



Office of the EVP and Chief Financial Officer

Trunk Lines: 8528-3131 to 70/8891-6040 to 70
Local: 4474

May 12, 2026

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

Attention: **Atty. Johanne Daniel M. Negre**
Officer-in-Charge, Disclosure Department

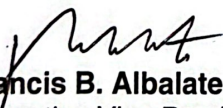
The Philippine Dealing & Exchange Corporation
29/F, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **Atty. Suzy Claire R. Selleza**
Head, Issuer Compliance and Disclosure Department

Gentlemen:

In compliance with the reportorial requirements of Section 17 of the Securities Regulation Code (SRC) and Section 177 of the Revised Corporation Code of the Philippines, we provide you the SEC Form 17-Q report of the Philippine National Bank as of and for the period ended March 31, 2026.

Very truly yours,


Francis B. Albalate
Executive Vice President &
Chief Financial Officer




CERTIFICATION

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


1. On behalf of PNB, I have caused this SEC Form 17-Q Report as of and for the period ended March 31, 2026 to be prepared;
2. I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3. PNB will comply with the requirements set forth in SEC Notice dated May 12, 2021 for a complete and official submission of reports and/or documents through electronic mail; and
4. I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of the filing fee.

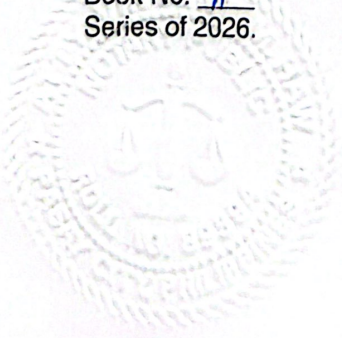
IN WITNESS WHEREOF, I have hereunto set my hand on May 12, 2026 in Pasay City, Metro Manila.


Francis B. Albalate
Executive Vice President and
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 12 MAY 2026 in PASAY CITY, affiant exhibited to me his SSS ID No. 33-1489981-0.

Doc. No. 170
Page No. 38
Book No. 11
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 / PF.
PTR No. 9236179 until 12/31/2026 / Pasay City
MCLE No. VIII-0032293 until 04/14/2028
hawvm@pnb.com.ph



SEC Number AS096-005555
File Number _____

**PHILIPPINE NATIONAL BANK
AND SUBSIDIARIES**

(Company's Full Name)

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

(Company's Address)

(632) 8891-6040 to 70

(Telephone Number)

DECEMBER 31, 2025

(Calendar Year Ended)

SEC FORM 17-Q REPORT

Form Type

(Amendment Designation (if applicable))

MARCH 31, 2026

Period Ended Date

LISTED

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended : **March 31, 2026**
2. Commission Identification No. : **AS096-005555**
3. BIR Tax Identification No. : **000-188-209-000**
4. Exact name of issuer as specified in its charter : **Philippine National Bank**
5. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
6. Industry Classification Code : (SEC Use Only)
7. Address of principal office : **PNB Financial Center, President Diosdado P. Macapagal Blvd, Pasay City, 1300**
8. Issuer's telephone number, including area code : **(632) 8891-60-40 to 70 / (632) 8526-3131 to 70**
9. Former name, former address, and former fiscal year, if changed since last report : **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

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

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

Yes [] No []

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

12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

Item 2. Management’s Discussion and Analysis

Financial Condition as at March 31, 2026 (Unaudited) Compared to December 31, 2025 (Audited)

The Group’s consolidated total assets stood at ₱1.33 trillion as of March 31, 2026, 3.3% lower compared to the ₱1.37 trillion reported as of December 31, 2025. Major changes (+/-5% variance) in assets were registered in the following accounts:

- **Cash and Other Liquid Placements**

<i>(In Thousands)</i>	March 31, 2026	December 31, 2025	Increase/ (Decrease)	%
Cash and Other Cash Items	₱15,728,398	₱20,868,793	(₱5,140,395)	(24.6)
Due from Bangko Sentral ng Pilipinas	27,911,907	68,529,550	(40,617,643)	(59.3)
Due from Other Banks	23,535,253	24,831,235	(1,295,982)	(5.2)
Interbank Loans Receivable	54,647,288	30,369,881	24,277,407	79.9
Securities Held under Agreements to Resell	68,646,387	72,903,359	(4,256,972)	(5.8)
	₱190,469,233	₱217,502,818	(₱27,033,585)	(12.4)

Total Cash and Other Liquid Placements as of March 31, 2026 stand at ₱190.5 billion, representing a decrease of ₱27.0 billion or 12.4% from the ₱217.5 billion reported as of December 31, 2025. The decline was primarily attributable to the significant reduction in placements with the Bangko Sentral ng Pilipinas (BSP) and cash and other cash items, partly offset by higher interbank loans receivable. Cash and Other Liquid Placements were used to fund expansion in lending 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**

<i>(In Thousands)</i>	March 31, 2026	December 31, 2025	Increase/ (Decrease)	%
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	₱27,721,302	₱34,652,714	(₱6,931,412)	(20.0)
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	165,360,750	196,530,773	(31,170,023)	(15.9)
Investment Securities at Amortized Cost	130,655,562	127,319,342	3,336,220	2.6
	₱323,737,614	₱358,502,829	(₱34,765,215)	(9.7)

Trading and Investment Securities, which accounted for 24.3% of the Group’s total assets as of March 31, 2026, (26.1% as of December 31, 2025) declined by ₱34.8 billion or 9.7%. The decrease was primarily driven by a ₱31.2 billion or 15.9% reduction in FVOCI and a ₱6.9 billion or 20.0% decline in FVTPL. The decreases arose from portfolio rebalancing activities, including selective disposals of securities carried at fair value. The decline was partially offset by a ₱3.3 billion or 2.6% increase in Investment Securities at Amortized Cost, reflecting net purchases of amortized cost investments during the period.

- **Loans and Receivables**

<i>(In Thousands)</i>	March 31, 2026	December 31, 2025	Increase/ (Decrease)	%
Loans and Receivables	₱755,872,862	₱740,017,745	₱15,855,117	2.1

Loans and Receivables, net of allowance for credit losses, accounted for 56.8% and 53.8% of the Group's total assets as of March 31, 2026 and December 31, 2025, respectively. Loans and Receivables increased by ₱15.9 billion or 2.1% at ₱755.9 billion as of March 31, 2026, from ₱740.0 billion as of December 31, 2025. The growth in loans and receivables reflects the steady loan origination during the period.

- **Investment Properties**

<i>(In Thousands)</i>	March 31, 2026	December 31, 2025	Increase/ (Decrease)	%
Investment Properties	₱17,594,650	₱16,957,283	₱637,367	3.8

Investment Properties as of March 31, 2026 amounted to ₱17.6 billion, an increase of ₱0.6 billion or 3.8% from ₱17.0 billion as of December 31, 2025. The increase was attributable to new foreclosures during the period, offset by disposals of real and other properties.

- **Intangible Assets**

<i>(In Thousands)</i>	March 31, 2026	December 31, 2025	Increase/ (Decrease)	%
Intangible Assets	₱1,474,346	₱909,363	₱564,983	62.1

Intangible Assets increased by ₱0.6 billion or 62.1%, to ₱1.5 billion as of March 31, 2026 from ₱0.9 billion as of December 31, 2025. The increase was primarily attributable to additional software costs recognized during the period, offset by amortization.

The Group's consolidated total liabilities amounted to ₱1.09 trillion as of March 31, 2026, representing a decrease of ₱43.1 billion, or 3.8%, from the ₱1.13 trillion as of December 31, 2025. The major changes (+/-5% variance) in the Group's liability accounts during the period were as follows:

- **Deposit Liabilities**

<i>(In Thousands)</i>	March 31, 2026	December 31, 2025	Increase/ (Decrease)	%
Demand	₱238,498,282	₱242,739,639	(₱4,241,357)	(1.7)
Savings	570,003,186	558,157,549	11,845,637	2.1
Time	199,936,749	260,306,182	(60,369,433)	(23.2)
Deposit Liabilities	₱1,008,438,217	₱1,061,203,370	(₱52,765,153)	(5.0)

Deposit Liabilities stood at ₱1.01 trillion as of March 31, 2026, representing a decrease of ₱52.8 billion, or 5.0%, from ₱1.06 trillion as of December 31, 2025. Deposit Liabilities accounted for 92.4% and 93.5% of the Group's total liabilities as of March 31, 2026 and December 31, 2025, respectively. The decline was mainly driven by lower balances in Demand Deposits, which fell by ₱4.2 billion or 1.7%, and Time Deposits which decreased by ₱60.4 billion or 23.2%, partially offset by an increase in Savings Deposits of ₱11.8 billion or 2.1% during the period.

- **Bills and Acceptances Payable**

<i>(In Thousands)</i>	March 31, 2026	December 31, 2025	Increase/ (Decrease)	%
Bills and Acceptances Payable	₱13,084,455	₱10,742,748	₱2,341,707	21.8

Bills and Acceptances Payable increased to ₱13.1 billion as of March 31, 2026, reflecting a rise of ₱2.3 billion, or 21.8%, from ₱10.7 billion as of December 31, 2025. The increase was primarily attributable to higher short-term interbank borrowing and repurchase agreements during the period.

- **Financial Liabilities at FVTPL**

<i>(In Thousands)</i>	March 31, 2026	December 31, 2025	Increase/ (Decrease)	%
Financial Liabilities at FVTPL	₱3,050,539	₱285,562	₱2,764,977	968.3

Financial Liabilities at FVTPL amounted to ₱3.1 billion as of March 31, 2026, representing a significant increase of ₱2.8 billion or 968.3%, from the ₱0.3 billion as of December 31, 2025. The increase was mainly attributable to higher notional amounts of stand-alone forward contracts with negative fair values during the period.

