



Office of the EVP and Chief Financial Officer

Trunk Lines: 8526-3131 to 70/8891-6040 to 70
Local: 4474

August 11, 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

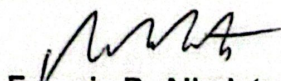
The Philippine Dealing & Exchange Corporation
29/F, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

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 June 30, 2026.

Very truly yours,


Francis B. Albalade
Executive Vice President &
Chief Financial Officer



Office of the EVP and Chief Financial Officer

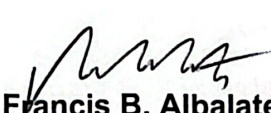
TOLL FREE: 8828-3131 to 70/8891-8040 to 70
Local: 4974

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:

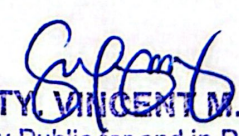
1. On behalf of PNB, I have caused this SEC Form 17-Q Report as of and for the period ended June 30, 2026 to be prepared;
2. I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3. PNB will comply with the requirements set forth in SEC 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 require 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 August 11, 2026 in Pasay City, Metro Manila.


Francis B. Albalate
Executive Vice President and
Chief Financial Officer


SUBSCRIBED AND SWORN to before me this 11 AUG 2026 in PASAY CITY, affiant exhibited to me his SSS ID No. 33-1489981-0.

Doc. No. 146
Page No. 21
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 / PPL
PTR No. 9236179 until 12/31/2026 / Pasay City
MCLE No. VIII-0032293 until 04/14/2028
hawvm@pnb.com.ph

COVER SHEET

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S.E.C. Registration Number

P	H	I	L	I	P	P	I	N	E		N	A	T	I	O	N	A	L		B	A	N	K					
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(Company's Full Name)

P	N	B		F	I	N	A	N	C	I	A	L		C	E	N	T	E	R									
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(Business Address: No. Street City/Town/ Province)

Mark S. Pantallon

Contact Person

8891-60-40

Company Telephone Number

1	2
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Month Day
Fiscal Year

3	1
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17 - Q

FORM TYPE

4	28
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Month Day
Annual Meeting

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Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

35,452

Total No. of Stockholders

Total amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SEC Number ASO96-005555
File Number

**PHILIPPINE NATIONAL BANK
AND SUBSIDIARIES**

(Company's Full Name)

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

(Company's Address)

(632) 8891-6040 to 70

(Telephone Number)

DECEMBER 31, 2025

(Calendar Year Ended)

SEC FORM 17-Q REPORT

Form Type

(Amendment Designation (if applicable))

JUNE 30, 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 : **June 30, 2026**
2. Commission Identification No. : **ASO96-005555**
3. BIR Tax Identification No. : **000-188-209-000**
4. Exact name of issuer as specified in its charter : **Philippine National Bank**
5. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
6. Industry Classification Code : (SEC Use Only)
7. Address of principal office : **PNB Financial Center, Pres. Diosdado P. Macapagal Blvd, Pasay City, 1300**
8. Issuer's telephone number, including area code : **(632) 8891-60-40 to 70 / (632) 8526-3131 to 70**
9. Former name, former address, and former fiscal year, if changed since last report : **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

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

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

Yes [☒] No [☐]

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

12. Indicate by check mark whether the registrant:

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

Yes [☒] No [☐]

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

Yes [☒] No [☐]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

Item 2. Management’s Discussion and Analysis

Financial Condition as at June 30, 2026 (Unaudited) Compared to December 31, 2025 (Audited)

The Group’s consolidated total assets stood at ₱1.35 trillion as of June 30, 2026, 1.8% or ₱24.8 billion lower compared to the ₱1.37 trillion reported as of December 31, 2025. The significant changes in assets during the period were registered in the following accounts:

- Cash and Other Liquid Placements**

<i>(In Thousands)</i>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Cash and Other Cash Items	₱15,212,577	₱20,868,793	(₱5,656,216)	(27.1)
Due from Bangko Sentral ng Pilipinas	66,396,308	68,529,550	(2,133,242)	(3.1)
Due from Other Banks	25,056,257	24,831,235	225,022	0.9
Interbank Loans Receivable	22,933,458	30,369,881	(7,436,423)	(24.5)
Securities Held under Agreements to Resell	84,824,822	72,903,359	11,921,463	16.4
	₱214,423,422	₱217,502,818	(₱3,079,396)	(1.4)

Total Cash and Other Liquid Placements as of June 30, 2026 stood at ₱214.4 billion, representing a decrease of ₱3.1 billion, or 1.4% from the ₱217.5 billion reported as of December 31, 2025. The decline was primarily attributable to the significant reduction in Cash and Other Cash Items placements with the Bangko Sentral ng Pilipinas (BSP) and Interbank Loans Receivable, partly offset by the increase in Securities Held under Agreements to Resell, and to a lesser extent, placements with other banks. Cash and Other Liquid Placements were utilized to support loan growth and the 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>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	₱15,493,170	₱34,652,714	(₱19,159,544)	(55.3)
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	179,748,018	196,530,773	(16,782,755)	(8.5)
Investment Securities at Amortized Cost	128,575,387	127,319,342	1,256,045	1.0
	₱323,816,575	₱358,502,829	(₱34,686,254)	(9.7)

