20,183,894	4,647,341	23.0
Interbank Loans Receivable	**30,369,881**	22,787,194	7,582,687	33.3
Securities Held under Agreements to Resell	**72,903,359**	103,480,119	(30,576,760)	(29.5)
	₱217,502,818	₱222,217,556	(₱4,714,738)	(2.1)

Total Cash and Other Liquid Placements as of December 31, 2025 stood at ₱217.5 billion, representing a decrease of ₱4.7 billion or 2.1% than the ₱222.2 billion reported as of December 31, 2024. The decline was primarily due to the placement of available liquid funds in high yielding investment securities, outlays for loan issuances and settlement of maturing deposit liabilities.

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

- **Trading and Investment Securities**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	**₱34,652,714**	₱17,920,985	₱16,731,729	93.4
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	**196,530,773**	211,742,783	(15,212,010)	(7.2)
Investment Securities at Amortized Cost	**127,319,342**	112,422,382	14,896,960	13.3
	₱358,502,829	₱342,086,150	₱16,416,679	4.8

Trading and Investment Securities, which accounted for 26.1% of the Group's total assets as of December 31, 2025, compared to 27.2% as of December 31, 2024, increased by ₱16.4 billion or 4.8%. This was primarily due to net purchases of financial assets at fair value through profit or loss and at amortized cost investments.

- **Loans and Receivables**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Loans and Receivables	**₱ 740,017,745**	₱636,819,625	₱103,198,120	16.2

Loans and Receivables, net of allowance for credit losses, accounted for 53.8% and 50.6% of the Group's total assets as of December 31, 2025 and December 31, 2024, respectively. Loans and Receivables increased by ₱103.2 billion or 16.2% at ₱740.0 billion as of December 31, 2025, from ₱ 636.8 billion as of December 31, 2024. This growth was mainly from consumer loans, commercial/SMEs and large corporate segments during the period, and a reduction in provisions for impairment, credit and other losses.

- **Investment Properties**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Investment Properties	**₱16,957,283**	₱15,964,267	₱993,016	6.2

Investment Properties as of December 31, 2025 amounted to ₱17.0 billion, up by ₱1.0 billion or 6.2% compared to ₱16.0 billion as of December 31, 2024. The increase was attributable to new foreclosures during the period, partially offset by disposals of real and other properties.

- **Deferred Tax Assets**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Deferred Tax Assets	**₱7,408,396**	₱7,460,676	(₱52,280)	(0.7)

Deferred Tax Assets decreased by ₱0.1 billion or 0.7% at ₱7.4 billion as of December 31, 2025 from ₱7.5 billion as of December 31, 2024, mainly due to reversal of allowance from write-offs of loan receivables.

- **Intangible Assets**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Intangible Assets	**₱909,363**	₱1,084,955	(₱175,592)	(16.2)

Intangible Assets declined by ₱0.2 billion or 16.2%, to ₱0.9 billion as of December 31, 2025 from ₱1.1 billion as of December 31, 2024. The decrease was mainly due to amortization during the period.

- **Other Assets**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Other Assets	**₱9,669,116**	₱8,150,629	₱1,518,487	18.6

Other Assets grew by ₱1.5 billion or 18.6% to ₱9.7 billion as of December 31, 2025 from ₱8.2 billion as of December 31, 2024. The increase was mainly due to higher deferred charges, documentary stamps on hand, fund for electronic money products, chattel mortgage properties and returned checks and cash items.

The Group's consolidated total liabilities were at ₱1.13 trillion as of December 31, 2025, 9.0% or ₱93.6 billion higher than the ₱1.04 trillion reported as of December 31, 2024. Major changes (+/–5% variance) in the liability accounts were as follows:

- **Deposit Liabilities**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Demand	**₱242,739,639**	₱244,369,119	(₱1,629,480)	(0.7)
Savings	**558,157,549**	575,335,527	(17,177,978)	(3.0)
Time	**260,306,182**	147,368,732	112,937,450	76.6
Long Term Negotiable Certificates of Deposit	–	4,598,770	(4,598,770)	(100.0)
Deposit Liabilities	**₱1,061,203,370**	₱971,672,148	₱89,531,222	9.2

Deposit Liabilities as of December 31, 2025 stood at ₱1,061.2 billion, grew by ₱89.5 billion or 9.2% from ₱971.7 billion as of December 31, 2024. Deposit Liabilities accounted for 93.5% and 93.3% of the Group's total liabilities as of December 31, 2025 and December 31, 2024, respectively. The increase was largely due to Time Deposits by ₱112.9 billion or 76.6%, partly offset by a decline in Savings Deposits by ₱17.2 billion or 3.0% and Demand Deposits by ₱1.6 billion or 0.7%. The Bank's long-term negotiable certificates of deposit amounting to ₱4.6 billion matured on April 11, 2025.

- **Bills and Acceptances Payable**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Bills and Acceptances Payable	**₱10,742,748**	₱20,208,451	(₱9,465,703)	(46.8)

Bills and Acceptances Payable was lower by ₱9.5 billion or 46.8% from ₱20.2 billion as of December 31, 2024 to ₱10.7 billion as of December 31, 2025, because of net settlements of short-term interbank borrowing and repurchase agreements.

- **Bonds Payable**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Bonds Payable	**₱33,278,399**	₱17,304,421	₱15,973,978	92.3

Bonds Payable increased by ₱16.0 billion or 92.3% from ₱17.3 billion as of December 31, 2024 to ₱33.3 billion as of December 31, 2025, mainly due to the issuance of the ₱10.9 billion Fixed Rate Series A ASEAN Sustainability Bonds due 2028 (the "Series A Bonds") at an interest rate of 5.5% per annum, and ₱4.8 billion PHP Fixed Rate Series B ASEAN Sustainability Bonds due 2030 (the "Series B Bonds") secured at an interest rate of 5.8% per annum.

- **Financial Liabilities at FVTPL**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Financial Liabilities at FVTPL	**₱285,562**	₱924,053	(₱638,491)	(69.1)

Financial Liabilities at FVTPL of ₱0.3 billion as of December 31, 2025 was ₱0.6 billion or 69.1% lower than the ₱0.9 billion as of December 31, 2024, mainly from decrease in the notional amounts of stand-alone forwards with negative fair value.

- **Lease Liabilities, Accrued Taxes, Interest and Other Expenses and Income Tax Payable**

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Lease Liabilities	**₱3,372,649**	₱3,808,997	(₱436,348)	(11.5)
Accrued Taxes, Interest and Other Expenses	**₱9,303,982**	₱8,798,553	₱505,429	5.7

Lease Liabilities decreased by 0.4 billion or 11.5% from ₱3.8 billion as of December 31, 2024 to ₱3.4 billion as of December 31, 2025. The decline was primarily due to lease payments during the period.

Accrued Taxes, Interest, and Other Expenses went up by ₱0.5 billion, from ₱8.8 billion as of December 31, 2024 to ₱9.3 billion as of December 31, 2025. This increase was due to higher accruals for taxes and licenses, interest on deposits and other expenses during the period.

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

(In Thousands)	**December 31, 2025**	December 31, 2024	Increase/ (Decrease)	%
Capital Stock	**₱61,030,594**	₱61,030,594	₱–	–
Capital Paid in Excess of Par Value	**32,116,560**	32,116,560	–	–
Surplus Reserves	**5,170,727**	4,967,037	203,690	4.1
Surplus	**134,605,261**	113,663,851	20,941,410	18.4
Net Unrealized Gains on Financial Assets at FVOCI	**1,020,513**	142,134	878,379	618.0
Remeasurement Losses on Retirement Plan	**(2,176,164)**	(2,655,218)	479,054	18.0
Accumulated Translation Adjustment	**3,412,179**	2,357,844	1,054,335	44.7
Other Equity Reserves	**1,189,003**	1,189,003	–	–
Share in Aggregate Reserves (Losses) on Life Insurance Policies	**(28,715)**	21,209	(49,924)	(235.4)
Other Equity Adjustment	**13,959**	13,959	–	–
	236,353,917	212,846,973	23,506,944	11.0

Non-Controlling Interests	**3,925,884**	3,781,968	143,916	3.8
	₱240,279,801	₱216,628,941	₱23,650,860	10.9

Total Equity increased to ₱240.3 billion as of December 31, 2025 from ₱216.6 billion as of December 31, 2024, reflecting a growth of ₱23.7 billion or 10.9%. The increase was primarily driven by the ₱25.3 billion consolidated net income reported during the period, along with a ₱0.9 billion increase in Net Unrealized Gains on Financial Assets at FVOCI, ₱1.0 billion increase in Accumulated Translation Adjustment, and ₱0.5 billion reduction in Remeasurement Losses on Retirement Plan. These increases were partially offset by the declaration of the ₱4.2 billion dividend on April 2, 2025.

2024 vs 2023

The Group's consolidated total assets stood at ₱1,257.6 billion as of December 31, 2024, 3.9% or ₱47.1 billion higher compared to the ₱1,210.5 billion reported as of December 31, 2023. Major changes (+/–5% variance) in assets were registered in the following accounts:

- **Cash and Cash Equivalents**

	December 31,		Increase/	
(In Thousands)	**2024**	2023	(Decrease)	%
Cash and Other Cash Items	**₱20,638,033**	₱21,151,391	(₱513,358)	(2.4)
Due from Bangko Sentral ng Pilipinas	**55,128,316**	95,410,350	(40,282,034)	(42.2)
Due from Other Banks	**20,183,894**	21,243,856	(1,059,962)	(5.0)
Interbank Loans Receivable	**19,861,641**	30,955,766	(11,094,125)	(35.8)
Securities Held under Agreements to Resell	**103,480,119**	69,694,538	33,785,581	48.5
	₱219,292,003	₱238,455,901	(₱19,163,898)	(8.0)

Total Cash and Cash Equivalents as of December 31, 2024 stood at ₱219.3 billion, representing a decrease of ₱19.2 billion or 8.0% lower than the ₱238.5 billion reported on December 31, 2023.