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

<i>(In Thousands)</i>	March 31, 2026	December 31, 2025	Increase/ (Decrease)	%
Accrued Taxes, Interest and Other Expenses	₱8,122,109	₱9,303,982	(₱1,181,873)	(12.7)
Income Tax Payable	₱180,045	₱156,299	₱23,746	15.2

Accrued Taxes, Interest and Other Expenses decreased by ₱1.2 billion or 12.7% from ₱9.3 billion as of December 31, 2025, to ₱8.1 billion as of March 31, 2026, mainly due to the settlement of accrued taxes and payment of interest on deposits.

Income Tax Payable increased by ₱23.7 million or 15.2% reflecting higher income tax accruals arising from the Group's higher taxable income for the period.

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

<i>(In Thousands)</i>	March 31, 2026	December 31, 2025	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	5,128,533	5,170,727	(42,194)	(0.8)
Surplus	135,949,986	134,605,261	1,344,725	1.0
Net Unrealized Gains (Losses) on Financial Assets at FVOCI	(2,394,824)	1,020,513	(3,415,337)	(334.7)
Remeasurement Losses on Retirement Plan	(2,176,755)	(2,176,164)	(591)	0.0
Accumulated Translation Adjustment	3,660,027	3,412,179	247,848	7.3
Other Equity Reserves	1,189,003	1,189,003	–	–
Share in Aggregate Losses on Life Insurance Policies	(49,185)	(28,715)	(20,470)	71.3
Other Equity Adjustment	13,959	13,959	–	–
	234,467,898	236,353,917	(1,886,019)	(0.8)
Non-Controlling Interests	4,045,699	3,925,884	119,815	3.1
	₱238,513,597	₱240,279,801	(₱1,766,204)	(0.7)

Total Equity declined by ₱1.8 billion or 0.7% to ₱238.5 billion as of March 31, 2026 from ₱240.3 billion as of December 31, 2025. The decrease was mainly driven by the ₱3.4 billion net unrealized loss on financial assets at FVOCI as the Middle East conflict pushed bond yields up, depressing bond values. This was partially offset by an increase in surplus reflecting the Group's ₱6.4 billion consolidated net income reported during the period, net of ₱5.0 billion cash dividends declared, as well as ₱247.8 million increase in Accumulated Translation Adjustment. Non-controlling interests also increased modestly during the period.

Results of Operation for the Three Months Ended March 31, 2026 (Unaudited) Compared to Same Period Ended March 31, 2025 (Unaudited)

For the three months ended March 31, 2026, the Group recorded consolidated net income of ₱6.4 billion, representing 5.0% year-on-year increase. This performance was primarily driven by steady growth in core income, supported by higher loan volumes, disciplined balance sheet management, and prudent expense control.

The higher net income in 2026 is primarily due to the following:

- **Net Interest Income**

<i>(In Thousands)</i>	For the Three Months Ended		Increase/ (Decrease)	%
	March 31			
	2026	2025		
Interest income	₱17,287,583	₱17,166,237	₱121,346	0.7
Interest expense	3,831,748	4,451,528	(619,780)	(13.9)
	₱13,455,835	₱12,714,709	₱741,126	5.8

Net Interest Income for the three months ended March 31, 2026 amounted to ₱13.5 billion, up 5.8% or ₱0.7 billion from the same period in 2025. The increase was driven by a 0.7% rise in interest income to ₱17.3 billion, primarily from higher loan volumes, and a 13.9% decline in interest expense to ₱3.8 billion. These factors contributed to improved net interest income despite a volatile interest-rate environment.

- **Net Service Fees and Commission Income**

<i>(In Thousands)</i>	For the Three Months Ended		Increase/ (Decrease)	%
	March 31			
	2026	2025		
Service fees and commission income	₱1,983,579	₱1,866,380	₱117,199	6.3
Service fees and commission expense	472,634	441,842	30,792	7.0
	₱1,510,945	₱1,424,538	₱86,407	6.1

Net service fees and commission income for the three months ended March 31, 2026 increased by ₱0.1 billion or 6.1% to ₱1.5 billion compared to the same period last year. The increase was primarily attributable to higher fees from bancassurance, interchange fees, deposits and loan related products.

- **Other Operating Income**

<i>(In Thousands)</i>	For the Three Months Ended		Increase/ Decrease	%
	March 31			
	2026	2025		
Net gains on sale or exchange of assets	₱1,548,784	₱911,905	₱636,879	69.8
Foreign exchange gains - net	380,984	639,980	(258,996)	(40.5)
Trading and investment securities gains - net	(610,868)	222,287	(833,155)	(374.8)
Equity in net earnings of an associate	97,922	50,116	47,806	95.4
Miscellaneous	289,699	106,073	183,626	173.1
	₱1,706,521	₱1,930,361	(₱223,840)	(11.6)

Other operating income for the three months ended March 31, 2026 amounted to ₱1.7 billion, down ₱0.2 billion, or 11.6% from the same period in 2025. The decline was mainly due to net losses from trading and investment securities and lower foreign exchange gains amid unfavorable market conditions mitigated by higher net gains on the sale or exchange of assets, increased equity in net earnings of an associate, and higher miscellaneous income.

- **Operating Expenses**

<i>(In Thousands)</i>	For the Three Months Ended		Increase/ Decrease	%
	March 31			
	2026	2025		
Compensation and fringe benefits	₱2,910,428	₱3,017,088	(₱106,660)	(3.5)
Taxes and licenses	1,503,341	1,626,225	(122,884)	(7.6)
Depreciation and amortization	898,227	831,179	67,048	8.1
Occupancy and equipment-related costs	320,328	289,035	31,293	10.8
Miscellaneous	2,666,647	2,304,042	362,605	15.7
	₱8,298,971	₱8,067,569	₱231,402	2.9

Operating Expenses for the three months ended March 31, 2026 amounted to ₱8.3 billion, representing an increase of ₱0.2 billion, or 2.9%, from ₱8.1 billion in the same period last year. The increase was primarily driven by higher miscellaneous expenses, depreciation and amortization, and occupancy and equipment-related costs, reflecting higher business volume and operational requirements. These increases were partly offset by lower compensation and fringe benefits, as well as reduced taxes and licenses during the period.

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

<i>(In Thousands)</i>	For the Three Months Ended		Increase/ Decrease	%
	March 31			
	2026	2025		
Provision for impairment, credit and other losses	₱225,673	₱277,108	(₱51,435)	(18.6)
Provision for income tax	₱1,782,029	₱1,634,978	₱147,051	9.0

For the three months ended March 31, 2026, provision for impairment, credit and other losses amounted to ₱0.2 billion, compared with ₱0.3 billion in the same period in 2025 due to improved credit portfolio performance.

For the three months ended March 31, 2026, provision for income tax amounted to ₱1.8 billion, an increase of ₱0.1 billion or 9.0% from ₱1.6 billion in the same period last year. The increase was due to higher taxable income recorded during the period.

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

<i>(In Thousands)</i>	For the Three Months Ended		Increase/ Decrease	%
	March 31			
	2026	2025		
Net income	₱6,366,628	₱6,089,953	₱276,675	4.5
Other comprehensive income, net of tax	(3,094,262)	166,740	(3,261,002)	(1,955.7)
	₱3,272,366	₱6,256,693	(₱2,984,327)	(47.7)

Total Comprehensive Income for the three months ended March 31, 2026 amounted to ₱3.3 billion, representing a decrease of ₱3.0 billion compared with the same period last year. The decline was primarily due to the unrealized loss on FVOCI debt securities recognized during the period, which more than offset the ₱0.3 billion increase in net income.

PART II – OTHER INFORMATION

Key Performance Indicators and Selected Financial Ratios

	For the Three Months Ended March 31	
	2026 (Unaudited)	2025 (Unaudited)
Statement of Income		
Return on Average Equity ^{1/}	10.8%	11.3%
Return on Average Assets ^{2/}	1.9%	1.9%
Net Interest Margin ^{3/}	4.5%	4.6%
Cost Efficiency Ratio ^{4/}	49.8%	50.2%
Basic Earnings Per Share	₱4.15	₱3.97
Interest Coverage ^{5/}	3.1x	2.7x

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

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

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

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

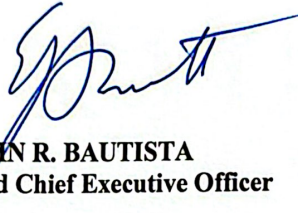
^{5/} Earnings before interest expense and provision for income tax divided by interest expense

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)	December 31, 2025 (Audited)
Statement of Financial Position			
Capital Ratios:			
Capital Adequacy Ratio	18.8%	19.8%	20.1%
Common Equity Tier 1 Ratio	18.0%	19.0%	19.3%
Non-Performing Loans Ratios:			
Net of allowance	1.8%	1.7%	1.6%
Gross of allowance	4.8%	5.5%	4.7%
NPL coverage	78.4%	87.6%	82.3%
Current Ratio	62.4%	67.3%	68.1%
Liquid Assets-to-Total Assets	18.9%	27.5%	24.6%
Liquid Assets-to-Liquid Liabilities	24.3%	34.4%	31.4%
Debt-to-Equity	4.6x	4.9x	4.7x
Assets-to-Equity	5.6x	5.9x	5.7x
Book Value per Share	₱153.7	₱140.8	₱154.9

SIGNATURES

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

PHILIPPINE NATIONAL BANK



EDWIN R. BAUTISTA
President and Chief Executive Officer



FRANCIS B. ALBALATE
Executive Vice President and Chief Financial Officer

ANNEX A

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT March 31, 2026

(With Comparative Audited Figures as at December 31, 2025)

(In Thousands)