Trading and Investment Securities, which accounted for 24.0% of the Group’s total assets as of June 30, 2026, (26.1% as of December 31, 2025) declined by ₱34.7 billion or 9.7% to ₱323.8 billion from ₱358.5 billion as of December 31, 2025. The decrease was primarily driven by a ₱19.2 billion, or 55.3% decline in Financial Assets at Fair Value Through Profit or Loss (FVTPL) and a ₱16.8 billion, or 8.5% reduction in Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI). The decreases arose from portfolio rebalancing

activities, including selective disposals of securities carried at fair value. The decline was partially offset by a ₱1.3 billion or 1.0% increase in Investment Securities at Amortized Cost, reflecting net purchases of amortized cost investments during the period.

- **Loans and Receivables**

<i>(in thousands)</i>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Loans and Receivables	₱748,711,312	₱740,017,745	₱8,693,567	1.2

Loans and Receivables, net of allowance for credit losses, accounted for 55.5% and 53.8% of the Group's total assets as of June 30, 2026 and December 31, 2025, respectively. Loans and Receivables increased by ₱8.7 billion or 1.2% at ₱748.7 billion as of June 30, 2026, from ₱740.0 billion as of December 31, 2025. The increase was primarily attributable to net loan releases during the period, complemented by lower provisions for impairment, credit, and other losses.

- **Investment in an Associate**

<i>(In Thousands)</i>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Investment in an Associate	₱3,092,457	₱3,588,781	(₱496,324)	(13.8)

Investment in an Associate decreased by ₱0.5 billion or 13.8% from ₱3.6 billion as of December 31, 2025 to ₱3.1 billion as of June 30, 2026, mainly due to a return on investment and unfavorable movements in the associate's net other comprehensive income during the period.

- **Investment Properties**

<i>(In Thousands)</i>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Investment Properties	₱17,392,945	₱16,957,283	₱435,662	2.6

Investment Properties as of June 30, 2026 amounted to ₱17.4 billion, an increase of ₱0.4 billion or 2.6% 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.

- **Deferred Tax Assets**

<i>(In Thousands)</i>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Deferred Tax Assets	₱6,290,173	₱7,408,396	(₱1,118,223)	(15.1)

Deferred Tax Assets decreased by ₱1.1 billion or 15.1% at ₱6.3 billion as of June 30, 2026 from ₱7.4 billion as of December 31, 2025. The decrease was mainly driven by the reversal of deferred tax assets associated with expected credit loss (ECL) provisions and write-offs during the period.

- **Intangible Assets**

<i>(In Thousands)</i>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Intangible Assets	₱1,213,702	₱909,363	₱304,339	33.5

Intangible Assets rose by ₱0.3 billion or 33.5%, reaching ₱1.2 billion as of June 30, 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.

- **Other Assets**

<i>(In Thousands)</i>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Other Assets	₱14,922,038	₱9,669,116	₱5,252,922	54.3

Other Assets grew by ₱5.3 billion, or 54.3%, to ₱14.9 billion as of June 30, 2026 from ₱9.7 billion as of December 31, 2025, driven mainly by the ₱4.6 billion increase in Other Investments, supplemented by higher Prepaid Expenses and Miscellaneous Assets. The increase was partially offset by reductions in Deferred Charges, Documentary Stamps on Hand, and Real Estate Inventories Held Under Development.

The Group's consolidated total liabilities amounted to ₱1.11 trillion as of June 30, 2026, representing a decrease of ₱29.4 billion, or 2.6%, from the ₱1.13 trillion as of December 31, 2025. The significant movements in the Groups' liability accounts during the period were as follows:

- **Deposit Liabilities**

<i>(In Thousands)</i>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Demand	₱235,550,520	₱242,739,639	(₱7,189,119)	(3.0)
Savings	571,898,644	558,157,549	13,741,095	2.5
Time	224,185,677	260,306,182	(36,120,505)	(13.9)
Deposit Liabilities	₱1,031,634,841	₱1,061,203,370	(₱29,568,529)	(2.8)

Deposit Liabilities stood at ₱1.03 trillion as of June 30, 2026, representing a decrease of ₱29.6 billion, or 2.8%, from ₱1.06 trillion as of December 31, 2025. Deposit Liabilities accounted for 93.3% and 93.5% of the Group's total liabilities as of June 30, 2026 and December 31, 2025, respectively. The decline was primarily driven by lower balances in Time Deposits, which decreased by ₱36.1 billion, or 13.9%, and Demand Deposits, which fell by ₱7.2 billion, or 3.0%. These decreases were partially offset by a ₱13.7 billion, or 2.5%, increase in Savings Deposits during the period.