Available liquid funds were placed in short term secured facility of the BSP, booked under Securities Held under Agreements to Resell.

- **Trading and Investment Securities**

	December 31,		Increase/	
(In Thousands)	**2024**	2023	(Decrease)	%
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	**₱17,920,985**	₱10,516,864	₱7,404,121	70.4
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	**211,742,783**	164,531,492	47,211,291	28.7
Investment Securities at Amortized Cost	**112,422,382**	123,200,427	(10,778,045)	(8.7)
	₱342,086,150	₱298,248,783	₱43,837,367	14.7

Trading and Investment Securities, which accounted for 27.2% of the Group's total assets as of December 31, 2024 versus 24.6% as of December 31, 2023, increased by ₱43.8 billion or 14.7%. This growth was primarily due to net purchases of financial assets at FVTPL and at FVOCI.

- **Property and Equipment**

	December 31,		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Property and Equipment	**₱10,195,539**	₱10,754,018	(₱558,479)	(5.2)

Property and Equipment decreased by ₱0.6 billion or 5.2%, to ₱10.2 billion as of December 31, 2024, from ₱10.8 billion as of December 31, 2023, mainly due to depreciation and amortization during the period.

- **Investment in an Associate**

	December 31,		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Investment in an Associate	**₱3,446,613**	₱3,199,124	₱247,489	7.7

Investment in an Associate rose by ₱0.2 billion or 7.7% to ₱3.4 billion as of December 31, 2024 compared to ₱3.2 billion as of December 31, 2023. This increase resulted from the Bank's equity share in the net comprehensive income of the associate for the period.

- **Investment Properties**

	December 31,		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Investment Properties	**₱15,964,267**	₱14,579,558	₱1,384,709	9.5

Investment Properties increased by ₱1.4 billion or 9.5% to ₱16.0 billion as of December 31, 2024, up from ₱14.6 billion as of December 31, 2023. This growth was mainly attributed to the new foreclosures of real and other properties, offset by disposals during the period.

- **Deferred Tax Assets**

	December 31,		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Deferred Tax Assets	**₱7,460,676**	₱6,981,726	₱478,950	6.9

Deferred Tax Assets increased by ₱0.5 billion or 6.9% to ₱7.5 billion as of December 31, 2024, from ₱7.0 billion as of December 31, 2023, mainly due to the recognition of additional deferred tax assets on allowance for credit losses.

- **Intangible Assets**

	December 31,		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Intangible Assets	**₱1,084,955**	₱1,301,726	(₱216,771)	(16.7)

Intangible Assets decreased by ₱0.2 billion or 16.7% to ₱1.1 billion as of December 31, 2024, from ₱1.3 billion as of December 31, 2023 mainly due to amortization during the period.

- **Other Assets**

	December		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Other Assets	**₱8,150,629**	₱5,454,301	₱2,696,328	49.4

Other Assets grew by ₱2.7 billion or 49.4% to ₱8.2 billion as of December 31, 2024, from ₱5.5 billion as of December 31, 2023 mainly due to increases in systems under development, creditable withholding taxes and prepaid expenses.

The Group's consolidated total liabilities were at ₱1,041.0 billion as of December 31, 2024, 2.1% or ₱21.6 billion higher than the ₱1,019.4 billion as of December 31, 2023. Major changes (+/–5% variance) in liability accounts were as follows:

- **Deposit Liabilities**

	December		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%

Demand	**₱244,369,119**	₱228,405,865	₱15,963,254	7.0
Savings	**575,335,527**	541,009,449	34,326,078	6.3
Time	**147,368,732**	145,752,061	1,616,671	1.1
Long Term Negotiable Certificates of Deposit	**4,598,770**	12,803,543	(8,204,773)	(64.1)
	₱971,672,148	₱927,970,918	₱43,701,230	4.7

Deposit Liabilities at ₱971.7 billion and ₱928.0 billion, which represented 93.3% and 91.0% of the Group's total liabilities as of December 31, 2024 and December 31, 2023, respectively, were higher by ₱43.7 billion or 4.7% mainly due to increases in Savings Deposits by ₱34.3 billion or 6.3%, Demand Deposits by ₱16.0 billion or 7.0%, and Time Deposits by ₱1.6 billion or 1.1%. Long Term Negotiable Certificates of Deposit amounting to ₱8.2 billion matured on August 27, 2024.

- **Financial Liabilities at FVTPL**

	December		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Financial Liabilities at FVTPL	**₱924,053**	₱555,811	₱368,242	66.3

Financial Liabilities at FVTPL of ₱0.9 billion as at December 31, 2024 was ₱0.4 billion higher than the 2023 year-end balance of ₱0.6 billion mainly from increase in the position and fair values of stand-alone forwards.

- **Bonds Payable**

	December 31		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Bonds Payable	**₱17,304,421**	₱41,490,871	(₱24,186,450)	(58.3)

On September 27, 2024, the bonds payable was fully settled following the maturity of the USD750,000 3.28% Medium Term Note. Subsequently, on October 14, 2024, the Bank issued USD300 million benchmark-sized Sustainability Regulation S offering of 5-year senior notes under its USD2 billion Euro Medium Term Note programme. The 5-year bond was priced at T+102 basis points, with a fixed coupon rate of 4.85%.

- **Other Liabilities**

	December		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Accrued Taxes, Interest and Other Expenses	**₱8,798,553**	₱10,465,373	(₱1,666,820)	(15.9)
Income Tax Payable	**₱159,233**	₱180,364	(₱21,131)	(11.7)
Other Liabilities	**₱18,106,056**	₱14,741,922	₱3,364,134	22.8

Accrued Taxes, Interest, and Other Expenses declined by ₱1.7 billion, dropping from ₱10.5 billion as of December 31, 2023 to ₱8.8 billion as of December 31, 2024 mainly due to lower accruals for promotional expenses, information technology-related expenses, repairs and maintenance, professional fees and taxes and licenses during the period.

Income Tax Payable decreased by ₱21.1 million or 11.7% from ₱180.4 million as of December 31, 2023 to ₱159.2 million as of December 31, 2024, mainly due to application of creditable withholding taxes and quarterly income tax payments.

Other Liabilities at ₱18.1 billion as of December 31, 2024 increased from ₱14.7 billion as of December 31, 2023, mainly due to increases in accounts payable, bills purchased – contra and due to other banks.

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

(in thousands)	**December** **2024**	December 2023	Increase/ (Decrease)	%
Capital Stock	**₱61,030,594**	₱61,030,594	₱–	–
Capital Paid in Excess of Par Value	**32,116,560**	32,116,560	–	–
Surplus Reserves	**4,967,037**	4,677,930	289,107	6.2
Surplus	**113,663,851**	91,979,317	21,684,534	23.6
Net Unrealized Gains (Losses) on Financial Assets at FVOCI	**142,134**	(1,722,653)	1,864,787	108.3
Remeasurement Losses on Retirement Plan	**(2,655,218)**	(2,728,542)	73,324	2.7
Accumulated Translation Adjustment	**2,357,844**	1,999,668	358,176	17.9
Other Equity Reserves	**1,189,003**	248,830	940,173	377.8
Share in Aggregate Reserves on Life Insurance Policies	**21,209**	24,246	(3,037)	(12.5)
Other Equity Adjustment	**13,959**	13,959	–	–
	212,846,973	187,639,909	25,207,064	13.4
Non-Controlling Interests	**3,781,968**	3,508,745	273,223	7.8
	₱216,628,941	₱191,148,654	₱25,480,287	13.3

Total Equity stood at ₱216.6 billion as of December 31, 2024 from ₱191.1 billion as of December 31, 2023, or an increase of ₱25.5 billion or 13.3% attributed mainly to the consolidated net income reported for the period of ₱21.2 billion, increase in Accumulated Translation adjustment, reversal of Net Unrealized Losses into Net Unrealized Gains on Financial Assets at FVOCI, and increase in Other Equity Reserves amounting to ₱0.94 billion from share swap transactions.

Results of Operations

2025 vs 2024

For the year ended December 31, 2025, the Group recorded a consolidated net income of ₱25.3 billion, representing a 19.7% increase year-on-year. This growth was primarily driven by stronger net interest income from loans and investments securities, higher fee-based and other non-interest income and lower credit provisions compared to the same period in 2024. The higher net income in 2025 was primarily due to the following:

- **Net Interest Income**

(In Thousands)	December 31 **2025**	December 31 2024	Increase/ (Decrease)	%
Interest income	**₱69,680,055**	₱67,458,590	₱ 2,221,465	3.3
Interest expense	**17,133,605**	18,118,120	(984,515)	(5.4)
	₱52,546,450	₱49,340,470	₱3,205,980	6.5

Net interest income reached ₱52.5 billion for the year ended December 31, 2025, marking an increase of 6.5% or ₱3.2 billion compared to the same period last year. Gross interest income rose by 3.3% or ₱2.2 billion to ₱69.7 billion, driven primarily by higher volume in loans, and yields on investment securities. Interest expense in 2025was lower at ₱17.1 billion primarily due to lower interest cost of deposit liabilities as compared to last year.

- **Net Service Fees and Commission Income**

(in thousands)	**2025**	2024	Increase/ (Decrease)	%
Services fees and commission income	**₱7,532,179**	₱6,961,870	₱570,309	8.2
Services fees and commission expense	**1,700,737**	1,447,236	253,501	17.5

	₱5,831,442	₱5,514,634	₱316,808	5.7

Net service fees and commission income increased by ₱0.3 billion or 5.7% to ₱5.8 billion compared to the same period last year. This increase was primarily driven by higher fees from bancassurance, interchange fees, deposits and trust related products.