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS		
Cash and Other Cash Items	₱15,728,398	₱20,868,793
Due from Bangko Sentral ng Pilipinas (Note 6)	27,911,907	68,529,550
Due from Other Banks (Note 19)	23,535,253	24,831,235
Interbank Loans Receivable (Notes 19 and 21)	54,647,288	30,369,881
Securities Held Under Agreements to Resell	68,646,387	72,903,359
Trading and Investment Securities		
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 7)	27,721,302	34,652,714
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Notes 7 and 19)	165,360,750	196,530,773
Investment Securities at Amortized Cost (Note 7)	130,655,562	127,319,342
Loans and Receivables (Note 8)	755,872,862	740,017,745
Property and Equipment (Note 9)	9,943,783	10,092,679
Investment in an Associate	3,702,450	3,588,781
Investment Properties (Note 10)	17,594,650	16,957,283
Deferred Tax Assets (Note 17)	7,292,090	7,408,396
Intangible Assets (Note 11)	1,474,346	909,363
Goodwill (Note 11)	10,184,843	10,184,843
Other Assets (Note 12)	9,648,179	9,669,116
TOTAL ASSETS	₱1,329,920,050	₱1,374,833,853
LIABILITIES AND EQUITY		
LIABILITIES		
Deposit Liabilities (Notes 14 and 19)		
Demand	₱238,498,282	₱242,739,639
Savings	570,003,186	558,157,549
Time	199,936,749	260,306,182
	1,008,438,217	1,061,203,370
Financial Liabilities at FVTPL	3,050,539	285,562
Bills and Acceptances Payable (Notes 19 and 21)	13,084,455	10,742,748
Bonds Payable (Notes 14, 19 and 21)	33,868,778	33,278,399
Lease Liabilities (Notes 19 and 21)	3,337,246	3,372,649
Accrued Taxes, Interest and Other Expenses (Note 19)	8,122,109	9,303,982
Income Tax Payable	180,045	156,299
Other Liabilities (Note 12)	21,325,064	16,211,043
TOTAL LIABILITIES	1,091,406,453	1,134,554,052

(Forward)

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		
Capital Stock (Note 15)	₱61,030,594	₱61,030,594
Capital Paid in Excess of Par Value	32,116,560	32,116,560
Surplus Reserves (Notes 8 and 15)	5,128,533	5,170,727
Surplus	135,949,986	134,605,261
Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 7)	(2,394,824)	1,020,513
Remeasurement Losses on Retirement Plan	(2,176,755)	(2,176,164)
Accumulated Translation Adjustment	3,660,027	3,412,179
Other Equity Reserves	1,189,003	1,189,003
Share in Aggregate Reserves (Losses) on Life Insurance Policies	(49,185)	(28,715)
Other Equity Adjustment	13,959	13,959
	234,467,898	236,353,917
NON-CONTROLLING INTERESTS	4,045,699	3,925,884
TOTAL EQUITY	238,513,597	240,279,801
TOTAL LIABILITIES AND EQUITY	₱1,329,920,050	₱1,374,833,853

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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

	For the Three Months Ended	
	March 31	
	2026	2025
INTEREST INCOME ON		
Loans and receivables (Notes 8 and 19)	₱12,160,018	₱10,905,987
Investment securities at amortized cost and financial assets at FVOCI (Note 7)	3,844,663	4,358,911
Interbank loans receivable and securities held under agreements to resell	806,478	1,328,477
Deposits with banks and others (Notes 6 and 19)	141,321	370,575
Financial assets at FVTPL (Note 7)	335,103	202,287
	17,287,583	17,166,237
INTEREST EXPENSE ON		
Deposit liabilities (Notes 14 and 19)	3,209,677	4,102,861
Bonds payable (Notes 14 and 19)	437,623	213,697
Bills payable and other borrowings (Note 19)	184,448	134,970
	3,831,748	4,451,528
NET INTEREST INCOME	13,455,835	12,714,709
Service fees and commission income (Notes 16 and 19)	1,983,579	1,866,380
Service fees and commission expense	472,634	441,842
NET SERVICE FEES AND COMMISSION INCOME	1,510,945	1,424,538
OTHER INCOME		
Net gains on sale or exchange of assets (Notes 9 and 10)	1,548,784	911,905
Foreign exchange gains - net	380,984	639,980
Trading and investment securities gains (losses) - net (Note 7)	(610,868)	222,287
Equity in net earnings of an associate	97,922	50,116
Miscellaneous	289,699	106,073
TOTAL OTHER INCOME	1,706,521	1,930,361
TOTAL OPERATING INCOME	16,673,301	16,069,608
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 13)	225,673	277,108
OPERATING EXPENSES		
Compensation and fringe benefits	2,910,428	3,017,088
Taxes and licenses	1,503,341	1,626,225
Depreciation and amortization	898,227	831,179
Occupancy and equipment-related costs	320,328	289,035
Miscellaneous (Note 16)	2,666,647	2,304,042
TOTAL OPERATING EXPENSES	8,298,971	8,067,569
INCOME BEFORE INCOME TAX	8,148,657	7,724,931
PROVISION FOR INCOME TAX (Note 17)	1,782,029	1,634,978
NET INCOME	₱6,366,628	₱6,089,953
ATTRIBUTABLE TO:		
Equity Holders of the Parent Company (Note 18)	₱6,337,555	₱6,058,551
Non-controlling Interests	29,073	31,402
NET INCOME	₱6,366,628	₱6,089,953
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 18)	₱4.15	₱3.97

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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

	For the Three Months Ended	
	March 31	
	2026	2025
NET INCOME	₱6,366,628	₱6,089,953
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Items that recycle to profit or loss in subsequent periods:</i>		
Net change in unrealized gains (losses) on debt securities at FVOCI, net of tax	(3,452,146)	490,430
Share in changes in net unrealized gains (losses) on financial assets at FVOCI of an associate	36,809	(13,805)
	(3,415,337)	476,625
Accumulated translation adjustment	342,136	(596,106)
	(3,073,201)	(119,481)
<i>Items that do not recycle to profit or loss in subsequent periods:</i>		
Net change in unrealized gains on equity securities at FVOCI	–	292,122
Share in the changes in aggregate losses on life insurance policies	(20,470)	(7,676)
Remeasurement gains (losses) on retirement plan	(591)	1,775
	(21,061)	286,221
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(3,094,262)	166,740
TOTAL COMPREHENSIVE INCOME	₱3,272,366	₱6,256,693
ATTRIBUTABLE TO:		
Equity Holders of the Parent Company	₱3,149,005	₱6,264,018
Non-controlling Interests	123,361	(7,325)
	₱3,272,366	₱6,256,693

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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

For the Three Months Ended March 31, 2026													
Equity Attributable to Equity Holders of the Parent Company													
	Capital Stock (Note 15)	Capital Paid in Excess of Par Value	Surplus Reserves (Notes 8 and 15)	Surplus	Net Unrealized Gains on Financial Assets at FVOCI (Note 7)	Remeasurement Losses on Retirement Plan	Accumulated Translation Adjustment	Other Equity Reserves	Share in Aggregate Reserves (Losses) on Life Insurance Policies	Other Equity Adjustment	Total	Non- Controlling Interests	Total Equity
Balance at January 1, 2026	₱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
Total comprehensive income (loss) for the period	-	-	-	6,337,555	(3,415,337)	(591)	247,848	-	(20,470)	-	3,149,005	123,361	3,272,366
Dividends by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,546)	(3,546)
Sale and redemption of FVOCI equity securities	-	-	-	-	-	-	-	-	-	-	-	-	-
Declaration of cash dividends	-	-	-	(5,035,024)	-	-	-	-	-	-	(5,035,024)	-	(5,035,024)
Transfer to surplus reserves	-	-	(42,194)	42,194	-	-	-	-	-	-	-	-	-
Balance at March 31, 2026	₱61,030,594	₱32,116,560	₱5,128,533	₱135,949,986	(₱2,394,824)	(₱2,176,755)	₱3,660,027	₱1,189,003	(₱49,185)	₱13,959	₱234,467,898	₱4,045,699	₱238,513,597

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

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

	For the Three Months Ended	
	March 31	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱8,148,657	₱7,724,931
Adjustments for:		
Net gains on sale or exchange of assets (Notes 9 and 10)	(1,548,784)	(911,905)
Depreciation and amortization	898,227	831,179
Unrealized foreign exchange losses on bonds, bills and acceptances payable	667,501	154,292
Net gains on financial assets at FVTPL (Note 7)	610,902	(204,625)
Amortization of discount, net on investment securities	(338,195)	(1,555,607)
Provision for impairment, credit and other losses (Note 13)	225,673	277,108
Equity in net earnings of an associate	(97,922)	(50,116)
Amortization of transaction costs on borrowings	4,521	2,666
Net gains on sale of debt financial assets at FVOCI and investment securities at amortized cost (Note 7)	(34)	(17,662)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Interbank loans receivable	587,228	1,900,304
Financial assets at FVTPL	6,320,510	(7,918,815)
Loans and receivables	(16,717,233)	(19,826,732)
Other assets	(308,669)	(1,355,872)
Increase (decrease) in:		
Financial liabilities at FVTPL	2,764,976	315,659
Deposit liabilities	(52,765,153)	16,577,823
Accrued taxes, interest and other expenses	(1,125,903)	101,534
Other liabilities	5,113,230	(2,377,885)
Net cash used in operations	(47,560,468)	(6,333,723)
Income taxes paid	(818,645)	(1,006,653)
Net cash used in operating activities	(48,379,113)	(7,340,376)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturities of:		
Financial assets at FVOCI	82,123,975	171,870,446
Investment securities at amortized cost	1,584,799	9,424,457
Investment properties	518,370	892,922
Property and equipment	1,102,813	30,317
Acquisitions of:		
Financial assets at FVOCI	(54,115,097)	(184,367,029)
Investment securities at amortized cost	(5,031,434)	(9,173,304)
Software cost (Note 11)	(897,780)	(376,548)
Property and equipment (Note 9)	(269,007)	(93,392)
Net cash provided by (used in) investing activities	25,016,639	(11,792,131)