- **Bills and Acceptances Payable**

<i>(In Thousands)</i>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Bills and Acceptances Payable	₱8,888,897	₱10,742,748	(₱1,853,851)	(17.3)

Bills and Acceptances Payable decreased to ₱8.9 billion as of June 30, 2026, reflecting a decline of ₱1.9 billion, or 17.3%, from ₱10.7 billion as of December 31, 2025. The decline reflects lower short-term interbank borrowing and repurchase agreements during the period.

- **Financial Liabilities at FVTPL**

<i>(In Thousands)</i>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Financial Liabilities at FVTPL	₱1,100,241	₱285,562	₱814,679	285.3

Financial Liabilities at Fair Value Through Profit or Loss (FVTPL) amounted to ₱1.1 billion as of June 30, 2026, representing an increase of ₱814.7 million, or 285.3%, from ₱285.6 million as of December 31, 2025. The increase was mainly attributable to higher notional amounts and negative fair values of stand-alone forward contracts during the period.

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

<i>(In Thousands)</i>	June 30, 2026	December 31, 2025	Increase/ (Decrease)	%
Accrued Taxes, Interest and Other Expenses	₱8,069,910	₱9,303,982	(₱1,234,072)	(13.3)
Income Tax Payable	₱171,457	₱156,299	₱15,158	9.7
Other Liabilities	₱17,884,981	₱16,211,043	1,673,938	10.3

Accrued Taxes, Interest and Other Expenses decreased by ₱1.2 billion, or 13.3%, to ₱8.1 billion as of June 30, 2026 from ₱9.3 billion as of December 31, 2025. The decline was primarily attributable to the settlement of accrued taxes and the payment of accrued interest on deposits during the period.

Income Tax Payable increased by ₱15.2 million, or 9.7%, to ₱171.5 million as of June 30, 2026 from ₱156.3 million as of December 31, 2025, reflecting higher income tax accruals arising from the Group's taxable income during the period.

Other Liabilities increased by ₱1.7 billion, or 10.3%, to ₱17.9 billion as of June 30, 2026 from ₱16.2 billion as of December 31, 2025. The increase was primarily driven by the recognition of ₱2.5 billion in Dividends Payable, higher balances of Manager's Checks and Demand Drafts Outstanding, Bills Purchased-Contra, and Miscellaneous Liabilities. These increases were partially offset by decreases in Due to Other Banks, Accounts Payable - Electronic Money, and Provisions.

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

<i>(In Thousands)</i>	June 30, 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	142,482,238	134,605,261	7,876,977	5.9
Net Unrealized Gains (Losses) on Financial Assets at FVOCI	(3,279,451)	1,020,513	(4,299,964)	(421.4)
Remeasurement Losses on Retirement Plan	(2,177,419)	(2,176,164)	(1,255)	0.1
Accumulated Translation Adjustment	4,071,753	3,412,179	659,574	19.3
Other Equity Reserves	1,189,003	1,189,003	—	—
Share in Aggregate Reserves (Losses) on Life Insurance Policies	212,501	(28,715)	241,216	(840.0)
Other Equity Adjustment	13,959	13,959	—	—
	240,788,271	236,353,917	4,434,354	1.9
Non-Controlling Interests	4,130,166	3,925,884	204,282	5.2
	₱244,918,437	₱240,279,801	₱4,638,636	1.9

Total Equity increased by ₱4.6 billion or 1.9% to ₱244.9 billion as of June 30, 2026 from ₱240.3 billion as of December 31, 2025. The increase was primarily driven by a ₱7.9 billion increase in Surplus, reflecting the Group's consolidated net income for the period, net of dividends declared. Equity was further supported by a ₱659.6 million increase in Accumulated Translation Adjustment and a ₱204.3

million increase in Non-controlling Interests. These positive movements were partially offset by a ₱4.3 billion net unrealized loss on financial assets at FVOCI.

Results of Operation for the Six Months Ended and Quarter Ended June 30, 2026 (Unaudited) Compared to Same Period Ended June 30, 2025 (Unaudited)

For the six months ended June 30, 2026, the Group recorded consolidated net income of ₱14.6 billion, up by 16.7% from ₱12.5 billion in the same period in 2025. The increase was driven by sustained growth in net interest income, net service fees and commission income, and other operating income, led by significantly higher gains on the sale or exchange of assets. These positive results were partially tempered by higher operating expenses, lower foreign exchange gains, and a decline in the results of the Bank's trading operations compared with the same period last year.