- **Other Operating Income**

(in thousands)	**2025**	2024	Increase/ (Decrease)	%
Net gains on sale or exchange of assets	**₱2,413,348**	₱1,995,042	₱418,306	21.0
Foreign exchange gains - net	**1,153,652**	1,169,286	(15,634)	(1.3)
Trading and investment securities gains - net	**1,856,953**	647,580	1,209,373	186.8
Equity in net earnings of an associate	**496,001**	419,505	`76,496	18.2
Miscellaneous	**981,198**	688,971	292,227	42.4
	₱6,901,152	₱4,920,384	₱1,980,768	40.3

Other operating income increased by ₱2.0 billion, or 40.3%, to ₱6.9 billion for the year ended December 31, 2025, compared to ₱4.9 billion in the same period last year. This increase was primarily due to higher gains from sale of investment properties, and trading and investment securities, and increase in equity in net earnings of an associate.

- **Operating Expenses**

(in thousands)	**2025**	2024	Increase/ (Decrease)	%
Compensation and fringe benefits	**₱11,754,338**	₱10,668,601	₱1,085,737	10.2
Taxes and licenses	**5,783,874**	5,230,401	553,473	10.6
Depreciation and amortization	**3,450,564**	3,659,014	(208,450)	(5.7)
Occupancy and equipment-related costs	**1,124,285**	1,117,892	6,393	0.6
Miscellaneous	**9,334,737**	8,953,772	380,965	4.3
	₱31,447,798	₱29,629,680	₱1,818,118	6.1

Total operating expenses for the year ended December 31, 2025 amounted to ₱31.4 billion, an increase of ₱1.8 billion or 6.1% from ₱29.6 billion in the same period last year. Expense line items consisting of compensation and fringe benefits, taxes and licenses, occupancy and equipment-related costs and miscellaneous expenses increased as a consequence of business volume. These increases were partially offset by the decline in depreciation and amortization.

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

	December 31		Increase/	
(in thousands)	**2025**	2024	(Decrease)	%
Provision for impairment, credit and other losses	**₱1,656,282**	₱3,868,111	(₱2,211,829)	(57.2)
Provision for Income Tax	**₱6,833,202**	₱5,099,732	₱1,733,470	34.0

Provisions for impairment, credit and other losses declined by ₱2.2 billion, a significant reduction from the ₱3.9 billion recorded in the same period last year. This decrease reflects improved credit quality within the Group's loan portfolio.

Provision for income tax amounted to ₱6.8 billion, an increase of ₱1.7 billion or 34.0% from ₱5.1 billion in the same period last year. The increase was due to higher income recorded in 2025.

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

(in thousands)	**2025**	2024	Increase/ (Decrease)	%

Net income	**₱25,341,762**	₱21,177,965	₱4,163,797	19.7
Other comprehensive income, net of tax	**2,523,755**	3,365,695	(841,940)	(25.0)
	₱27,865,517	₱24,543,660	₱3,321,857	13.5

Total comprehensive income for the year ended December 31, 2025 amounted to ₱27.9 billion, registering an increase of ₱3.3 billion compared to the previous year, primarily due to the ₱4.2 billion increase in net income during the period offset by lower unrealized gains on FVOCI debt securities.

2024 vs 2023

For the year ended December 31, 2024, the Group recorded a consolidated net income of ₱21.2 billion against the ₱18.0 billion net income of the preceding year, reflecting a 17.9% year-on-year growth, supported by strong net interest income. The higher net income in 2024 was primarily due to the following:

- **Net Interest Income**

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Interest income	**67,458,590**	59,594,529	7,864,061	13.2
Interest expense	**18,118,120**	15,001,686	3,116,434	20.8
	₱49,340,470	₱44,592,843	₱4,747,627	10.6

Net interest income reached ₱49.3 billion for the year ended December 31, 2024, marking an increase of 10.6% or ₱4.7 billion compared to the same period last year. Gross interest income rose by 13.2% or ₱7.9 billion to ₱67.5 billion, driven primarily by higher yields and volume of loans, investment securities and interbank receivables. Gross interest expense went up by ₱3.1 billion or 20.8% at ₱18.1 billion, up from ₱15.0 billion for the same period last year, largely due to the increase in interest cost of deposit liabilities, reflecting both higher rates and an increased volume of deposits.

- **Net Services Fees and Commission Income**

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Services fees and commission income	**₱6,961,870**	₱6,591,256	₱370,614	5.6
Services fees and commission expense	**1,447,236**	1,266,613	180,623	14.3
	₱5,514,634	₱5,324,643	₱189,991	3.6

Net service fees and commission income increased by ₱0.2 billion or by 3.6% to ₱5.5 billion compared to the previous year. The increase was mainly due to the increases in credit card and deposit-related fees, partially offset by lower income from underwriting activities. Additionally, fees and commission expenses increased during the period, further contributing to the reduction in the net service fees and commission income.

- **Other Operating Income**

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Net gains on sale or exchange of assets	**₱1,995,042**	₱4,541,567	(₱2,546,525)	(56.1)
Foreign exchange gains - net	**1,169,286**	1,367,409	(198,123)	(14.5)
Trading and investment securities gains (losses) - net	**647,580**	394,103	253,477	64.3
Equity in net earnings of an associate	**419,505**	268,093	151,412	56.5
Miscellaneous	**688,971**	871,394	(182,423)	(20.9)
	₱4,920,384	₱7,442,566	(₱2,522,182)	(33.9)

Other operating income decreased by ₱2.5 billion, or by 33.9%, to ₱4.9 billion for the year ended December 31, 2024, compared to ₱7.4 billion in the previous year. The decline was mainly due to lower gains from sale of investment properties and a decrease in foreign exchange gains in 2024. Meanwhile, net trading gains and equity in net earnings of an associate increased by ₱0.3 billion and ₱0.2 billion, respectively.

- **Operating Expenses**

			Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Compensation and fringe benefits	**₱10,668,601**	₱10,464,071	₱204,530	2.0
Taxes and licenses	**5,230,401**	4,852,190	378,211	7.8
Depreciation and amortization	**3,659,014**	3,976,069	(317,055)	(8.0)
Occupancy and equipment-related costs	**1,117,892**	916,735	201,157	21.9
Miscellaneous	**8,953,772**	8,218,171	735,601	9.0
	₱29,629,680	₱28,427,236	₱1,202,444	4.2

Total operating expenses for the year ended December 31, 2024 totaled ₱29.6 billion, reflecting an increase of ₱1.2 billion or 4.2% compared to the prior year. The increase was primarily attributed to higher taxes and licenses, compensation and fringe benefits, occupancy and equipment-related costs, and miscellaneous expenses from higher marketing fees. These increases were partially offset by lower depreciation and amortization expenses.

- **Provision for Impairment, Credit and Other Losses and Impairment in Value of Goodwill**

	December 31		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Provision for impairment, credit and other losses	**₱3,868,111**	₱5,923,054	(₱2,054,943)	(34.7)
Impairment in value of goodwill	**₱–**	₱1,036,567	(₱1,036,567)	(100.0)

Provisions for impairment, credit and other losses decreased to ₱3.9 billion for the year ended December 31, 2024, significantly lower than the ₱5.9 billion booked in the previous year. This reduction reflected the improvement in the Group's loan portfolio as the economy continued to grow. In 2023, the goodwill impairment test performed by the Group resulted in an impairment in value of ₱ 1.0 billion.

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

			Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Net income	**₱21,177,965**	₱17,965,820	₱3,212,145	17.9
Other comprehensive income, net of tax	**3,365,695**	3,280,769	84,926	2.6
	₱24,543,660	₱21,246,589	₱3,297,071	15.5

Total comprehensive income for the year ended December 31, 2024 amounted to ₱24.5 billion, registering an increase of ₱3.3 billion compared to the previous year. This growth was primarily driven by a higher net income during the period by ₱3.2 billion, ₱0.9 billion increase in accumulated translation adjustment, ₱0.6 billion net change in remeasurement gains (losses) on retirement plan, and ₱0.1 billion share in changes in aggregate reserves (losses) on life insurance policies. The increases were offset by lower net change in unrealized gains (losses) on Financial Assets at FVOCI by ₱1.5 billion.

2023 vs 2022

For the year ended December 31, 2023, the Group recorded a consolidated net income of ₱18.0 billion, growing by 55.1% year-on-year on the back of robust net interest income and lower credit provisions, compared to the ₱11.6 billion net income for the year ended December 31, 2022. The higher net income in 2023 was primarily due to the following:

- **Net Interest Income**

			Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Interest income	**59,594,529**	45,244,402	14,350,127	31.7
Interest expense	**15,001,686**	7,916,832	7,084,854	89.5

	₱44,592,843	₱37,327,570	₱7,265,273	19.5

Net Interest Income amounted to ₱44.6 billion, higher by 19.5% or ₱7.3 billion compared to the previous year. Total gross interest income increased by 31.7% or ₱14.4 billion to ₱59.6 billion for the year ended December 31, 2023, mainly due to higher yields on loans, investment securities, deposits with banks and interbank receivables. Total gross interest expense likewise increased by ₱7.1 billion or 89.5% to ₱15.0 billion from ₱7.9 billion in the previous year primarily due to an increase in interest cost of deposit liabilities.

- **Net Services Fees and Commission Income**

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Services fees and commission income	**₱6,591,256**	₱6,997,609	(₱406,353)	(5.8)
Services fees and commission expense	**1,266,613**	1,429,195	(162,582)	(11.4)
	₱5,324,643	₱5,568,414	(₱243,771)	(4.4)

Net service fees and commission income slightly decreased by ₱0.2 billion or 4.4% compared to the previous year to ₱5.3 billion for the year ended December 31, 2023, mainly due to lower underwriting and bancassurance revenues, partly offset by increases in deposit and credit card related, interchange, and trust fees.