(Forward)

	For the Three Months Ended	
	March 31	
	2026	2025
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlement of bills and acceptances payable (Note 21)	(P157,032,462)	(P28,063,545)
Proceeds from bills and acceptances payable (Note 21)	159,292,524	28,175,421
Payment of principal portion of lease liabilities (Note 21)	(308,921)	(312,699)
Cash dividends paid	(5,035,024)	-
Net cash used in financing activities	(3,083,883)	(200,823)
NET INCREASE (DECREASE) IN CASH AND		
CASH EQUIVALENTS		
	(26,446,357)	(19,333,330)
CASH AND CASH EQUIVALENTS AT		
BEGINNING OF PERIOD		
Cash and other cash items	20,868,793	20,638,033
Due from Bangko Sentral ng Pilipinas	68,529,550	55,128,316
Due from other banks	24,831,235	20,183,894
Interbank loans receivable (Note 21)	27,141,882	19,861,641
Securities held under agreements to resell	72,903,359	103,480,119
	214,274,819	219,292,003
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash and other cash items	15,728,398	13,838,841
Due from Bangko Sentral ng Pilipinas	27,911,907	49,773,232
Due from other banks	23,535,253	20,368,856
Interbank loans receivable (Note 21)	52,006,517	19,795,387
Securities held under agreements to resell	68,646,387	96,182,357
	P187,828,462	P199,958,673
OPERATIONAL CASH FLOWS FROM INTEREST		
Interest received	P17,389,343	P15,614,288
Interest paid	4,348,878	4,329,969

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousand Pesos Except When Otherwise Indicated)

1. Corporate Information

Philippine National Bank (PNB or the Parent Company) is a universal bank established in the Philippines in 1916. On June 21, 1989, PNB's shares were listed with the Philippine Stock Exchange (PSE). As of March 31, 2026 and December 31, 2025, the shares of PNB are held by the following:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
LT Group, Inc. (LTG) (indirect ownership through its various holding companies)	59.83%	59.83%
PCD Nominee Corporation*	13.52%	13.15%
Other stockholders owning less than 10% each	26.65%	27.02%
	100.00%	100.00%

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

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

The Parent Company provides a full range of banking and other financial services, which include deposit-taking, lending, bills discounting, trade finance, foreign exchange dealings, investment banking, treasury operations, fund transfers, remittance and trust services, through its 637 and 635 domestic branches as of March 31, 2026 and December 31, 2025, respectively. As of the same dates, the Parent Company has 67 overseas branches, representative offices, remittance centers and subsidiaries, respectively, in 17 jurisdictions in Asia, North America and Europe, respectively.

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

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

2. Preparation of the Interim Financial Statements

2.1 Basis of Preparation of the Unaudited Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of the Group as of March 31, 2026 and for the three months ended March 31, 2026 and 2025 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2025 prepared under the Philippine Financial Reporting Standards (PFRS).

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements of the Group are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2025, except for the adoption of the following amended standards, which became effective beginning January 1, 2026. Unless otherwise indicated, the adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- **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’.

2.3 Significant Judgments and Assumptions

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

2.4 Seasonality or Cyclicity of Interim Operations

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

3. Financial Risk Management

3.1 Enterprise Risk Management Framework

A disciplined risk management culture and framework facilitate oversight and accountability for risk at all levels of the organization and across all risk types. The Parent Company’s 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 and 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.

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 shall be composed of at least three (3) members of the Board of Directors, majority of whom shall be Independent Directors, including the Chairperson. The Chairperson shall not be the Chairperson of the Board of Directors, 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.

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 for providing inputs to the ERMF process. The MRC shall periodically assess that the Bank's risk appetite statements are aligned with the business strategy and the overall objectives of the Bank.

The approach to managing risk is outlined in 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 resilient through economic cycles. The Bank has placed a strong reliance on this risk governance framework with the three-line model of the Institute of Internal Auditors (IIA).

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

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

plans, corrective actions or service recovery in managing the risk impact and prevent recurrence. ERMG reports to the ROC, while GCG reports to the BACC.

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

All roles, when working together, collectively contribute to the creation and protection of value when they are aligned with each other and with the prioritized interests of 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.

ERMG is independent from the business lines and monitors various risks across the parent bank and its subsidiaries, 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 for final BOD Approval.

In line with the integration of the BSP required ICAAP and risk management processes, PNB currently monitors 12 Material Risks (3 for Pillar 1 and 9 for Pillar 2). These material risks are as follows:

Pillar 1 Risks:

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

Pillar 2 Risks:

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

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

3.2 Risk Categories and Definitions

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

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

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

The Bank broadly classifies and defines risks into the following categories and manage the risks according to their characteristics. These are monitored accordingly under the enterprise ICAAP 2026 program:

Risk Category	Risk Definition	Risk Management Tools
Credit Risk (including Credit Concentration Risks and Counterparty Risks)	<p>Credit risk is the potential risk that a Bank 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. It also includes Contagion Risk, which refers to the potential for financial distress to spread from one counterparty or sector to others, amplifying credit exposures. The types of credit risk are direct credit risk, issuer risk, downgrade risk, custody/depository risk, and contingent risks.</p> <p>Credit concentration risk arises from excessive exposures to individual counterparties, groups of related counterparties and groups of counterparties with similar characteristics (e.g., counterparties in specific geographical locations, economic or industry sector, or entities in a foreign country or a group of countries with strongly interrelated economies). (Based</p>	<p><u>Enterprise-wide Tools</u></p> <ul style="list-style-type: none"> • Internal risk rating for corporate accounts • Credit Scoring for consumer loans • Credit limits (statutory/regulatory & internal limits) • Manual of Signing Authority (MSA) • Updated & responsive credit policies • Performance vs. target • Pre-approval review of loan recommendations • Post-approval review of booked loans • Expanded Real Estate Exposure Reporting • Uniform Stress Test BSP Report <p><u>ERMG Tools</u></p> <ul style="list-style-type: none"> • Trend Analysis (Portfolio / Past Due and NPL Levels) • Stress testing/Rapid Loan Portfolio Reviews

Risk Category	Risk Definition	Risk Management Tools
	<p>on 2023 MORB Section 143 Policy on Management of Large Exposures and Credit Risk Concentrations). 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 (BCBS International Convergence of Capital Measurement and Capital Standards).</p>	<ul style="list-style-type: none"> • CRR Migration • Tracking the movements of loan portfolio • Monitoring of large exposures • Monitoring of credit risk concentrations • Credit Risk Dashboard (Bankwide, Consumer, Overseas and Subsidiaries, ROPA and SCR) • Capital Adequacy Ratio (quarterly report) • Review of adequacy of loan loss reserves and impairment loss • Credit Review • Specialized Credit Monitoring (REST/EREE for Real Estate and Industry Limits) • Continuous performance monitoring and validation of Credit Models • Concentrations and Demographics Review • Counterparty Limits Monitoring
Market Risk	<p>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 and contingent financial contracts. Market risk arises from market-making, dealing and position taking in interest rate, foreign exchange, equity, and commodities market. (BSP Cir. No. 544, Series of 2006) It likewise includes Contagion Risk where market shocks in one segment can trigger cascading effects across interconnected markets.</p>	<ul style="list-style-type: none"> • Value at Risk (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 • Daily review of treasury transactions: <ul style="list-style-type: none"> ○ Exception Report on Rate Tolerance ○ Exception Report on Traders' Limits • TPR Computation • Monthly validation/preparation of the Market Risk Weighted Exposures in the CAR Report • Stress test / scenario analysis

Risk Category	Risk Definition	Risk Management Tools
		<ul style="list-style-type: none"> • BSP Uniform Stress Test Report • Backtesting
Operational Risk	<p>Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes Legal Risk but excludes Strategic and Reputational Risk. Operational Risk is inherent in all activities, products and services, and cuts across multiple activities and business lines within the financial institution and across the different entities in a banking group or conglomerate where the financial institution belongs. (BSP Circular 900, dated 18 January 2016)</p>	<ul style="list-style-type: none"> • Internal Control • Risk and Control Self-Assessment (RCSA) • Loss Events Report (LER) • Board approved Product Manuals • Board approved Operating Policies and Procedures Manual • Key Risk Indicator (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 • Enterprise Fraud Management System • Fraud Detection Rate Monitoring • Fraud Ratio and Analytics • Awareness Campaign – Operational Risk, Business Continuity, Vendor Risk, Fraud Risk
Compliance Risk	<p>Compliance Risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards. Compliance risk also arises in situations where the laws or rules governing certain products or activities of the financial institution (FI) may be ambiguous or</p>	<ul style="list-style-type: none"> • Money Laundering & Terrorist Financing Prevention Program (MTPP) • Risk Assessments • Customer and Transaction Screening • Transaction Monitoring (AML Investigations, SAS Scenario Tuning and

Risk Category	Risk Definition	Risk Management Tools
	<p>untested. The risk exposes the FI to fines, payments of damages, monetary penalties, non-monetary sanctions and the voiding of contracts. Compliance risk can lead to diminished reputation, reduced franchise value, limited business opportunities, reduced expansion potential, lack of contract enforceability.</p>	<p>Optimization, SAS Transaction Monitoring Future Improvements/Enhancements)</p> <ul style="list-style-type: none"> • Escalation of Unusual Activity • ML/TF/PF Risk Event Reporting (RER) • Suspicious Transaction and Covered Transaction Reporting • Compliance Testing • Regulatory Scanning and Dissemination • Expanded Functional Oversight of GCG Key Performance Indicators (KPI) and Key Risk Indicators (KRI) • Monthly checking of Loss Event Reporting (LER) • Conduct of quarterly spot check on report submissions • Monitoring of Personal Investments and Insider Trading • Internal Limits/Ceilings for Individual and Aggregate Exposures to Related Parties • Related Party and Related Party Transactions Database (RPRPTDB)
<p>Data Privacy Risk</p>	<p>Data Privacy Risk is the risk of potential loss arising from 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, legitimacy purpose, and 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).</p>	<ul style="list-style-type: none"> • Information Security Risk Assessment (ISRA) • Third Party Information Security Risk Assessment (TPISRA) • Information Asset Register • Information Security Management System Implementation • IS Checklist • User Access and UAM Review • Network Security Protection / Network monitoring tool • Installation of firewalls, anti-virus, IPS/IDS, enterprise security solution