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

- **Net Interest Income**

(In Thousands)	For the Semesters Ended				For the Quarters Ended			
	June 30		Increase/ (Decrease)	%	June 30		Increase/ (Decrease)	%
	2026	2025			2026	2025		
Interest income	₱35,140,544	₱34,632,669	₱507,875	1.5	₱17,852,961	₱17,466,432	₱386,529	2.2
Interest expense	7,527,229	8,867,057	(1,339,828)	(15.1)	3,695,481	4,415,529	(720,048)	(16.3)
	₱27,613,315	₱25,765,612	₱1,847,703	7.2	₱14,157,480	₱13,050,903	₱1,106,577	8.5

Net interest income for the six months ended June 30, 2026 amounted to ₱27.6 billion, an increase of ₱1.8 billion or 7.2% from ₱25.8 billion in the same period in 2025. The growth was driven by a 1.5% increase in interest income which amounted to ₱35.1 billion, primarily attributable to higher volume in the Bank's loans and receivables which grew by 12%. This was partially offset by lower interest income from trading and investment securities, interbank loans receivable, securities purchased under resale agreements, and deposits with banks. Meanwhile, interest expense declined by 15.1% to ₱7.5 billion, mainly due to lower funding costs on deposit liabilities.

Net interest income for the quarter ended June 30, 2026 amounted to ₱14.2 billion, up by ₱1.1 billion or 8.5% from ₱13.1 billion recorded in the same quarter of 2025. The increase was supported by a 2.2% rise in interest income which amounted to ₱17.9 billion, largely driven by higher volume of the Bank's loans and receivables. This increase more than offset lower earnings from trading and investment securities, interbank loans receivable, securities purchased under resale agreements, and deposits with banks. In addition, interest expense decreased by 16.3% to ₱3.7 billion, reflecting lower funding costs on deposit liabilities.

- **Net Service Fees and Commission Income**

(In Thousands)	For the Semesters Ended				For the Quarters Ended			
	June 30		Increase/ (Decrease)	%	June 30		Increase/ (Decrease)	%
	2026	2025			2026	2025		
Service fees and commission income	₱4,135,876	₱3,628,501	₱507,375	14.0	₱2,152,297	₱1,960,501	₱191,796	9.8
Service fees and commission expense	1,073,648	1,008,299	65,349	6.5	601,014	566,457	34,557	6.1
	₱3,062,228	₱2,620,202	₱442,026	16.9	₱1,551,283	₱1,394,044	₱157,239	11.3

Net service fees and commission income for the six months ended June 30, 2026 increased by ₱0.4 billion or 16.9% to ₱3.1 billion from ₱2.6 billion in the same period in 2025. Gross service fees and commission income grew by 14.0% to ₱4.1 billion, driven primarily by higher

revenues from bancassurance, trade-related services, remittance and trust banking activities. Meanwhile, service fees and commission expense rose by 6.5% to ₱1.1 billion.

For the quarter ended June 30, 2026, net service fees and commission income increased by ₱0.2 billion or 11.3% to ₱1.6 billion from ₱1.4 billion in the same period in 2025. The growth was primarily driven by higher fees from bancassurance, credit cards, remittance and trust banking activities. In addition, the growth in service fees and commission expense was lower than the increase in revenues, contributing to the improvement in net service fees and commission income for the quarter.

- **Other Operating Income**

	For the Semesters Ended				For the Quarters Ended			
	June 30				June 30			
(In Thousands)	2026	2025	Increase/ (Decrease)	%	2026	2025	Increase/ (Decrease)	%
Net gains on sale or exchange of assets	₱3,524,198	₱1,300,285	₱2,223,913	171.0	₱1,975,414	₱388,380	₱1,587,034	408.6
Foreign exchange gains - net	785,746	987,721	(201,975)	(20.4)	404,762	347,741	57,021	16.4
Trading and investment securities gains (losses) - net	(573,490)	449,490	(1,022,980)	(227.6)	37,378	227,203	(189,825)	(83.5)
Equity in net earnings of an associate	220,471	172,096	48,375	28.1	122,549	121,980	569	0.5
Miscellaneous	387,011	433,661	(46,650)	(10.8)	97,312	129,208	(31,896)	(24.7)
	₱4,343,936	₱3,343,253	₱1,000,683	29.9	₱2,637,415	₱1,214,512	₱1,422,903	117.2

Other operating income for the six months ended June 30, 2026 amounted to ₱4.3 billion, increasing by ₱1.0 billion or 29.9% from ₱3.3 billion in the same period in 2025. The growth was primarily driven by significantly higher gains on sale or exchange of assets, which more than doubled to ₱3.5 billion, and higher equity in net earnings of an associate. These were partly offset by trading and investment securities, lower foreign exchange gains, and a decline in miscellaneous income.

Other operating income for the quarter ended June 30, 2026 reached ₱2.6 billion, up by ₱1.4 billion or 117.2% from ₱1.2 billion in the same period in 2025. The increase was mainly attributable to significantly higher gains on sale or exchange of assets, which rose by ₱1.6 billion, as well as higher foreign exchange gains. These were partially offset by lower trading and investment securities gains and decline in miscellaneous income, while equity in net earnings of an associate remained relatively stable.