- **Other Operating Income**

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Net gains on sale or exchange of assets	**₱4,541,567**	₱7,775,154	(₱3,233,587)	(41.6)
Foreign exchange gains - net	**1,367,409**	1,608,281	(240,872)	(15.0)
Trading and investment securities gains (losses) - net	**394,103**	(1,280,783)	1,674,886	130.8
Equity in net earnings (losses) of subsidiaries and an associate	**268,093**	(56,060)	324,153	578.2
Miscellaneous	**871,394**	1,136,692	(265,298)	(23.3)
	₱7,442,566	₱9,183,284	(₱1,740,718)	(19.5)

Other operating income decreased by ₱1.7 billion or 19.5% at ₱7.4 billion for the year ended December 31, 2023, compared to ₱9.2 billion in the previous year mainly due to a lower net gain on sale or exchange of assets. The decline in other income was offset by the improvements in net trading and foreign exchange gains by ₱1.4 billion and equity in net earnings of an associate by ₱0.3 billion.

- **Operating Expenses**

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Compensation and fringe benefits	**₱10,464,071**	₱9,762,776	₱701,295	7.2
Taxes and licenses	**4,852,190**	5,225,595	(373,405)	(7.1)
Depreciation and amortization	**3,976,069**	4,225,746	(249,677)	(5.9)
Occupancy and equipment-related costs	**916,735**	1,099,876	(183,141)	(16.7)
Miscellaneous	**8,218,171**	8,051,942	166,229	2.1
	₱28,427,236	₱28,365,935	₱61,301	0.2

Total operating expenses was flat at ₱28.4 billion for the years ended December 31, 2023 and 2022.

- **Provision for Impairment, Credit and Other Losses and Impairment in Value of Goodwill**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Provision for impairment, credit and other	**₱5,923,054**	₱7,198,117	(₱1,275,063)	(17.7)

losses				
Impairment in value of goodwill	**₱1,036,567**	₱–	₱1,036,567	100.0

Provisions for impairment, credit and other losses was lower at ₱5.9 billion for the year ended December 31, 2023 compared to the ₱7.2 billion provisions booked in the previous year. In 2023, the goodwill impairment test performed by the Group resulted in an impairment in value of goodwill by ₱1.0 billion.

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

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Net income	**₱17,965,820**	₱11,583,988	₱6,381,832	55.1
Other comprehensive income (loss), net of tax	**3,280,769**	(2,887,965)	6,168,734	(213.6)
	₱21,246,589	₱8,696,023	₱12,550,566	144.3

Total comprehensive income for the year ended December 31, 2023 amounted to ₱21.2 billion, registering an increase of ₱12.6 billion compared to the previous year mainly due to the higher net income during the period by ₱6.4 billion and reduction in unrealized losses on financial assets at FVOCI by ₱2.9 billion from a (₱5.7 billion) net change in 2022.

Key Performance Indicators

- **Capital Adequacy/Capital Management**

The Bank's Capital Management Sub-Committee ("CMSC") of the Asset Liability Committee ("ALCO") was created to specifically handle policies and procedures pertaining to the capital planning and assessment as well as possible equity investments of the Bank.

The CMSC is responsible for the following:

- Determine the appropriate level of capital that will support the attainment of the Bank's strategic objectives, meet the minimum regulatory requirements and cover all material risks that the Bank may encounter in the course of its business;

- Periodically monitor and assess the capital ratios of the Bank. Monitoring shall include capital ratios with and without the regulatory stress test prescribed by the regulators, based on both the consolidated and solo financial statements of the Bank;

- Report to the ALCO the Bank's capital ratio and position based on the consolidated and solo financial statements on a monthly basis and to the Board ICAAP Steering Committee on a quarterly basis; and

- Inform the ALCO/Board ICAAP Steering Committee on possible breach of ICAAP capital thresholds, particularly during period of stress and activating the Bank's capital contingency plan, if needed.

    - ➢ The CMSC will evaluate and endorse to the Board the options to improve the Bank's capital adequacy as provided for in the Capital Contingency Plan.
    - ➢ In case of capital sourcing, the CMSC shall endorse to the Board ICAAP Steering Committee/Board the manner, the amount and time period for capital raising.

- Ensure that the capital ratios resulting from the three-year strategic business plan under the Bank's ICAAP shall meet the minimum regulatory requirement as well as the Bank's internal thresholds.

    - ➢ The CMSC shall determine the Bank's internal thresholds and shall endorse the same to the Board ICAAP Steering Committee/Board.

- Undertake the optimal allocation of the capital to the different business groups in accordance with the portfolio diversification policy and subject to the sustainability of earnings, risk weights of assets, among others.

The Bank and its individual regulatory operations have complied with all externally imposed capital requirements throughout the year.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's "unimpaired capital" (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies, which differ from PFRS in some respects. The risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (parent bank and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Other minimum ratios include Common Equity Tier (CET) 1 ratio and Tier 1 capital ratios of 6.0% and 7.5%, respectively. A conservation buffer of 2.5%, comprised of CET 1 capital is likewise imposed.

Banks and their subsidiaries are subject to the following risk-based capital adequacy ratios ("CAR"):

a. Common Equity Tier 1 – must be at least 6.0% of risk weighted assets at all time;
b. Tier 1 capital must be at least 7.5% of risk weighted assets at all times; and
c. Qualifying capital (Tier 1 Capital plus Tier 2 Capital) must be at least 10.0% of risk weighted assets at all times.

Qualifying capital consists of the sum of the following elements, net of required deductions:

a. Common equity Tier 1 capital consists of 1) paid up common stock that meet the eligibility criteria, 2) common stock dividends distributable, additional paid in capital resulting from the issuance of common stock included in CET1 capital, 3) deposits for common stock subscription, 4) retained earnings, 5) undivided profits, 6) other comprehensive income (net unrealized gains or losses on available-for-sale securities and cumulative foreign currency translation) and minority interest on subsidiary banks which are less than wholly-owned.
b. Additional Tier 1 (AT1) capital consists of instruments issued by the Bank that are not included in CET 1 capital that meet the criteria for inclusion in additional tier 1 capital, meet the required loss absorbency features for instrument classified as liabilities and loss absorbency feature at point of non-viability as defined in the BSP guidelines.
c. Tier 2 (T2) capital is composed of 1) instruments issued by the Bank (and are not included in AT1 capital) that meet criteria for inclusion in Tier 2 and meet the required loss absorbency feature at point of non-viability as defined in the guidelines, 2) deposits for subscription of T2 capital, 3) appraisal increment reserves on Bank premises as authorized by the Monetary Board, and 4) general loan loss provision, limited to a maximum of 1.00% of credit risk weighted asset, and minority interest in subsidiaries which are less than wholly owned as defined in the guidelines.

A capital conservation buffer of 2.5% of risk weighted assets, comprised of CET 1 capital, shall be required. This buffer is meant to promote the conservation of capital and build-up of adequate cushion that can be drawn down to absorb losses during period of financial and economic stress.

The Group's consolidated capital adequacy ratio were 20.12%, 20.10%, and 17.70% as of December 31, 2025, 2024, and 2023, respectively, above the minimum 10% required by the BSP. For the detailed calculation and discussion kindly refer to Item 1, No. 10 – Risk Management.

- **Asset Quality**

The NPL ratio of the Group, net of valuation reserves, was at 1.60% as of December 31, 2025, compared to 1.81% at the end of 2024. Gross NPL ratio was at 4.72% at the end of 2024 compared to 5.68% at the end of 2024.

- **Profitability**

	Years Ended	
	12/31/25	12/31/24
Return on equity (ROE)[1/]	11.09%	10.39%
Return on assets (ROA)[2/]	1.93%	1.72%
Net interest margin (NIM)[3/]	4.51%	4.50%

[1/] Net income divided by average total equity for the period indicated

[2/] Net income divided by average total assets for the period indicated

[3/] Net interest income divided by average interest-earning assets

- **Liquidity**

  As of December 31, 2025 and 2024, the Liquidity Coverage Ratio reported to the BSP was at 259.98% and 254.46%, well-above the minimum regulatory requirement of 100.00% at all times. The ratio of current assets to current liabilities was at 68.14% as of December 31, 2025 compared to 71.45% as of December 31, 2024.

- **Cost Efficiency**

  The ratio of total operating expenses to total operating income was at 48.17% for the year ended December 31, 2025 compared to 49.57% in the previous year.

Known trends, demands, commitments, events, and uncertainties

The Bank presently has more than adequate liquid assets to meet known funding requirements, and there are no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Bank's liquidity.

Events that will trigger direct or contingent financial obligation

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.

Material off-balance sheet transactions, arrangement or obligation

The summary of material off-balance sheet transactions, arrangement, or obligations (including contingent obligations) is discussed in Note 40.7 (Contingencies and Commitments Arising from Off-Balance Sheet Items) of the accompanying audited financial statements of the Group.

Capital Expenditures

In line with the Bank's digital transformation initiatives and enhancing customer banking experience strategy, technology upgrades account for the bulk of the Bank's capital expenditures for 2025. Capital expenditures are funded from the proceeds of the sale of acquired assets and funds generated from the Bank's regular operations.

Significant Elements of Income or Loss

Significant elements of the Bank's revenues consist mainly of net interest income, service fees, net trading gains and gains from disposal of reacquired properties while the Bank's expenses consist mainly of staff cost, depreciation and amortization of assets and provisions for probable losses. Please refer to the discussions on the results of operations for further details.

Seasonal Aspects

There was no seasonal aspect that had material effect on the Bank's financial condition or results of operations.