Risk Category	Risk Definition	Risk Management Tools
		<p>(endpoint security, email and internet)</p> <ul style="list-style-type: none"> • Vulnerability assessments and penetration testing (to include social engineering tests, compromise assessments and red teaming) 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/DP awareness • Enterprise-wide data privacy risk management framework which complies with both domestic and global requirements • Conduct of Privacy Impact Assessment (PIA) as required by DPA of 2012 • Institutionalization of data protection culture within the group through regular awareness program • Data Privacy Management System
<p>Information Security/ Cyber Security Risk</p>	<p>Information Security (Infosec) 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 or in transit. Cyber Security Risk is the risk of damage to an organization through its information systems which is associated with financial loss, disruption or damage to the reputation of an organization from failure, unauthorized or erroneous use of its information systems. (NIST IR 7298 Revision 2, Glossary of</p>	<ul style="list-style-type: none"> • Information Security Risk Assessment (ISRA) • Third Party Information Security Risk Assessment (TPISRA) • Information Asset Register • Information Security Management System Implementation • IS Checklist • User Access and UAM Review • Network Security Protection / Network monitoring tool • Installation of firewalls, anti-virus, IPS/IDS, enterprise security solution

Risk Category	Risk Definition	Risk Management Tools
	<p>Key Information Security Terms, pages 98 & 100). It may include Artificial Intelligence (AI) Risk where AI systems compromise confidentiality, integrity, or availability of sensitive data.</p>	<p>(endpoint security, email and internet)</p> <ul style="list-style-type: none"> • Vulnerability assessments and penetration testing (to include social engineering tests, compromise assessments and red teaming) 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/DP awareness • Enterprise-wide data privacy risk management framework which complies with both domestic and global requirements • Conduct of Privacy Impact Assessment (PIA) as required by DPA of 2012 • Institutionalization of data protection culture within the group through regular awareness program • Data Privacy Management System
<p>Information Technology Risk</p>	<p>Information Technology Risk is any potential adverse outcome, damage, loss, violation, failure or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks. (BSP Circular 808). It is also a business risk that is associated with the use, ownership, operation, involvement, influence and adoption of IT within PNB. It consists of IT-related events that could potentially impact the business. IT Risk includes Information Security Risk that could result from non-preservation of any or all of the domains of information security; that is, confidentiality, integrity and availability of information asset. (ISACA Risk IT Framework)</p>	<ul style="list-style-type: none"> • IT Risk Assessment (ITRA) • Project Risk Assessment (PRA) • Incident Reporting Management • Patch Management • Technology Operations Management Policies & Guidelines • Maintenance and upgrades of disaster recovery sites • Business Users / IT joint engagement for problem resolution • Formal Project Management Program adoption

Risk Category	Risk Definition	Risk Management Tools
		<ul style="list-style-type: none"> • 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 <li style="text-align: center;">Logs Review
Interest Rate Risk in the Banking Books (IRRBB)	Interest rate risk is the current and prospective risk to earnings or capital arising from movements in interest rates. It arises from differences between the timing of rate changes and the timing of cash flows (repricing risk); from changing rate relationships among different yield curves affecting financial institution (FI) activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk); and from interest-related options embedded in FI products (options risk). The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. (BSP Cir. No. 1044, Series of 2019)	<ul style="list-style-type: none"> • Earnings at Risk (EaR) Limits • Balance Sheet Profiling • Interest Repricing Gap Analysis • Delta Eve • Stress Testing • BSP Uniform Stress Testing
Liquidity Risk	Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Bank's inability to meet its obligations when they come due, without incurring unacceptable losses or costs. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. (BSP Cir. No. 981)	<ul style="list-style-type: none"> • Maximum Cumulative Outflow (MCO) Limits • Liquidity Ratios Limits • Liquid Assets Monitoring • Large Fund Provider Analysis • Funding Liquidity/ Contingency Planning • Stress Testing • Transfer Pricing Rate (TPR) Computation

Risk Category	Risk Definition	Risk Management Tools
<ul style="list-style-type: none"> • Reputational Risk 	<p>Reputational risk is the “risk to earnings, capital, and liquidity arising from negative perception on the Bank of its customers, shareholders, investors, and employees, market analysts, the media, and other stakeholders such as regulators and other government agencies, that can adversely affect the Bank’s ability to maintain existing business relationships, establish new businesses or partnerships, or continuously access varied sources of funding”. (BSP Circular No. 1114, dated 08 April 2021). It may include AI Risk where misuse or failure of AI systems leads to negative public perception, regulatory scrutiny, or loss of stakeholder trust.</p>	<ul style="list-style-type: none"> • Customer Engagement and Consolidated Complaints Report • After Call and After Email Survey • Security measures for Digital Banking • Market research on digital trends and profiling of digital users, statistics on usage, and transactions to anticipate and respond to changes in overall trends related to demands of customers and clients in relation to digital services platforms • Fraud Management Program • Social Media Management Framework • Social Media Risk Management • Use of Social Media metrics / Social Media Analytics • Website Content Management • Website Analytics • Public Relations Campaign • Mainstream media monitoring tool • Customer feedback mechanism • Products and Marketing Promotions review
<p>Strategic Business Risk</p>	<p>Strategic business risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of the firm’s strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. The resources needed to carry out business strategies are both tangible and intangible. They include communication channels, operating systems, delivery networks, and managerial capacities and capabilities. The organization’s internal characteristics</p>	<ul style="list-style-type: none"> • Regular ALCO reports on latest Financials, monthly CAR, NPL & NIM projections, weekly performance on deposits, loans, treasury assets (levels, YTD, ADB) • 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

Risk Category	Risk Definition	Risk Management Tools
	must be evaluated against the impact of economic, technological, competitive, regulatory, and other environmental changes. (BSP Cir. No. 510, dated 03 Feb 2006)	<ul style="list-style-type: none"> • CorPlan’s banking, industry reports and research studies • Research Division’s regular economic reports and forecasting and equities reports • Budget Performance Report (BPR) distributed to concerned sector/group heads and PNB President (Key Result Areas [KRA] actual performance against targets) • Compliance updates on new, revised regulations • Annual Strategic Planning activities • Performance and monitoring reports and surveys on bank products and services
Environmental and Social Risk	E & S Risk refers to potential financial, legal /or reputational negative effect of environmental issues on the Bank. This includes environmental pollution, climate risk (physical and transition risks), hazards to human health, safety, security and threats to community, biodiversity and cultural heritage among others	<ul style="list-style-type: none"> • Loss Events Report (LER) • Risk and Control Self-Assessment (RCSA) • Business Continuity Risk Assessment (BCRA) • Hazard Hunter PH • Key Risk Indicators (KRI) monitoring • Enhanced Due Diligence E&S Scorecard • Stress Testing

4. Fair Value Measurement

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

Assets and Liabilities	Fair value methodologies
Cash equivalents	At carrying amounts due to their relatively short-term maturity
Derivatives	Based on either: <ul style="list-style-type: none"> • quoted market prices; • prices provided by independent parties; or • prices derived using acceptable valuation models
Debt securities	For quoted securities – based on market prices from debt exchanges
	For unquoted securities ¹ – estimated using either: <ul style="list-style-type: none"> • quoted market prices of comparable investments; or • discounted cash flow methodology
Equity securities	For quoted securities – based on market prices from stock exchanges
	For unquoted securities – estimated using either:

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

Notes:

- ¹ using interpolated PHP BVAL rates provided by the Philippine Dealing and Exchange Corporation (for government securities) and PHP BVAL rates plus additional credit spread (for corporate/private securities)
- ² using the most relevant multiples (e.g., earnings, book value)
- ³ measures the company's value by adjusting the carrying value of its assets to their fair values, and then subtracting the fair value of its liabilities
- ⁴ using the current incremental lending rates for similar loans
- ⁵ considering other factors such as size, shape and location of the properties, price per square meter, reproduction costs new, time element, discount, among others
- ⁶ using recent sales of similar properties within the same vicinity and considering the economic conditions prevailing at the time of the valuations and comparability of similar properties sold
- ⁷ estimating the investment required to duplicate the property in its present condition
- ⁸ using the current incremental borrowing rates for similar borrowings

Fair value hierarchy

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

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

As of March 31, 2026 and December 31, 2025, the Group held the following assets and liabilities measured at fair value, and at cost but for which fair values are disclosed:

	March 31, 2026				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P24,825,956	P13,441,135	P11,384,821	P–	P24,825,956
Private debt securities	138,252	–	138,252	–	138,252
Derivative assets	2,754,156	–	2,754,156	–	2,754,156
Equity securities	2,938	2,938	–	–	2,938
Financial assets at FVOCI:					
Government securities	116,554,888	45,712,574	70,842,314	–	116,554,888
Private debt securities	21,064,700	6,747,076	14,317,624	–	21,064,700
Equity securities	27,741,162	151,831	1,261,899	26,327,432	27,741,162
	P193,082,052	P66,055,554	P100,699,066	P26,327,432	P193,082,052