- **Operating Expenses**

(In Thousands)	For the Semesters Ended		Increase/ (Decrease)	%	For the Quarters Ended		Increase/ (Decrease)	%
	June 30				June 30			
	2026	2025			2026	2025		
Compensation and fringe benefits	₱6,265,516	₱6,050,574	₱214,942	3.6	₱3,355,088	₱3,033,486	₱321,602	10.6
Taxes and licenses	2,895,907	2,974,456	(78,549)	(2.6)	1,392,566	1,348,231	44,335	3.3
Depreciation and amortization	1,804,005	1,698,001	106,004	6.2	905,778	866,822	38,956	4.5
Occupancy and equipment-related costs	627,538	582,920	44,618	7.7	307,210	293,885	13,325	4.5
Miscellaneous	5,473,945	4,336,805	1,137,140	26.2	2,807,298	2,032,763	774,535	38.1
	₱17,066,911	₱15,642,756	₱1,424,155	9.1	₱8,767,940	₱7,575,187	₱1,192,753	15.7

Operating expenses for the six months ended June 30, 2026 amounted to ₱17.1 billion, representing an increase of ₱1.4 billion, or 9.1%, from ₱15.6 billion in the same period in 2025. The increase was primarily driven by higher compensation and fringe benefits, depreciation and

amortization, and occupancy and equipment-related costs, reflecting continued business growth. These were supplemented by higher miscellaneous expenses, which increased by 26.2% to ₱5.5 billion, mainly due to higher spending on marketing initiatives, insurance, security and janitorial services, IT-related expenses, and other business support activities.

For the quarter ended June 30, 2026, total operating expenses amounted to ₱8.8 billion, compared with ₱7.6 billion in the same period in 2025. The ₱1.2 billion or 15.7% increase was mainly attributable to higher compensation and fringe benefits, taxes and licenses, depreciation and amortization, and occupancy and equipment-related costs, in line with increased business activity. In addition, miscellaneous expenses also rose, driven by higher expenditures on marketing, insurance, and technology-related initiatives, further contributing to the overall increase in operating expenses.

- **Provision for (reversal of) Impairment, Credit and Other Losses and Provision for Income Tax**

(In Thousands)	For the Semesters Ended		Increase/ (Decrease)	%	For the Quarters Ended		Increase/ (Decrease)	%
	June 30				June 30			
	2026	2025			2026	2025		
Provision for (reversal of) impairment, credit and other losses	(P831,163)	P341,934	(P1,173,097)	(343.1)	(P1,056,836)	P64,826	(P1,121,662)	(1,730.3)
Provision for income tax	P4,170,341	P3,227,551	P942,790	29.2	P2,388,312	P1,592,573	P795,739	50.0

For the six months ended June 30, 2026, reversal of impairment, credit and other losses amounted to ₱0.8 billion, compared with ₱0.3 billion in provisions in the same period in 2025 due to improved credit portfolio performance.

For the six months ended June 30, 2026, provision for income tax amounted to ₱4.2 billion, an increase of ₱0.9 billion or 29.2% from ₱3.2 billion in the same period in 2025. The increase was due to higher taxable income recorded during the period.

For the quarter ended June 30, 2026, provisions for (reversal of) impairment, credit and other losses amounted to (₱1.1 billion) compared to ₱0.1 billion in the same quarter in 2025.

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

	For the Semesters Ended				For the Quarters Ended			
	June 30				June 30			
(In Thousands)	2026	2025	Increase/ (Decrease)	%	2026	2025	Increase/ (Decrease)	%
Net income	₱14,613,390	₱12,516,826	₱2,096,564	16.7	₱8,246,762	₱6,426,873	₱1,819,889	28.3
Other comprehensive Income (loss), net of tax	(3,257,843)	995,765	(4,253,608)	(427.2)	(163,581)	829,025	(992,606)	(119.7)
	₱11,355,547	₱13,512,591	(₱2,157,044)	(16.0)	₱8,083,181	₱7,255,898	₱827,283	11.4

Total comprehensive income for the six months ended June 30, 2026 amounted to ₱11.4 billion, representing a decrease of ₱2.2 billion, or 16.0%, from ₱13.5 billion in the same period in 2025. The decline was primarily attributable to other comprehensive losses of ₱3.3 billion, compared with other comprehensive income of ₱1.0 billion in the prior year, mainly due to unrealized losses on financial assets at FVOCI and the related share in losses on FVOCI assets of an associate. These were partly

offset by a ₱2.1 billion, or 16.7% increase in net income and favorable movements in accumulated translation adjustments and aggregate reserves on life insurance policies.

Total comprehensive income for the quarter ended June 30, 2026 amounted to ₱8.1 billion, an increase of ₱0.8 billion, or 11.4%, from ₱7.3 billion in the same period in 2025. The increase was mainly driven by a ₱1.8 billion, or 28.3%, rise in net income, which more than offset the decline in other comprehensive income. Other comprehensive income shifted to a loss of ₱163.6 million from a net gain of ₱829.0 million in the prior-year quarter, primarily due to unrealized losses on financial assets at FVOCI. These were partially mitigated by favorable movements in aggregate reserves on life insurance policies and accumulated translation adjustments.