Item 6. Market Price, Holders and Dividends

A. Market Price of and Dividends on Registrant's Common Equity and Related Stockholders

1. Market Price

PNB's Common Shares are listed and traded at the PSE. The high and low sales prices of PNB shares for each quarter for the last two fiscal years are as follows:

	2024		2025	
	High	Low	High	Low
Jan – Mar	20.80	18.46	49.50	27.55
Apr – Jun	23.95	19.12	55.00	42.00
Jul – Sep	28.90	21.75	71.00	52.30
Oct – Dec	28.25	25.25	55.40	50.00

The trading price of each PNB common share as of February 28, 2026 was ₱64.20.

2. Holders

There were 35,509 stockholders as of February 28, 2026, all of whom have the same voting rights. Material information on the voting rights of the stockholders is described in Items 4 and 10 of the Information Statement. As there are 35,509 stockholders, it will be too voluminous to reflect the nationality, number of shares and percentage to total outstanding capital stock of each stockholder. Should any stockholder wish to secure information regarding the nationality, number of shares and percentage of ownership of the stockholders of the Corporation, please advise the Office of the Corporate Secretary and/or the Bank's stock transfer agent. The requested information will be sent personally to the stockholder at their cost.

For the guidance of any stockholder, hereunder are the top twenty (20) holders of Common Shares, the number of shares held by the same, the percentage to total shares outstanding which constitutes approximately 74.85% of the total outstanding capital stock, and the voting right held by each stockholder:

Name of Stockholder	Nationality	No. of Shares	Percentage of Ownership	Voting Status
1. PCD Nominee Corporation (Filipino)	Filipino	167,341,658	10.9677227130	*
2. Key Landmark Investments, Ltd.	Filipino	133,277,924	8.7351549618	*
3. True Success Profits Limited	Filipino	82,017,184	5.3754799765	*
Caravan Holdings Corporation	Filipino	82,017,184	5.3754799765	*
Solar Holdings Corporation	Filipino	82,017,184	5.3754799765	*
4. Prima Equities & Investments Corp.	Filipino	71,765,036	4.7035449794	*
5. Leadway Holdings, Inc.	Filipino	65,310,444	4.2805052168	*
6. Infinity Equities, Inc.	Filipino	61,512,888	4.0316099824	*
7. Pioneer Holdings Equities, Inc.	Filipino	34,254,212	2.2450518506	*
8. PCD Nominee Corporation (Non-Filipino)	Non-Filipino	33,115,971	2.1704505121	*
9. Josefina Multi-Ventures Corp.	Filipino	32,258,850	2.1142740312	*
10. Multiple Star Holdings Corp.	Filipino	30,798,151	2.0185385055	*
11. Donfar Management Limited	Filipino	30,747,898	2.0152448787	*
12. Uttermost Success, Limited	Filipino	30,233,288	1.9815168766	*
13. Mavelstone International Limited	Filipino	29,575,168	1.9383831001	*
14. Pan Asia Securities Corporation	Filipino	27,630,781	1.8109462281	*
15. Kenrock Holdings Corp.	Filipino	26,018,279	1.7052613973	*
16. Fil-Care Holdings, Inc.	Filipino	25,450,962	1.6680789310	*
17. Fairlink Holdings Corp.	Filipino	25,207,795	1.6521415472	*

18. Purple Crystal Holdings, Inc.	Filipino	24,404,724	1.5995075519	*
19. Kentron Holdings & Equities Corp.	Filipino	24,361,225	1.5966565883	*
20. Fragile Touch Investments, Ltd.	Filipino	22,696,137	1.4875252238	*

* Pursuant to Article IV, Section 4.9 of the Bank's By-Laws, every stockholder shall be entitled to one (1) vote for each share of common stock in his name in the books of the Bank. The right to vote or direct the voting of the Bank's shares held by the foregoing stockholders is lodged in their respective Boards of Directors.

The foregoing information address the requirement of Section 49 of the Revised Corporation Code to present to the stockholders the material information on the current stockholders and their voting rights.

3. Dividends

The Bank's ability to pay dividends is contingent on its ability to set aside unrestricted retained earnings for dividend distribution. In addition, the Bank's declaration of dividends, including computation of unrestricted retained earnings, is subject to compliance with certain rules and regulations prescribed by the BSP as provided under the Manual of Regulations for Banks and subject to compliance with such financial regulatory requirements as may be applicable to the Bank at the time of such declaration.

PNB has adopted the following general policy on the declaration of dividends:

> *"Dividends shall be paid out of the Bank's surplus profits at a payout ratio equivalent to 20% of the Bank's net income of the prior year or at an amount as may be determined by the Board of Directors, in accordance with the applicable provisions and regulations set out by the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission. Dividends may be paid out in cash, in shares of stock or in property.*
>
> *As a banking institution, the Board of Directors regularly evaluates and determines the appropriate amount of capital that the Bank needs to achieve its strategic objectives. This is reflected in the Bank's capital management process, and dividend payout is considered in this process."*

On April 23, 2021, the Bank's BOD approved and confirmed the property dividend declaration of up to 239,353,710 Common Shares of PNB Holdings Corporation (PHC), with par value of ₱100 per share, to all stockholders of record as of May 18, 2021 (Record Date), subject to regulatory and other necessary approvals.

The property dividend was paid at a ratio of 0.156886919 shares of PHC for every one (1) share of PNB. The ratio for property dividend was determined by dividing the total number of outstanding shares declared as property dividends of PHC, which was 239,353,710 Common Shares, by the total number of outstanding shares of the Bank, which was 1,525,764,850. In case a stockholder was entitled to a fractional PHC share, the Bank agreed to pay for such fraction in cash based on par value on the payment or settlement date.

On December 27, 2021, the Bank received the Certificate of Filing the Notice of Property Dividend Declaration issued by the SEC on December 24, 2021.

On September 27, 2024, the Bank's BOD approved and confirmed October 25, 2024 as the Distribution Date of the property dividends declared on April 23, 2021. This was for stockholders who were issued electronic Certificates Authorizing Registration (eCAR) by the Bureau of Internal Revenue (BIR) as of August 29, 2024, and have fully settled their obligations. The dividend distribution will continue as and when eCARs are released by the BIR and all obligations are settled.

On February 28, 2025, the BOD approved the declaration of cash dividends on Common Shares in the amount of ₱2.76 per Common Share to be paid 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, 2025	October 1, 2025

On February 27, 2026, the Bank's BOD approved the declaration of cash dividends on Common Shares in the amount of ₱3.30 per Common Share to be paid as follows:

	Amount Per Common Share	Record Date	Payment Date
First Tranche	₱1.65	March 13, 2026	March 27, 2026
Second Tranche	₱1.65	September 18, 2026	October 1, 2026

The foregoing information address the requirement of Section 49 of the Revised Corporation Code to present to the stockholders the dividend policy of the Bank.

4. Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

There were no sales of unregistered or exempt securities within the past three (3) years.

5. Computation of Public Ownership

As of December 31, 2025, PNB's public ownership level was 22.19%, which more than complies with the minimum percentage of 20% for listed companies, in compliance with the public ownership requirement of the PSE.

B. Description of PNB's Securities

- As of February 28, 2026, PNB's authorized capital stock amounted to ₱70,000,000,040.00 divided into 1,750,000,001 Common Shares with a par value of ₱40.00 per share.

- The total number of Common Shares outstanding as of February 28, 2026 was 1,525,764,850. This includes the 423,962,500 Common Shares issued relative to the merger of PNB and ABC.

- As of February 28, 2026, a total of 1,492,400,531 Common Shares (or 97.81%) were held by Filipino-Private Stockholders while the remaining 33,364,319 Common Shares (or 2.19%) were held by Foreign-Private Stockholders. PNB has an outstanding capital of ₱61,030,594,000.00.

- The Bank's stockholders have no pre-emptive right to subscribe to any new or additional issuance of shares by the Bank, regardless of the class of shares, whether the same are issued from the Bank's unissued capital stock or in support of an increase in capital (*Article Seven of PNB's Amended Articles of Incorporation*).

- At each meeting of the stockholders, every stockholder entitled to vote shall be entitled to one (1) vote for each share of stock standing in his name in the books of the Bank at the time of the closing of the transfer books for such meeting or on the record date fixed by the BOD (*Section 4.9, Article IV of PNB's Amended By-Laws*).

- Section 23 of the Revised Corporation Code of the Philippines provides that " *x x x stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or distribute them on the same principle among as many candidates as may be seen fit x x x"*

Item 7. Discussion on Compliance with Leading Practices on Corporate Governance

Please refer to Annex C of the Information Statement.

Item 8. Undertaking

The Bank shall, on written request and without charge, provide stockholders with a copy of the Annual Report on SEC Form 17-A. Such requests should be directed to the Office of the Corporate Secretary, Philippine National Bank, 9/F PNB Financial Center, President Diosdado Macapagal Blvd., Pasay City, Metro Manila, Philippines.

PNB

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Philippine National Bank (the Bank) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, 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 Bank'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 Bank or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

EDGAR A. CUA
Chairman of the Board

EDWIN R. BAUTISTA
President and Chief Executive Officer

FRANCIS B. ALBALATE
Executive Vice President and Chief Financial Officer

13 MAR 2026

SUBSCRIBED AND SWORN to before me this ___day of ______ 2026 affiants exhibiting to me their Passport / SSS Identification Nos.