March 31, 2026					
	Carrying Value	Level 1	Level 2	Level 3	Total
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P3,050,539	P-	P3,050,539	P-	P3,050,539
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	P130,655,562	P45,561,649	P82,608,789	P-	P128,170,438
Receivables from customers**	743,672,215	-	-	829,527,954	829,527,954
	P874,327,777	P45,561,649	P82,608,789	P829,527,954	P957,698,392
Nonfinancial Assets					
Investment property:					
Land***	P13,820,548	P-	P-	P38,263,736	P38,263,736
Buildings and improvements***	3,774,102	-	-	5,483,949	5,483,949
	P17,594,650	P-	P-	P43,747,685	P43,747,685
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P199,936,749	P-	P-	P199,920,178	P199,920,178
Bonds payable	33,868,778	-	33,552,481	-	33,552,481
Bills payable	9,013,417	-	-	9,013,417	9,013,417
	P242,818,944	P-	P33,552,481	P208,933,595	P242,486,076

* Net of expected credit losses

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

*** Net of impairment losses

December 31, 2025					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P33,672,894	P19,769,214	P13,903,680	P-	P33,672,894
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
Private debt securities	20,141,633	10,278,879	9,862,754	-	20,141,633
Equity securities	27,868,750	151,831	1,263,007	26,453,912	27,868,750
	P231,183,487	P109,139,945	P95,589,630	P26,453,912	P231,183,487
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P285,562	P-	P285,562	P-	P285,562
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	P127,319,342	P72,614,318	P55,241,729	P-	P127,856,047
Receivables from customers**	727,754,376	-	-	778,733,104	778,733,104
	P855,073,718	P72,614,318	P55,241,729	P778,733,104	P906,589,151
Nonfinancial Assets					
Investment property:					
Land***	P13,067,375	P-	P-	P36,049,059	P36,049,059
Buildings and improvements***	3,889,908	-	-	6,247,341	6,247,341
	P16,957,283	P-	P-	P42,296,400	P42,296,400
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P260,306,182	P-	P-	P260,291,457	P260,291,457
Bonds payable	33,278,399	-	33,433,081	-	33,433,081
Bills payable	2,595,160	-	-	2,595,160	2,595,160
	P296,179,741	P-	P33,433,081	P262,886,617	P296,319,698

* Net of expected credit losses

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

*** Net of impairment losses

As of March 31, 2026 and December 31, 2025, there were no transfers between Level 1 and Level 2 fair value measurements.

The following table summarizes the significant unobservable inputs used to calculate the fair value of Level 3 financial assets at FVOCI of the Group as of March 31, 2026 and December 31, 2025 and the range of values indicating the highest and lowest level input used in the valuation techniques.

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

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

5. Segment Information

5.1 Business Segments

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

The Group's business segments follow:

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

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

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

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

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

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

Business segment information of the Group follows:

	For the Three Months Ended March 31, 2026 (Unaudited)					Total
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	
Net interest margin						
Third party	₱91,639	₱8,827,938	₱4,537,514	₱23,583	(₱24,839)	₱13,455,835
Inter-segment	6,536,937	(7,487,965)	951,028	-	-	-
Net interest margin after inter-segment transactions	6,628,576	1,339,973	5,488,542	23,583	(24,839)	13,455,835
Other income	1,619,020	1,819,113	(454,031)	355,740	350,258	3,690,100
Segment revenue	8,247,596	3,159,086	5,034,511	379,323	325,419	17,145,935
Other expenses	4,233,613	726,751	326,373	235,958	325,419	5,848,114
Segment result	₱4,013,983	₱2,432,335	₱4,708,138	₱143,365	₱-	11,297,821
Unallocated expenses						3,149,164
Net income before income tax						8,148,657
Income tax						1,782,029
Net income						6,366,628
Non-controlling interests						29,073
Net income for the period attributable to equity holders of the Parent Company						6,337,555
Other segment information						
Capital expenditures	₱196,554	₱68,283	₱131	₱2,909	₱-	₱267,877
Unallocated capital expenditures						898,910
Total capital expenditures						₱1,166,787
Depreciation and amortization	₱302,283	₱113,252	₱8,675	₱34,140	₱-	₱458,350
Unallocated depreciation and amortization						439,877
Total depreciation and amortization						₱898,227
Provision for (reversal of) impairment, credit and other losses	₱432,633	(₱223,585)	₱8,208	₱8,417	₱-	₱225,673

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

	For the Three Months Ended March 31, 2025 (Unaudited)					Total
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	
Net interest margin						
Third party	(₱595,323)	₱7,493,008	₱5,741,107	₱10,884	₱65,033	₱12,714,709
Inter-segment	7,475,775	(4,697,797)	(2,777,978)	-	-	-
Net interest margin after inter-segment transactions	6,880,452	2,795,211	2,963,129	10,884	65,033	12,714,709
Other income	1,405,873	1,073,592	944,901	385,085	(12,710)	3,796,741
Segment revenue	8,286,325	3,868,803	3,908,030	395,969	52,323	16,511,450
Other expenses	4,232,593	896,299	358,143	264,309	52,323	5,803,667
Segment result	₱4,053,732	₱2,972,504	₱3,549,887	₱131,660	₱-	10,707,783
Unallocated expenses						2,982,852
Net income before income tax						7,724,931
Income tax						1,634,978
Net income						6,089,953
Non-controlling interests						(31,402)
Net income for the period attributable to equity holders of the Parent Company						₱6,058,551
Other segment information						

For the Three Months Ended March 31, 2025 (Unaudited)

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

As of March 31, 2026 (Unaudited)

	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	₱720,487,618	₱404,614,093	₱116,760,107	₱102,525,566	(₱14,467,334)	₱1,329,920,050
Segment liabilities	₱708,441,846	₱334,372,173	₱39,658,208	₱23,712,989	(₱14,778,763)	₱1,091,406,453

As of December 31, 2025 (Audited)

	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 eliminations and adjustments column mainly represent the RAP to PFRS adjustments

5.2 Geographical Segments

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

	Non-Current Assets*		Liabilities		Credit Commitments	
	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Philippines	₱655,409,085	₱613,281,407	₱1,054,555,740	₱1,095,494,722	₱58,942,351	₱57,448,806
Asia (excluding Philippines)	8,683,792	8,975,454	32,871,587	34,498,109	-	-
USA and Canada	2,768,083	2,556,056	3,777,870	4,411,874	-	-
United Kingdom	292	339	201,256	149,347	-	-
	₱666,861,252	₱624,813,256	₱1,091,406,453	₱1,134,554,052	₱58,942,351	₱57,448,806

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

	Capital Expenditures		Revenues	
	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Philippines	₱1,164,104	₱461,334	₱20,311,593	₱19,956,853
Asia (excluding Philippines)	2,683	1,772	445,892	768,781
USA and Canada	-	119	188,483	206,795
United Kingdom	-	6,715	31,715	30,549
	₱1,166,787	₱469,940	₱20,977,683	₱20,962,978

6. Due from Bangko Sentral ng Pilipinas

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Demand deposit	₱27,911,907	₱45,439,550
Overnight deposit facility (ODF)	–	18,090,000
Term deposit	–	5,000,000
	₱27,911,907	₱68,529,550

For the three months ended March 31, 2026 and 2025, Due from BSP bears annual interest rates ranging from 3.75% to 5.00% and from 5.25% to 6.00%, respectively.

7. Trading and Investment Securities

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Financial assets at FVTPL	₱27,721,302	₱34,652,714
Financial assets at FVOCI	165,360,750	196,530,773
Investment securities at amortized cost	130,655,562	127,319,342
	₱323,737,614	₱358,502,829

7.1 Financial Assets at FVTPL

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	₱24,825,956	₱33,672,894
Private debt securities	138,252	180,071
Derivative assets	2,754,156	796,814
Equity securities	2,938	2,935
	₱27,721,302	₱34,652,714

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

	For the Three Months Ended March 31	
	2026	2025
Government securities	1.4% - 8.6%	0.6% - 9.3%
Private debt securities	3.8% - 9.0%	4.9% - 6.6%

7.2 Financial Assets at FVOCI

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	₱116,554,888	₱148,520,390
Private debt securities	21,064,700	20,141,633
Equity securities		
Quoted	2,195,373	2,325,135
Unquoted (Note 19)	25,545,789	25,543,615
	₱165,360,750	₱196,530,773

Unquoted equity securities include the Parent Company's retained 49.00% interest in PNB Holdings Corporation (PNB Holdings) amounting to ₱25.1 billion as of March 31, 2026 and December 31, 2025 (refer to Note 19). The Group determines its fair value using the net asset value method after applying a 16.50% discount for lack of marketability by referring to a number of recent initial public offerings. On June 23, 2023, the PNB BOD approved and confirmed the plan for PNB to sell 14% of its stake in PNB Holdings through private placement.

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

	For the Three Months Ended March 31	
	2026	2025
Government securities	0.6% - 7.1%	0.6% - 14.9%
Private debt securities	3.3% - 14.7%	1.4% - 8.09%

As of March 31, 2026 and December 31, 2025, net unrealized gains (losses) on financial assets at FVOCI amounted to (₱2.4) billion and ₱1.0 billion, respectively.