PART II – OTHER INFORMATION

Key Performance Indicators and Selected Financial Ratios

	For the Semesters Ended	
	June 30	June 30
	2026	2025
	(Unaudited)	(Unaudited)
Statement of Income		
Return on Average Equity ^{1/}	12.2%	11.4%
Return on Average Assets ^{2/}	2.2%	2.0%
Net Interest Margin ^{3/}	4.6%	4.6%
Cost Efficiency Ratio ^{4/}	48.7%	49.3%
Basic Earnings Per Share	₱9.53	₱8.16
Interest Coverage ^{5/}	3.5x	2.8x

^{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

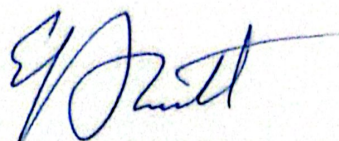
^{5/} Earnings before interest expense and provision for income tax divided by interest expense

	June 30,	June 30,	December 31,
	2026	2025	2025
	(Unaudited)	(Unaudited)	(Audited)
Statement of Financial Position			
Capital Ratios:			
Capital Adequacy Ratio	20.3%	20.1%	20.1%
Common Equity Tier 1 Ratio	19.4%	19.3%	19.3%
Non-Performing Loans Ratios:			
Net of allowance	1.6%	1.6%	1.6%
Gross of allowance	4.2%	5.5%	4.7%
NPL coverage	80.3%	86.3%	82.3%
Current Ratio	61.7%	65.3%	68.1%
Liquid Assets-to-Total Assets	20.1%	25.0%	24.6%
Liquid Assets-to-Liquid Liabilities	25.9%	31.5%	31.4%
Debt-to-Equity	4.5x	4.7x	4.7x
Assets-to-Equity	5.5x	5.7x	5.7x
Book Value per Share	₱157.8	₱145.6	₱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

A handwritten signature in blue ink, appearing to read 'E. Bautista', with a long horizontal flourish extending to the right.

EDWIN R. BAUTISTA
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'F. Albalade', with a long horizontal flourish extending to the right.

FRANCIS B. ALBALADE
Executive Vice President and Chief Financial Officer

ANNEX A

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2026

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

(In Thousands)

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS		
Cash and Other Cash Items	₱15,212,577	₱20,868,793
Due from Bangko Sentral ng Pilipinas (Note 6)	66,396,308	68,529,550
Due from Other Banks (Note 19)	25,056,257	24,831,235
Interbank Loans Receivable (Notes 19 and 21)	22,933,458	30,369,881
Securities Held Under Agreements to Resell	84,824,822	72,903,359
Trading and Investment Securities		
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 7)	15,493,170	34,652,714
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Notes 7 and 19)	179,748,018	196,530,773
Investment Securities at Amortized Cost (Note 7)	128,575,387	127,319,342
Loans and Receivables (Note 8)	748,711,312	740,017,745
Property and Equipment (Note 9)	10,016,669	10,092,679
Investment in an Associate	3,092,457	3,588,781
Investment Properties (Note 10)	17,392,945	16,957,283
Deferred Tax Assets (Note 17)	6,290,173	7,408,396
Intangible Assets (Note 11)	1,213,702	909,363
Goodwill (Note 11)	10,184,843	10,184,843
Other Assets (Note 12)	14,922,038	9,669,116
TOTAL ASSETS	₱1,350,064,136	₱1,374,833,853
LIABILITIES AND EQUITY		
LIABILITIES		
Deposit Liabilities (Notes 14 and 19)		
Demand	₱235,550,520	₱242,739,639
Savings	571,898,644	558,157,549
Time	224,185,677	260,306,182
	1,031,634,841	1,061,203,370
Financial Liabilities at FVTPL (Note 4)	1,100,241	285,562
Bills and Acceptances Payable (Note 21)	8,888,897	10,742,748
Bonds Payable (Notes 14 and 21)	34,055,019	33,278,399
Lease Liabilities (Notes 19 and 21)	3,340,353	3,372,649
Accrued Taxes, Interest and Other Expenses (Note 19)	8,069,910	9,303,982
Income Tax Payable	171,457	156,299
Other Liabilities (Note 12)	17,884,981	16,211,043
TOTAL LIABILITIES	1,105,145,699	1,134,554,052

(Forward)