Doc. No. 50
Page No. 11
Book No. 9
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 / PPL
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
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: DONNA ENCARNADO
Receipt Date and Time: February 23, 2026 08:00:00 AM

Company Information

SEC Registration No.: AS96005555
Company Name: PHIL. NATIONAL BANK
Industry Classification: J65000
Company Type: Stock Corporation

Document Information

Document ID: OST10223202683951741
Document Type: Current Report
Document Code: SEC_Form_17-C
Period Covered: February 20, 2026
Submission Type: Original Filing
Remarks: None

Acceptance of this document is subject to review of forms and contents

PNB

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,

FRANCIS B. ALBALATE
Executive Vice President &
Chief Financial Officer

PNB

Office of the EVP and Chief Financial Officer
Trunk Lines: 8526-3131 to 70/8891-6040 to 70
Local: 4474

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. 173
Page No. 36
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 / PP
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	**February 20, 2026**
Issuer	Date

FRANCIS B. ALBALATE
Executive Vice President & Chief Financial Officer
Signature and Title*

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

AS096-005555

COMPANY NAME

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

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

PNB Financial Center, President Diosdado Macapagal Boulevard, Pasay City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
pantallonms@pnb.com.ph	8891-6040 to 70	+639175443347

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
35,544	04/29	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Mark S. Pantallon	pantallonms@pnb.com.ph	8891-6040 to 70	+639175443347

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.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

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

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)						
Items that recycle to profit or loss in subsequent periods:						
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
Items that do not recycle to profit or loss in subsequent periods:						
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	**(₱337,675,520)**	(₱209,254,316)	(₱136,027,137)	**(₱337,675,520)**	(₱209,254,316)	(₱134,014,712)
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
	₱214,274,819	₱219,292,003	₱238,455,901	**₱205,494,823**	₱210,156,135	₱229,718,958
OPERATIONAL CASH FLOWS FROM INTEREST						
Interest paid	**₱16,416,744**	₱18,168,830	₱13,298,198	**₱16,376,138**	₱18,120,709	₱13,269,068
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.

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 calculates 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**
High S&P Equivalent Global Rating: AAA to BBB-	*BRR 1 Excellent* 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. *BRR 2 Very Strong* 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. *BRR 3 Strong* 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. *BRR 4-6 Good* 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. *BRR 7-9 Satisfactory* 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. *BRR 10-12 Adequate* 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.
Standard S&P Equivalent Global Rating: BB+ to BB-	*BRR 13-15 Average* 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. *BRR 16-18 Acceptable* 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. *BRR 19-20 Vulnerable* 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
Substandard S&P Equivalent Global Rating: B+ to CCC-	*BRR 21-22 Weak* 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. *BRR 23-25 Watchlist* 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.
Impaired S&P Equivalent Global Rating:	*BRR 26 Default* Default will be a general default. Borrower will fail to pay all or substantially all of its obligations as they come due.

For the Retail Portfolio, such as Retail SME, Credit Cards, Housing and Auto Loans, credit scoring is being used in evaluating the creditworthiness of the borrower.

The table below shows the credit quality of the Group's and the Parent Company's receivables from customers, gross of allowance for credit losses and unearned and other deferred income as of December 31, 2025 and 2024:

	Consolidated			
	2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Subject to CRR				
Non-Retail – Corporate				
High	**₱280,718,797**	**₱1,024,584**	**₱–**	**₱281,743,381**
Standard	**307,209,661**	**719,305**	**–**	**307,928,966**
Substandard	**31,508,125**	**20,172,741**	**–**	**51,680,866**
Impaired	**–**	**–**	**32,208,019**	**32,208,019**
	619,436,583	**21,916,630**	**32,208,019**	**673,561,232**
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	**57,542,091**	**1,860,526**	**6,849,534**	**66,252,151**
Auto Loans	**5,876,245**	**101,597**	**347,570**	**6,325,412**
Housing Loans	**26,028,450**	**887,348**	**5,148,606**	**32,064,404**
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	**10,008,776**	**1,215,617**	**453,533**	**11,677,926**
	77,271,850	**3,176,414**	**7,846,190**	**88,294,454**
	₱696,708,433	**₱25,093,044**	**₱40,054,209**	**₱761,855,686**

	Consolidated			
	2024			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	₱241,339,078	₱743,741	₱–	₱242,082,819
Standard	251,875,284	4,763,028	–	256,638,312
Substandard	36,969,593	19,858,092	–	56,827,685
Impaired	–	–	33,775,933	33,775,933
	530,183,955	25,364,861	33,775,933	589,324,749
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	47,567,948	956,133	8,040,718	56,564,799
Auto Loans	5,382,399	35,654	807,414	6,225,467
Housing Loans	21,169,482	317,380	5,297,651	26,784,513
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	6,901,421	343,570	1,589,410	8,834,401
	63,757,131	1,436,318	10,564,367	75,757,816
	₱593,941,086	₱26,801,179	₱44,340,300	₱665,082,565

	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 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).*

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					
	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	₱20,868,793	₱–	₱–	₱–	₱–	₱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					
	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	₱20,638,033	₱–	₱–	₱–	₱–	₱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 a*nd 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					
	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	**₱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					
	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	₱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: • 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: • 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: • 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: • 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				
	2025				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
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	₱16,181,821	₱9,280,986	₱6,900,835	₱–	₱16,181,821
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
	₱229,663,768	₱104,797,536	₱99,587,629	₱25,278,603	₱229,663,768
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱924,053	₱–	₱924,053	₱–	₱924,053
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱112,422,382	₱44,626,557	₱67,159,150	₱–	₱111,785,707
Receivables from customers**	626,089,235	–	–	657,189,212	657,189,212
	₱738,511,617	₱44,626,557	₱67,159,150	₱657,189,212	₱768,974,919
Nonfinancial Assets					
Investment property:					
Land***	₱12,656,948	₱–	₱–	₱30,731,999	₱30,731,999
Buildings and improvements***	3,307,319	–	–	5,820,255	5,820,255
	₱15,964,267	₱–	₱–	₱36,552,254	₱36,552,254
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱147,368,732	₱–	₱–	₱147,177,687	₱147,177,687
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
	₱183,424,365	₱–	₱21,543,236	₱161,330,129	₱182,873,365

* *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	**₱33,672,895**	**₱19,769,215**	**₱13,903,680**	**₱–**	**₱33,672,895**
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**
	₱230,396,688	**₱108,628,665**	**₱95,314,111**	**₱26,453,912**	**₱230,396,688**
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	**₱285,562**	**₱–**	**₱285,562**	**₱–**	**₱285,562**

(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 Unobservable Input	**2025** -2%	**2025** +2%	2024 -2%	2024 +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	(₱2,452,001)	₱30,293,075	₱21,578,661	₱	(₱79,265)	₱49,340,470
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	₱19,752,784	₱7,748,338	₱8,640,728	₱567,817	₱–	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						₱21,052,896
Other segment information:						
Capital expenditures	₱215,994	₱78,006	₱15,021	₱6,951	₱–	₱315,972
Unallocated capital expenditures						1,062,700
Total capital expenditures						₱1,378,672
Depreciation and amortization	₱1,053,740	₱670,686	₱22,533	₱146,894	₱–	₱1,893,854
Unallocated depreciation and amortization						1,765,160
Total depreciation and amortization						₱3,659,014
Provision for impairment, credit and other losses	₱318,822	₱3,450,344	₱53,875	₱45,070	₱–	₱3,868,111

** 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	(₱717,463)	₱28,943,234	₱16,370,415	₱91,085	(₱94,428)	₱44,592,843
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	₱20,053,266	₱9,211,147	₱4,353,225	(₱172,739)	₱–	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						₱17,979,257
Other segment information:						
Capital expenditures	₱348,679	₱147,739	₱5,350	₱141,085	₱–	₱642,853
Unallocated capital expenditures						375,975
Total capital expenditures						₱1,018,828
Depreciation and amortization	₱1,182,493	₱424,316	₱19,483	₱293,714	₱–	₱1,920,006
Unallocated depreciation and amortization						2,056,063
Total depreciation and amortization						₱3,976,069
Provision for (reversal of) impairment, credit and other losses	₱160,141	₱5,804,991	(₱69,600)	₱27,522	₱–	₱5,923,054

** 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 ₱11.9 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 lssuers 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								
	2024								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱568,979,597	₱1,728,247	₱–	₱5,337,167	₱25,959,737	₱6,225,467	₱6,542,654	₱–	₱614,772,869
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
	₱554,283,497	₱1,656,292	₱16,524,978	₱4,441,602	₱22,226,195	₱5,579,760	₱7,316,826	₱10,363,020	₱622,392,170

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							
	2025							
	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	**₱4,913,503**	**₱3,605,877**	**₱7,644,602**	**₱607,730**	**₱318,242**	**₱1,927,523**	**₱6,105,374**	**₱25,122,851**
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	**₱4,331,092**	**₱345,963**	**₱736,159**	**₱505,494**	**₱674,304**	**₱412,164**	**₱3,087,503**	**₱10,092,679**

	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:

		Equity interest of NCI		**Accumulated balances of material NCI**		**Profit allocated to material NCI**	
	Principal Activities	**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)

	Consolidated							
	2025				2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Total Loans and Receivables								
Beginning Balance	**₱603,162,550**	**₱26,182,739**	**₱49,682,725**	**₱679,028,014**	₱576,949,819	₱30,731,432	₱51,601,401	₱659,282,652
Newly originated assets which remained in Stage 1 at yearend	**266,093,537**	**–**	**–**	**266,093,537**	331,169,805	–	–	331,169,805
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**7,362,027**	**1,754,795**	**9,116,822**	–	14,810,462	6,404,307	21,214,769
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	**(9,676,070)**	**9,923,575**	**(247,505)**	**–**	(2,268,985)	4,352,235	(2,083,250)	–
Transfers to Stage 3	**(1,130,647)**	**(3,228,044)**	**4,358,691**	**–**	(1,378,013)	(1,303,519)	2,681,532	–
Accounts charged off	**–**	**–**	**(7,482,011)**	**(7,482,011)**	–	–	(2,925,311)	(2,925,311)
Collections and other movements	**(157,956,060)**	**(8,779,367)**	**(2,846,817)**	**(169,582,244)**	(304,775,214)	(20,610,125)	(4,328,562)	(329,713,901)
Ending Balance	**₱708,343,369**	**₱24,293,741**	**₱44,537,008**	**₱777,174,118**	₱603,162,550	₱26,182,739	₱49,682,725	₱679,028,014