7.3 Investment Securities at Amortized Cost

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	₱120,346,832	₱115,858,148
Private debt securities	10,464,355	11,615,306
	130,811,187	127,473,454
Less allowance for credit losses (Note 13)	155,625	154,112
	₱130,655,562	₱127,319,342

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

	For the Three Months Ended March 31	
	2026	2025
Government securities	0.8% - 7.5%	0.8% - 6.3%
Private debt securities	3.6% - 7.1%	2.3% - 8.3%

7.4 Interest Income on Investment Securities at Amortized Cost and FVOCI

This account consists of:

	For the Three Months Ended March 31	
	2026 (Unaudited)	2025 (Unaudited)
Financial assets at FVOCI	₱2,095,365	₱2,756,039
Investment securities at amortized cost	1,749,298	1,602,872
	₱3,844,663	₱4,358,911

7.5 Trading and Investment Securities Gains (Losses) - net

This account consists of:

	For the Three Months Ended March 31	
	2026 (Unaudited)	2025 (Unaudited)
Financial assets at FVTPL		
Government securities	₱(609,123)	₱203,147
Private debt securities	(1,782)	1,464
Equity securities	3	(4)
Derivatives	–	18
Financial assets at FVOCI		
Private debt securities	34	6
Investment securities at amortized cost	–	17,656
	(₱610,868)	₱222,287

8. Loans and Receivables

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Receivables from customers (Note 19):		
Loans and discounts	₱742,406,447	₱722,787,136
Credit card receivables	21,148,162	21,426,761
Customers' liabilities on letters of credit and trust receipts	8,343,552	7,680,536
Customers' liabilities on acceptances	3,707,482	8,177,165
Bills purchased	2,063,842	1,784,088
	777,669,485	761,855,686
Other receivables:		
Accrued interest receivable (Note 19)	9,615,170	10,055,125
Accounts receivable (Note 19)	3,737,968	3,751,468
Sales contract receivables (Note 19)	1,875,494	1,879,112
Miscellaneous	642,230	542,727
	15,870,862	16,228,432
Less: Unearned and other deferred income	786,530	910,000
Allowance for credit losses (Note 13)	36,880,955	37,156,373
	₱755,872,862	₱740,017,745

Included in 'Surplus reserves' is the amount of ₱4.3 billion as of March 31, 2026 and December 31, 2025, which pertains to the excess of 1.00% general loan loss provisions over the computed ECL for Stage 1 accounts as prescribed by BSP Circular 1011, *Guidelines on the Adoption of PFRS 9* (refer to Note 15.2).

9. Property and Equipment

For the three months ended March 31, 2026 and 2025, the Group purchased assets with cost of ₱269.0 million and ₱93.4 million, respectively. For the same periods, the Group disposed property and equipment with net book value of ₱62.7 million and ₱9.7 million, respectively, recognizing gain on sale of ₱1,040.1 million and ₱20.6 million, respectively.

10. Investment Properties

For the three months ended March 31, 2026, and 2025, the Group foreclosed investment properties amounting to ₱718.7 million and ₱307.4 million, respectively. For the same periods, the Group disposed investment properties with net book value of ₱138.4 million and ₱68.4 million, recognizing gain on sale of ₱380.0 million and ₱824.5 million, respectively.

11. Goodwill and Intangible Assets

11.1 Software Costs

For the three months ended March 31, 2026 and 2025, the Group purchased software with cost of ₱897.8 million and ₱376.5 million, respectively.

11.2 Goodwill

As of March 31, 2026 and December 31, 2025, goodwill for each cash-generating unit amounted to:

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

Goodwill is reviewed for impairment annually in the fourth quarter of the reporting period, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As of March 31, 2026, the Parent Company assessed no events or changes in circumstances that will require impairment testing of its goodwill.

12. Other Assets and Other Liabilities

12.1 Other Assets

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Financial		
Fund for electronic money products	P448,670	P446,065
Returned checks and other cash items	42,352	82,372
Security deposits (Note 19)	19,697	19,928
Miscellaneous	3,277	2,914
	513,996	551,279
Nonfinancial		
Deferred charges (Note 19)	5,379,265	5,547,395
Creditable withholding taxes	1,080,826	1,292,365
Documentary stamps on hand	704,514	698,073
Prepaid expenses	598,163	480,679
Real estate inventories held under development	482,018	482,018
Stationeries and supplies	101,248	102,128
Chattel mortgage properties - net of depreciation	100,929	108,982
Other investments	26,913	26,904
Retirement assets	-	294,570
Miscellaneous	1,691,571	1,119,011
	10,165,447	10,152,125
	10,679,443	10,703,404
Less allowance for credit and impairment losses (Note 13)	1,031,264	1,034,288
	P9,648,179	P9,669,116

12.2 Other Liabilities

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Financial		
Accounts payable	P4,119,845	P4,502,465
Manager's checks and demand drafts outstanding	3,257,815	1,233,088
Dividends Payable	2,517,512	-
Due to other banks (Note 19)	2,213,157	1,296,555
Dormant credits	1,418,118	1,468,824
Bills purchased - contra	1,297,783	1,189,005
Accounts payable - electronic money	747,096	850,719
Margin deposits and cash letters of credit	338,230	82,225
Payment order payable	296,504	270,339
Deposits on lease contracts (Note 19)	58,936	69,716
Transmission liability	54,747	49,455
Deposit for keys on safety deposit boxes	15,075	15,276
	16,334,818	11,027,667

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Nonfinancial		
Due to Treasurer of the Philippines	1,682,229	1,683,320
Deferred revenue - Credit card-related	739,121	680,686
Provisions	704,146	707,133
Withholding tax payable	482,435	444,515
Deferred revenue - Bancassurance	255,131	267,281
Deferred tax liabilities	168,529	168,171
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	73,866	74,675
Retirement benefit liability	(19,935)	24,335
Miscellaneous	904,724	1,133,260
	4,990,246	5,183,376
	P21,325,064	P16,211,043

13. Allowance for Impairment, Credit and Other Losses

Movements in this account follow:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period:		
Due from other banks	P5,822	P4,744
Interbank loans receivable	10,135	6,138
Securities held under agreements to resell	47,254	46,240
Financial assets at FVOCI	71,112	68,923
Investment securities at amortized cost (Note 7)	154,112	147,470
Loans and receivables (Note 8)	37,156,373	42,155,234
Property and equipment	1,119,316	1,124,779
Investment properties	2,825,690	2,620,097
Other assets (Note 12)	1,034,288	1,050,083
	42,424,102	47,223,708
Movements during the period:		
Provision for impairment, credit and other losses	225,673	1,656,282
Accounts charged-off	(557,943)	(7,493,733)
Transfers and others	152,990	1,037,845
	(179,280)	(4,799,606)
Balance at end of period:		
Due from other banks	5,887	5,822
Interbank loans receivable (Note 21)	21,888	10,135
Securities held under agreements to resell	35,804	47,254
Financial assets at FVOCI	86,146	71,112
Investment securities at amortized cost (Note 7)	155,625	154,112
Loans and receivables (Note 8)	36,880,955	37,156,373
Property and equipment	1,119,316	1,119,316
Investment properties	2,907,937	2,825,690
Other assets (Note 12)	1,031,264	1,034,288
	P42,244,822	P42,424,102

14. Financial Liabilities

14.1 Deposit Liabilities

As of March 31, 2026, and December 31, 2025, noninterest bearing deposit liabilities amounted to ₱28.5 billion and ₱28.0 billion, respectively. For the three months ended March 31, 2026, and 2025, the remaining deposit liabilities of the Group generally bear annual fixed interest rates ranging from 0.1% to 6.6% and 0.1% to 6.4%, respectively, for peso-denominated deposit liabilities, and from 0.01% to 5.2% and 0.01% to 5.4%, respectively, for foreign currency-denominated deposit liabilities.

Interest expense on deposit liabilities consists of:

	For the Three Months Ended	
	March 31	
	2026	2025
	(Unaudited)	(Unaudited)
Savings	₱1,560,222	₱2,350,986
Time	1,594,985	1,644,700
Demand	54,470	54,968
LTNCD	–	52,207
	₱3,209,677	₱4,102,861

14.2 Bonds Payable

This account consists of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					March 31, 2026	December 31, 2025
					(Unaudited)	(Audited)
<u>Fixed rate medium term senior notes</u>						
October 23, 2024	October 23, 2029	USD300,000	4.85%	Semi-annually	₱18,185,497	₱17,596,320
<u>Fixed rate ASEAN Sustainability bonds</u>						
<u>Series A</u>						
Dec 11, 2025	Dec 11, 2028	₱10,880,000	5.49%	Quarterly	₱10,868,577	₱10,867,615
<u>Series B</u>						
Dec 11, 2025	Dec 11, 2030	4,820,000	5.78%	Quarterly	4,814,704	4,814,464
		₱15,700,000			15,683,281	15,682,079
					₱33,868,778	₱33,278,399

As of March 31, 2026, and December 31, 2025, the unamortized transaction costs of bonds payable amounted to ₱54.3 million and ₱58.5 million, respectively. For the three months ended March 31, 2026 and 2025, amortization of transaction costs amounting to ₱4.2 million and nil were charged to 'Interest expense on bonds payable' in the statements of income.

15. Equity

15.1 Capital Stock

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

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

As of March 31, 2026 and December 31, 2025, the Parent Company had 35,481 and 35,544 stockholders, respectively.