	June 30, 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	142,482,238	134,605,261
Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Note 7)	(3,279,451)	1,020,513
Remeasurement Losses on Retirement Plan	(2,177,419)	(2,176,164)
Accumulated Translation Adjustment	4,071,753	3,412,179
Other Equity Reserves	1,189,003	1,189,003
Share in Aggregate Reserves (Losses) on Life Insurance Policies	212,501	(28,715)
Other Equity Adjustment	13,959	13,959
	240,788,271	236,353,917
NON-CONTROLLING INTERESTS	4,130,166	3,925,884
TOTAL EQUITY	244,918,437	240,279,801
TOTAL LIABILITIES AND EQUITY	₱1,350,064,136	₱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 Semesters Ended June 30		For the Quarters Ended June 30	
	2026	2025	2026	2025
INTEREST INCOME ON				
Loans and receivables (Notes 8 and 19)	₱24,844,161	₱22,230,373	₱12,684,143	₱11,324,386
Investment securities at amortized cost and financial assets at FVOCI (Note 7)	7,803,250	8,782,482	3,958,587	4,423,571
Interbank loans receivable and securities held under agreements to resell	1,637,460	2,542,832	830,982	1,214,355
Deposits with banks and others (Notes 6 and 19)	250,304	567,262	108,983	196,687
Financial assets at FVTPL (Note 7)	605,369	509,720	270,266	307,433
	35,140,544	34,632,669	17,852,961	17,466,432
INTEREST EXPENSE ON				
Deposit liabilities (Notes 14 and 19)	6,207,616	8,168,711	2,997,939	4,065,850
Bonds payable (Note 19)	888,178	419,663	450,555	205,966
Bills payable and other borrowings (Note 19)	431,435	278,683	246,987	143,713
	7,527,229	8,867,057	3,695,481	4,415,529
NET INTEREST INCOME	27,613,315	25,765,612	14,157,480	13,050,903
Service fees and commission income (Notes 16 and 19)	4,135,876	3,628,501	2,152,297	1,960,501
Service fees and commission expense	1,073,648	1,008,299	601,014	566,457
NET SERVICE FEES AND COMMISSION INCOME	3,062,228	2,620,202	1,551,283	1,394,044
OTHER INCOME				
Net gains on sale or exchange of assets (Notes 9, 10 and 12)	3,524,198	1,300,285	1,975,414	388,380
Foreign exchange gains - net	785,746	987,721	404,762	347,741
Trading and investment securities gains (losses) - net (Note 7)	(573,490)	449,490	37,378	227,203
Equity in net earnings of an associate	220,471	172,096	122,549	121,980
Miscellaneous	387,011	433,661	97,312	129,208
TOTAL OTHER INCOME	4,343,936	3,343,253	2,637,415	1,214,512
TOTAL OPERATING INCOME	35,019,479	31,729,067	18,346,178	15,659,459
PROVISION FOR (REVERSAL OF) IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 13)	(831,163)	341,934	(1,056,836)	64,826
OPERATING EXPENSES				
Compensation and fringe benefits	6,265,516	6,050,574	3,355,088	3,033,486
Taxes and licenses	2,895,907	2,974,456	1,392,566	1,348,231
Depreciation and amortization	1,804,005	1,698,001	905,778	866,822
Occupancy and equipment-related costs	627,538	582,920	307,210	293,885
Miscellaneous (Note 16)	5,473,945	4,336,805	2,807,298	2,032,763
TOTAL OPERATING EXPENSES	17,066,911	15,642,756	8,767,940	7,575,187
INCOME BEFORE INCOME TAX	18,783,731	15,744,377	10,635,074	8,019,446
PROVISION FOR INCOME TAX (Note 17)	4,170,341	3,227,551	2,388,312	1,592,573
NET INCOME	₱14,613,390	₱12,516,826	₱8,246,762	₱6,426,873
ATTRIBUTABLE TO:				
Equity Holders of the Parent Company (Note 18)	₱14,548,148	₱12,456,163	₱8,210,593	₱6,397,612
Non-controlling Interests	65,242	60,663	36,169	29,261
NET INCOME	₱14,613,390	₱12,516,826	₱8,246,762	₱6,426,873
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 18)	₱9.53	₱8.16	₱5.38	₱4.19

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 Semesters Ended June 30		For the Quarters Ended June 30	
	2026	2025	2026	2025
NET INCOME	₱14,613,390	₱12,516,826	₱8,246,762	₱6,426,873
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	(3,881,545)	480,452	(429,399)	(9,978)
Share in changes in net unrealized losses on financial assets at FVOCI of an associate	(418,419)	(67,702)	(455,228)	(53,897)
	(4,299,964)	412,750	(884,627)	(63,875)
Accumulated translation adjustment	802,160	(352,233)	460,024	243,873
	(3,497,804)	60,517	(424,603)	179,998
<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 reserves gains (losses) on life insurance policies	241,216	(22,454)	261,686	(14,778)
Share in the changes in remeasurement losses on retirement plan of an associate	(592)	–	(1)	(1,775)
Remeasurement gains (losses) on retirement plan	(663)	665,580	(663)	665,580
	239,961	935,248	261,022	649,027
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	(3,257,843)	995,765	(163,581)	829,025
TOTAL COMPREHENSIVE INCOME	11,355,547	13,512,591	8,083,181	7,255,898
ATTRIBUTABLE TO:				
Equity Holders of the Parent Company	11,147,719	13,564,394	7,998,714	7,300,376
Non-controlling Interests	207,828	(51,803)	84,467	(44,478)
	11,355,547	13,512,591	8,083,181	7,255,898