	Parent Company							
	2025				2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	**₱525,391,876**	**₱24,636,840**	**₱34,517,685**	**₱584,546,401**	₱499,062,930	₱27,447,702	₱32,943,593	₱559,454,225
Newly originated assets which remained in Stage 1 at yearend	**231,940,804**	**–**	**–**	**231,940,804**	311,255,404	–	–	311,255,404
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**7,058,244**	**563,079**	**7,621,323**	–	14,542,849	5,601,615	20,144,464
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	**(139,754,789)**	**(10,065,675)**	**(222,965)**	**(150,043,429)**	(284,347,175)	(18,416,515)	(2,857,712)	(305,621,402)
Ending Balance	**615,367,719**	**20,970,736**	**32,504,784**	**668,843,239**	525,391,876	24,636,840	34,517,685	584,546,401
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
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**	4,153,253	151,473	1,057,121	5,361,847
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)**	(3,267,284)	(129,984)	(77,976)	(3,475,244)
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	**20,403,673**	**312,234**	**5,244,192**	**25,960,099**	19,354,191	248,682	7,921,406	27,524,279
Newly originated assets which remained in Stage 1 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	**(257,425)**	**315,824**	**(58,399)**	**–**	(204,457)	276,428	(71,971)	–
Transfers to Stage 3	**(369,919)**	**(350,327)**	**720,246**	**–**	(193,797)	(105,411)	299,208	–
Collections and other movements	**(5,710,649)**	**662,255**	**(251,468)**	**(5,299,862)**	(3,292,172)	(19,811)	(1,476,192)	(4,788,175)
Ending Balance	**25,315,671**	**871,502**	**5,077,830**	**31,265,003**	20,403,673	312,234	5,244,192	25,960,099

(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 year-end	**–**	**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 year-end	**–**	**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:

				Interest		
			Coupon	Repayment	Carrying Value	
Issue Date	**Maturity Date**	**Face Value**	**Rate**	**Terms**	**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:

					Carrying Value	
Issue Date	**Maturity Date**	**Face Value**	**Coupon Rate**	**Interest Repayment Terms**	**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):

	2025		2024	
Consolidated	**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%	

	2025		2024	
Parent Company	**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:

			Parent Company			
	Consolidated		Regular Plans		EIP	
	2025	2024	**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.

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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.

	2025		
Category	**Amount/ Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
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)

Category	2025 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 leviable 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**	
	[a]	[b]	[c]	[d]		[e]
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	
	[a]	[b]	[c]	[d]		[e]
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**	
	[a]	[b]	[c]	[d]		[e]
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	
	[a]	[b]	[c]	[d]		[e]
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

				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
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]**	**Financial instruments**	**Fair value of financial collateral**	**Net exposure [c-d]**
	[a]	**[b]**	**[c]**	**[d]**		**[e]**
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

				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
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]	Financial instruments	Fair value of financial collateral	Net exposure [c-d]
	[a]	[b]	[c]	[d]		[e]
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

				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
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]**	**Financial instruments**	**Fair value of financial collateral**	**Net exposure [c-d]**
	[a]	**[b]**	**[c]**	**[d]**		**[e]**
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

				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
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]	Financial instruments	Fair value of financial collateral	Net exposure [c-d]
	[a]	[b]	[c]	[d]		[e]
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 the 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

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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

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

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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

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
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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

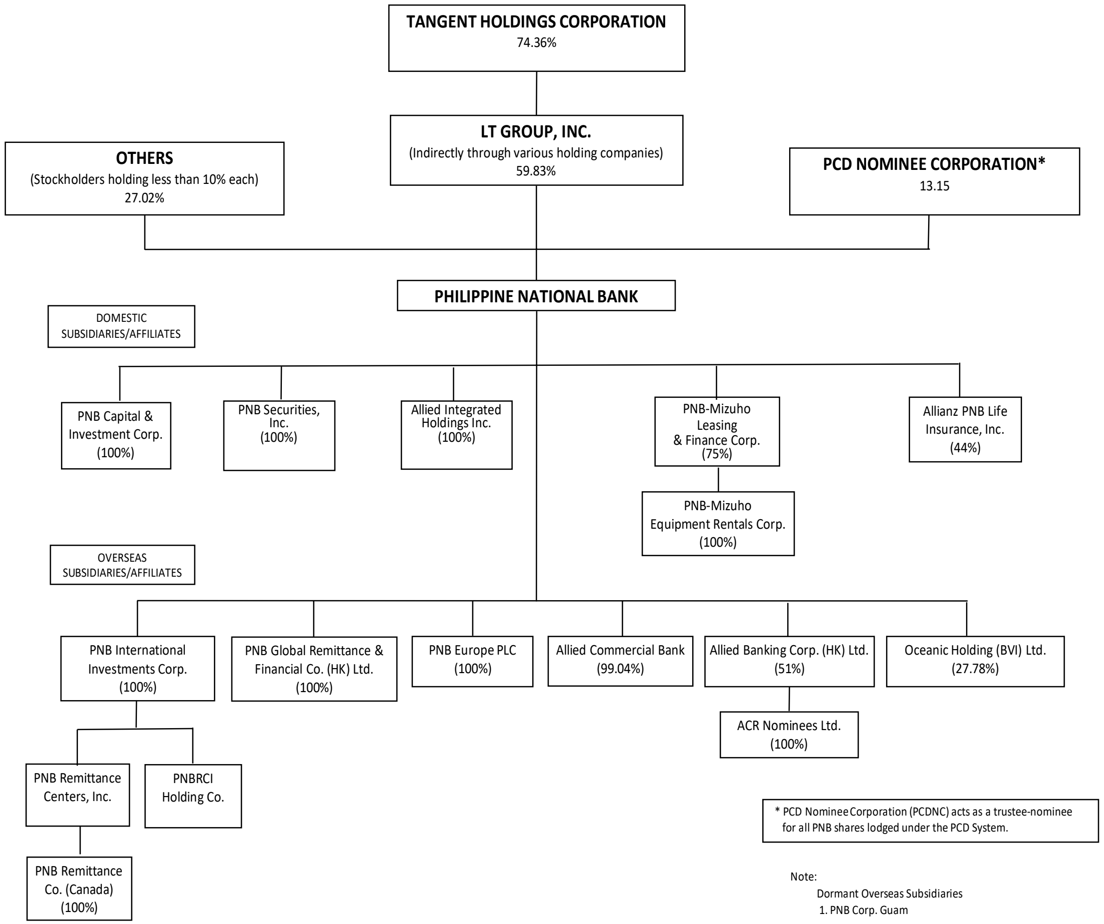
PART I
Schedule A

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: Category A - 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: Category B - 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: Category C.1 - 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: Category C.2 - 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: Category C.3 - 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		**₱6,122,864**
Adjusted Net Income		**23,861,403**
Add: Category D - Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add: Category E - 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		–
Add: Category F - 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		**82,292**
Total Retained Earnings, end of the reporting period available for dividend		**₱66,857,841**

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
December 31, 2025



* PCD Nominee Corporation (PCDNC) acts as a trustee-nominee for all PNB shares lodged under the PCD System.

Note:

Dormant Overseas Subsidiaries

1. PNB Corp. Guam

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**
Total Financial Assets at Fair Value through Profit or Loss	**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**	**–**
Total Financial Assets at Fair Value Through Other Comprehensive Income	**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**
Government securities				
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**
Private debt securities				
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**
Total Investment Securities at Amortized Cost	**–**	**₱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.	₱147,007	₱404,000	(₱321,145)	₱–	₱229,862	₱225,000	₱4,862
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	–
EEI 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

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

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

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

PART III

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2025 AND 2024

Ratios	Formula	2025	2024
Liquidity Ratios			
a. Current ratio	Current assets / Current liabilities	**68.14%**	71.45%
b. Liquid assets ratio	Liquid assets [1/] / Liquid liabilities [2/]	**31.37%**	36.42%
c. Net loans to total deposits	Net loans [3/] / Total deposits	**68.58%**	64.43%
Solvency Ratio			
a. Debt-to-equity ratio	Total liabilities / Total equity	**4.72**	4.81
Asset-to-Equity Ratio			
a. Asset-to-equity ratio	Total assets / Total equity	**5.72**	5.81
Interest Rate Coverage Ratio			
a. Times interest earned ratio	Earnings before interest and taxes / Interest expense	**2.9x**	2.5x
Profitability Ratios			
a. Return on assets	Net income / Average total assets [4/]	**1.93%**	1.72%
b. Return on equity	Net income / Average total equity [5/]	**11.09%**	10.39%
Capital Adequacy Ratios			
a. Tier 1 capital ratio	Tier 1 capital / Total risk-weighted assets	**19.31%**	19.21%
b. Capital adequacy ratio	Total qualifying capital / Total risk-weighted assets	**20.12%**	20.10%

Ratios	Formula	2025	2024
Other Ratios			
a. Net interest margin	Net interest income / Average interest-earning assets	**4.51%**	4.50%
b. Efficiency ratio	Total operating expenses / Total operating income	**48.17%**	49.57%
c. Loan coverage ratio	Total loan loss provisions [6/] / Total loans[7/]	**4.41%**	5.74%
d. Nonperforming loans coverage ratio	Total loan loss provisions [6/] / 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

(in thousand pesos)	**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]

(in thousand pesos)	**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)

PNB

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JUDITH V. LOPEZ**, Filipino, of legal age and a resident of after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the Philippine National Bank and have been its Independent Director since April 29, 2025;

2. I am affiliated with the following companies or organization;

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
PNB Capital and Investment Corporation	Lead Independent Director	March 2025 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine National Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any director/officer/substantial shareholder of the Philippine National Bank, any of its related companies or any of its substantial shareholders;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances; and

7. I shall inform the Corporate Secretary of the Philippine National Bank of any changes in the abovementioned information within five days from its occurrence.