15.2 Surplus Reserves

This account consists of:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Reserves under BSP Circular 1011 (Note 8)	₱4,327,964	₱4,327,964
Reserves for trust business	670,569	712,763
Reserves for self-insurance	130,000	130,000
	₱5,128,533	₱5,170,727

15.3 Regulatory Reporting for Capital Management

As of March 31, 2026 and December 31, 2025, Common Equity Tier 1 (CET1) ratio and Total Capital Adequacy Ratio (CAR) are as follows:

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Consolidated		
a) CET1 Capital/Tier 1 Capital	₱179,469,327	₱181,800,328
b) Total Qualifying Capital	186,988,903	189,494,024
c) Total Risk-Weighted Assets	996,736,432	941,649,737
CET 1 Ratio/Tier 1 Ratio (a/c)	18.01%	19.31%
Total CAR (b/c)	18.76%	20.12%
Parent Company		
d) CET1 Capital/Tier 1 Capital	₱156,536,004	₱158,409,013
e) Total Qualifying Capital	163,728,091	165,787,654
f) Total Risk-Weighted Assets	965,555,483	914,149,220
CET 1 Ratio/Tier 1 Ratio (d/f)	16.21%	17.33%
Total CAR (e/f)	16.96%	18.14%

16. Other Operating Income and Expenses

16.1 Service Fees and Commission Income

This account consists of:

	For the Three Months Ended March 31	
	2026 (Unaudited)	2025 (Unaudited)
Deposit-related	₱557,533	₱490,701
Loan-related	409,043	319,245
Credit card-related	309,643	381,696
Bancassurance	218,826	122,245
Remittance	159,400	162,393
Interchange Fees	149,158	113,031
Trust fees	105,209	98,596
Underwriting fees	24,485	94,236
Miscellaneous	50,282	84,237
	₱1,983,579	₱1,866,380

16.2 Miscellaneous Expenses

This account consists of:

	For the Three Months Ended March 31	
	2026 (Unaudited)	2025 (Unaudited)
Insurance	₱559,350	₱439,148
Secretarial, janitorial and messengerial	547,978	441,959
Marketing	441,257	425,854
Information technology	324,823	239,462
Travelling	146,637	114,697
Litigation and assets acquired	138,573	279,442
Stationery and supplies	98,852	65,541
Entertainment, amusement and recreation	98,849	49,182
Management and other professional fees	85,253	53,646
Common use service area charges	60,529	36,593
VAT on leases	38,533	49,491
Postage, telephone and cable	37,324	42,689
Repairs and maintenance	28,744	14,949
Freight	9,941	4,654
Fuel and lubricants	2,876	2,745
Others	47,128	43,990
	₱2,666,647	₱2,304,042

17. Income Taxes

Provision for income tax consists of:

	For the Three Months Ended	
	March 31	
	2026	2025
	(Unaudited)	(Unaudited)
Current		
Regular	₱ 697,771	₱529,820
Final	810,309	1,104,032
	1,508,080	1,633,852
Deferred	273,949	1,126
	₱1,782,029	₱1,634,978

As of March 31, 2026 and March 31, 2025, the Group recognized deferred tax assets amounting to ₱7.3 billion and ₱7.4 billion, respectively, coming mainly from deferred tax assets on allowance for impairment and credit losses.

18. Earnings Per Share

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

	For the Three Months Ended	
	March 31	
	2026	2025
	(Unaudited)	(Unaudited)
a) Net income attributable to equity holders of the Parent Company	₱6,337,555	₱6,058,551
b) Weighted average number of common shares for basic earnings per share	1,525,765	1,525,765
c) Basic and diluted earnings per share (a/b)	₱4.15	₱3.97

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

19. Related Party Transactions

Balances of significant related party transactions of the Group as of March 31, 2026 and December 31, 2025 are shown in the following table (transactions with subsidiaries have been eliminated in the consolidated financial statements). Transactions reported under subsidiaries represent companies where the Parent Company has control. Transactions reported under other related parties represent companies which are under common control.

	Significant Investors		Subsidiaries		Other Related Parties		Associate		Key Management Personnel	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
Receivables from customer	P-	P-	₱150,000,000	P-	₱57,249,342	₱59,563,219	P-	P-	P	P-
Credit facilities / Derivative transactions	-	-	4,119,413	17,062,542	62,144,361	103,405,057	120,000	90,000	-	-
Credit Facilities	-	-	3,174,866	-	16,870,848	-	-	-	-	-
Sales contract receivable	-	-	-	-	-	910	-	-	-	-
Investment Securities	87,898,687	-	-	-	3,634,540	53,150	-	-	-	-
Interbank loans receivable	-	-	-	67,160	5,000,000	-	-	-	-	-

	Significant Investors		Subsidiaries		Other Related Parties		Associate		Key Management Personnel	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
Due from other banks	-	-	323,416	137,094	-	-	-	-	-	-
Loans & Receivables - Repo Agreement - Res Banks	-	-	-	-	922,616	-	-	-	-	-
Loans to officers	-	-	-	-	-	-	-	-	143,629	150,320
Accounts receivable	-	-	42,183	7,166	-	-	-	-	-	-
Accrued interest receivable	-	-	282	342	509,761	248,617	-	-	193	239
Sales Contract Receivable	-	-	-	-	120,521	-	-	-	3,828	4,620
Right-of-use assets	-	-	-	-	2,854,819	2,845,490	-	-	-	-
Accumulated depreciation of right-of-use assets	-	-	-	-	1,480,010	1,405,331	-	-	-	-
Security deposit	-	-	-	-	175,513	175,513	-	-	-	-
Deposit liabilities	17,049,535	3,932,157	4,825,677	7,414,115	82,851,052	89,416,556	727,394	2,207,021	2,768,962	1,667,974
Accrued interest payable	47,570	10,803	7,844	32,149	226,515	243,671	60	62	4,334	2,192
Accrued other expenses	-	-	-	-	165,561	479,530	-	-	-	-
Lease liabilities	-	-	-	-	1,427,361	1,504,081	-	-	-	-
Rental deposits	-	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	33,611	34,444	384,295	402,595	-	-
Due to other banks	-	-	1,893,786	380	-	-	-	-	-	-
Interbank Call Loans Receivable	-	-	-	-	-	4,000,000	-	-	-	-
FX Spot Bought	-	-	30,045	-	1,044,399	-	-	-	-	-
FX Spot Sold	-	-	30,082	-	1,044,526	-	-	-	-	-
FX Forward Bought	-	-	-	-	184,946	-	-	-	134,127	-
FX Forward Sold	-	-	-	-	187,204	-	-	-	131,886	-
FX Swap Forward Bought	-	-	-	-	12,111,910	-	-	-	-	-
FX Swap Forward Sold	-	-	-	-	11,953,070	-	-	-	-	-

Significant related party transactions of the Group for the three months ended March 31, 2026 and 2025 follow (transactions with subsidiaries have been eliminated in the consolidated financial statements):

	Significant Investors		Subsidiaries		Other Related Parties		Associate		Key Management Personnel	
	March 31 2026	March 31 2025	March 31 2026	March 31 2025	March 31 2026	March 31 2025	March 31 2026	March 31 2025	March 31 2026	March 31 2025
Interest income	₱	₱-	₱347	₱-	₱828,989	₱540,973	₱	₱-	₱ 2,217	₱2,363
Interest expense	151,135	33,819	36,148	58,596	598,890	453,424	1,346	4,545	8,397	3,097
Depreciation expense	-	-	-	-	70,825	-	-	-	-	-
Miscellaneous expenses	-	-	-	-	511,577	-	114,687	-	-	-
Miscellaneous other income	-	-	444	830	-	-	-	-	-	-
Purchases of securities	-	-	15,084	3,552	8,957,790	4,732,300	-	-	-	-
Sale of securities	-	-	326,453	1,387,675	15,189,242	5,522,590	-	-	-	-
Trading gains (losses)	-	-	-	-	(20,355)	2,115	-	-	-	-
Service fee income	-	-	-	-	833	-	18,300	18,300	-	-

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

20. Provisions, Contingencies and Other Commitments

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

There were no significant settlements made in the first quarter of 2026.

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

21. Notes to the Statement of Cash Flows

21.1 Interbank Loans Receivable

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Interbank loans receivable	₱54,669,176	₱30,380,016
Less: Allowance for credit losses	21,888	10,135
	54,647,288	30,369,881
Less: Interbank loans receivable not considered as cash and cash equivalents	2,640,771	3,227,999
	₱52,006,517	₱27,141,882

21.2 Cash Flows from Financing Activities

The changes in liabilities arising from financing activities for the three-months ended March 31, 2026 and 2025 follow:

	March 31, 2026 (Unaudited)			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱10,742,748	₱2,260,063	₱81,644	₱13,084,455
Bonds payable	33,278,399	-	590,379	33,868,778
Lease liabilities	3,372,649	(308,921)	273,518	3,337,246
	₱47,393,796	₱1,951,142	₱945,541	₱50,290,479

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

21.3 Non-Cash Transactions

For the three months ended March 31, 2026 and 2025, additions to right-of-use assets amounted ₱0.2 billion, while additional lease liabilities amounted to ₱0.2 billion.

For the three months ended March 31, 2026 and 2025, the Group foreclosed investment properties amounting to ₱0.7 billion and ₱0.3 billion, respectively.

For the three months ended March 31, 2026 and 2025, the Group applied creditable withholding taxes against its income tax payable amounting to ₱0.7 billion and nil, respectively.

22. Subsequent Events

None.

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

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

	March 31, 2026 (Unaudited)	December 31, 2025 (Audited)
Trust department accounts	₱225,068,860	₱226,303,785
Derivative forwards	296,912,005	166,792,091
Standby letters of credit	106,813,435	105,232,875
Unutilized credit card lines	55,727,628	55,248,472
Deficiency claims receivable	30,451,741	29,958,301
Derivative spots	27,308,611	13,845,457
Inward bills for collection	2,100,714	1,538,033
Outward bills for collection	247,669	215,198
Unused commercial letters of credit	726,963	311,899
Confirmed export letters of credit	112,080	108,468
Items held as collateral	13,181	12,994
Shipping guarantees issued	14,116	13,742
Other contingent accounts	5,911	2,955

24. Other Matters

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

- known demands or commitments that will have a material impact on the Group's liquidity and continuing operations within the next twelve (12) months;
- any events that will trigger direct or contingent financial obligations that is material to the Group, including any default or acceleration of an obligation;
- material off-balance sheet transactions, various commitments, arrangements, contingent assets and contingent liabilities other than those already discussed in Note 23;
- material commitments for capital expenditures;
- issuances, repurchases and repayments of debt and equity securities;
- seasonal aspects that had a material effect on the Group's financial condition and results of operations;
- dividends declared or paid; and
- material events subsequent to March 31, 2026 other than the disclosure in Note 22.

ANNEX B

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

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

	March 31, 2026
Current Accounts	P731,843,529
Past Due:	
Less than 30 days	3,337,815
31 to 90 days	4,202,207
91 to 180 days	1,117,107
More than 180 days	37,168,827
Loans Receivables, gross	777,669,485
Less:	
Unearned and other deferred income	(786,530)
Allowance for credit losses	(33,210,740)
Loans Receivables, net	P743,672,215