Done on 11 MAR 2026 in PASAY CITY

JUDITH V. LOPEZ
Independent Director

SUBSCRIBED AND SWORN to before me this 11 MAR 2026 in PASAY CITY, affiant personally appeared before me and exhibited to me her TIN No.

Doc. No. 351;
Page No. 72;
Book No. VI;
Series of 2026.

ATTY. JAMIE O. REAL
Commission No. 25-32; Roll No. 68794
Notary Public in and for Pasay City until December 31 2026
9th Floor PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
PTR No. 9238258/Jan. 07, 2026/Pasay City
IBP Lifetime No. 018651/Dec. 11, 2017/Manila IV
MCLE Compliance No. VIII-0036111

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GEOCEL D. OLANDAY**, Filipino, of legal age and a resident of after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the Philippine National Bank and have been its Independent Director since October 11, 2024;

2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
MERG Realty	Advisor	October 2025 to Present
Department of Education	Consultant	September 2025 to Present
PNB Remittance Company (Canada)	Independent Director	June 2025 to Present
SBS Philippines Corporation	Lead Independent Director	June 2018 to Present
Amaris Global Philippines	Advisor	October 2016 to Present
Institute of Corporate Directors	Teaching Fellow	October 2013 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine National Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any director/officer/substantial shareholder of the Philippine National Bank, any of its related companies or any of its substantial shareholders;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances; and

7. I shall inform the Corporate Secretary of the Philippine National Bank of any changes in the abovementioned information within five days from its occurrence.

Done on 11 MAR 2026 in PASAY CITY

GEOCEL D. OLANDAY
Independent Director

SUBSCRIBED AND SWORN to me before this 11 MAR 2026 in PASAY CITY, affiant personally appeared before me and exhibited to me his TIN No.

Doc. No. 355;
Page No. 72;
Book No. VI;
Series of 2026.

ATTY. JAMIE O. REAL
Commission No. 25-32/Roll No. 68794
Notary Public in and for Pasay City until December 31 2026
9th Floor PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
PTR No. 9238258/Jan. 07, 2026/Pasay City
IBP Lifetime No. 018651/Dec. 11, 2017/Manila IV
MCLE Compliance No. VIII-0036111

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ISABELITA M. PAPA,** Filipino, of legal age and a resident of after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the Philippine National Bank and have been its Independent Director since August 5, 2021;

2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
PNB RCI Holding Co. Ltd.	Independent Director	July 2025 to Present
PNB Remittance Centers, Inc.	Independent Director	August 2024 to Present
PNB Remittance Company (Canada)	Independent Director	August 2024 to Present
PNB Capital and Investment Corporation	Independent Director	April 2023 to Present
PNB-Mizuho Leasing and Finance Corporation	Independent Director	January 2022 to Present
PNB-Mizuho Equipment Rentals Corporation	Independent Director	January 2022 to Present
Bankers Association of the Philippines	Consultant	January 2019 to Present
ISO 20022 Migration Project	Co-Chairperson for The Task Force	January 2019 to Present
Isabelita Transport	Sole Proprietor	January 2016 to Present
Bankers Institute of the Philippines	Resource Person for Corporate Governance	January 2002 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine National Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any director/officer/substantial shareholder of the Philippine National Bank, any of its related companies or any of its substantial shareholders;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances; and

7. I shall inform the Corporate Secretary of the Philippine National Bank of any changes in the abovementioned information within five days from its occurrence.

Done on 11 MAR 2026 in PASAY CITY

ISABELITA M. PAPA
Independent Director

SUBSCRIBED AND SWORN to before me on 11 MAR 2026 at PASAY CITY, affiant personally appeared before me and exhibited to me her TIN

Doc. No. 350;
Page No. 71;
Book No. VI;
Series of 2026.

ATTY. JAMIE O. REAL
Commission No. 25-32; Roll No. 68794
Notary Public in and for Pasay City until December 31 2026
9th Floor PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
PTR No. 9238258/Jan. 07, 2026/Pasay City
IBP Lifetime No. 018651/Dec. 12, 2017/Manila
MCLE Compliance No. VIII-0036111

PNB

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARIA ALMASARA CYD N. TUAÑO-AMADOR**, Filipino, of legal age and a resident of after having duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the Philippine National Bank and have been its Independent Director since April 25, 2023;

2. I am affiliated with the following company or organization:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Radiowealth Financial Services Corporation (RFSC)	Independent Director	January 2025 to Present
PNB International Investments Corporation	Independent Director	August 2024 to Present
PNB Remittance Company (Canada)	Independent Director	August 2024 to Present
Radiowealth Finance Company Inc. (RFC)	Independent Director	October 2023 to Present
National Graduate Institute for Policy Studies-Philippines Alumni Association (Formalized recently)	Advisor	January 2025 to Present
BSP Compassionate Leaders for Animal Welfare	Adviser	May 2024 to Present
Association of BSP Retirees, Inc.	Advisor	February 2022 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine National Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any director/officer/substantial shareholder of the Philippine National Bank, any of its related companies or any of its substantial shareholders;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances; and

7. I shall inform the Corporate Secretary of the Philippine National Bank of any changes in the abovementioned information within five days from its occurrence.

Done on 11 MAR 2026 in PASAY CITY

Ma. Cyd V. Tuaño-Amador

MARIA ALMASARA CYD N. TUAÑO-AMADOR
Independent Director

SUBSCRIBED AND SWORN to before me this 11 MAR 2026 in PASAY CITY, affiant personally appeared before me and exhibited to me her TIN

Doc. No. 354;
Page No. 72;
Book No. VI;
Series of 2026.

ATTY. JAMIE O. REAL
Commission No. 2[illegible]32; Roll No. 68794
Notary Public in and for Pasay City until December 31 2026
9th Floor PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
PTR No. 9238258/Jan. 07, 2026/Pasay City
IBP Lifetime No. 018651/Dec. 11, 2017/Manila IV
MCLE Compliance No. VIII-0036111

PNB

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARCIA T. UY**, Filipino, of legal age and a resident of after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the Philippine National Bank and have been its Independent Director since April 29, 2025;

2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
PNB International Investment Corporation	Independent Director	July 2025 to Present
McKinley West Homeowners' Association	Director	August 2025 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine National Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any director/officer/substantial shareholder of the Philippine National Bank, any of its related companies or any of its substantial shareholders;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances; and

7. I shall inform the Corporate Secretary of the Philippine National Bank of any changes in the abovementioned information within five days from its occurrence.

Done on 11 MAR 2026 in PASAY CITY.

MARCIA T. UY
Independent Director

SUBSCRIBED AND SWORN to before me this 11 MAR 2026 in PASAY CITY, affiant personally appeared before me and exhibited to me her TIN No. .

Doc. No. 352;
Page No. 72;
Book No. VI;
Series of 2026.

ATTY. JAMIE O. REAL
Commission No. 25-32; Roll No. 68794
Notary Public in and for Pasay City until December 31 2026
9th Floor PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
PTR No. 9238258/Jan. 07, 2026/Pasay City
IBP Lifetime No. 018651/Dec. 11, 2017/Manila IV
MCLE Compliance No. VIII-0036111

PNB

Office of the Corporate Secretary
Direct Line: 8536-0540
Trunk Lines: 8891-6040 to 70
Local: 4582

SECRETARY'S CERTIFICATE

I, **RUTH PAMELA E. TANGHAL**, Corporate Secretary of the Philippine National Bank ("PNB"), a universal banking corporation organized and existing under the laws of the Republic of the Philippines, with principal office address at the PNB Financial Center, Pres. Diosdado Macapagal Boulevard, Pasay City, Metro Manila, do hereby certify that:

1. The following are the incumbent directors of PNB:
    - Mr. Edgar A. Cua
    - Mr. Lucio C. Tan III
    - Mr. Edwin R. Bautista
    - Ms. Judith V. Lopez
    - Mr. Chester Y. Luy
    - Mr. Geocel D. Olanday
    - Ms. Isabelita M. Papa
    - Ms. Sheila T. Pascual
    - Mr. Wilfrido E. Sanchez
    - Mr. Eusebio V. Tan
    - Mr. Michael G. Tan
    - Ms. Vivienne K. Tan
    - Ms. Maria Almasara Cyd N. Tuaňo-Amador
    - Ms. Marcia T. Uy
    - Mr. Cesar L. Villanueva

2. To the best of my knowledge, none of the above-mentioned directors are appointed officials or employees of any agency of the government of the Philippines.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 12 MAR 2026 in Pasay City, Metro Manila.

RUTH PAMELA E. TANGHAL
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 12 MAR 2026 in Pasay City, affiant exhibited to me her TIN No.

Doc. No. 361;
Page No. 74;
Book No. VI;
Series of 2026.

ATTY. JAMIE O. REAL
Commission No. 25-32; Roll No. 68794
Notary Public in and for Pasay City until December 31 2026
9th Floor PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
PTR No. 9238258/Jan. 07, 2026/Pasay City
IBP Lifetime No. 018651/Dec. 11, 2017/Manila IV
MCLE Compliance No. VIII-0036111

Philippine National Bank
PNB Financial Center
Pres. Diosdado Macapagal Blvd.,
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Philippines

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