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 Six Months Ended June 30, 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 (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, 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	—	—	—	14,548,148	(4,299,964)	(1,255)	659,574	—	241,216	—	11,147,719	207,828	11,355,547
Dividends by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(3,546)	(3,546)
Sale and redemption of FVOCI equity securities	—	—	—	—	—	—	—	—	—	—	—	—	—
Declaration of cash dividends	—	—	—	(6,713,365)	—	—	—	—	—	—	(6,713,365)	—	(6,713,365)
Transfer to surplus reserves	—	—	(42,194)	42,194	—	—	—	—	—	—	—	—	—
Balance at June 30, 2026	₱61,030,594	₱32,116,560	₱5,128,533	₱142,482,238	(₱3,279,451)	(₱2,177,419)	₱4,071,753	₱1,189,003	₱212,501	₱13,959	₱240,788,271	₱4,130,166	₱244,918,437

For the Six Months Ended June 30, 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 Gains (Losses) on Financial Assets at FVOCI (Note 7)	Remeasurement Gains (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	—	—	—	12,456,163	704,872	665,580	(239,767)	—	(22,454)	—	13,564,394	(51,803)	13,512,591
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)
Transfer to surplus reserves	—	—	203,690	(203,690)	—	—	—	—	—	—	—	—	—
Balance at June 30, 2025	₱61,030,594	₱32,116,560	₱5,170,727	₱121,806,262	₱745,957	(₱1,989,638)	₱2,118,077	₱1,189,003	(₱1,245)	₱13,959	₱222,200,256	₱3,726,619	₱225,926,875

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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

	For the Semesters Ended	
	June 30	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱18,783,731	₱15,744,377
Adjustments for:		
Net gains on sale or exchange of assets (Notes 9, 10 and 12)	(3,524,198)	(1,300,285)
Depreciation and amortization	1,804,005	1,698,001
Unrealized foreign exchange losses on bonds, bills and acceptances payable	874,273	52,534
Provision for (reversal of) impairment, credit and other losses (Note 13)	(831,163)	341,934
Net losses (gains) on financial assets at FVTPL (Note 7)	574,838	(431,828)
Amortization of discount, net on investment securities	(227,275)	(3,622,493)
Equity in net earnings of an associate	(220,471)	(172,096)
Amortization of transaction costs on borrowings	7,738	2,758
Net gains on sale of debt financial assets at FVOCI and investment securities at amortized cost (Note 7)	(1,348)	(17,662)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Interbank loans receivable	621,193	1,096,232
Financial assets at FVTPL	18,584,706	(7,899,603)
Loans and receivables	(8,564,246)	(33,844,759)
Other assets	(4,793,636)	(2,203,093)
Increase (decrease) in:		
Financial liabilities at FVTPL	814,679	(1,785)
Deposit liabilities	(29,568,529)	35,990,410
Accrued taxes, interest and other expenses	(1,107,149)	335,352
Other liabilities	(840,571)	(1,140,400)
Net cash provided by operations	(7,613,423)	4,627,594
Income taxes paid	(1,880,310)	(2,222,903)
Net cash provided by (used in) operating activities	(9,493,733)	2,404,691
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturities of:		
Financial assets at FVOCI	92,351,342	315,171,197
Investment securities at amortized cost	4,631,467	13,183,270
Investment properties	2,196,829	1,330,673
Property and equipment	1,134,793	56,390
Return of investment from an associate	539,000	343,000
Acquisitions of:		
Financial assets at FVOCI	(79,160,755)	(336,439,511)
Investment securities at amortized cost	(6,113,881)	(16,488,910)
Software cost (Note 11)	(980,473)	(662,538)
Property and equipment (Note 9)	(724,015)	(183,431)
Net cash provided by (used in) investing activities	13,874,307	(23,689,860)
(Forward)		

	For the Semesters Ended	
	June 30	
	2026	2025
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlement of bills and acceptances payable (Note 21)	(P204,789,134)	(P88,787,138)
Proceeds from bills and acceptances payable (Note 21)	202,829,892	82,468,166
Settlement of LTNCD (Note 14)	–	(4,600,000)
Payment of principal portion of lease liabilities (Note 21)	(683,682)	(636,034)
Cash dividends paid	(4,195,853)	(2,105,555)
Net cash used in financing activities	(6,838,777)	(13,660,561)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,458,203)	(34,945,730)
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	15,212,577	15,314,202
Due from Bangko Sentral ng Pilipinas	66,396,308	45,903,970
Due from other banks	25,056,257	19,942,751
Interbank loans receivable (Note 21)	20,326,652	42,258,912
Securities held under agreements to resell	84,824,822	60,926,438
	P211,816,616	P184,346,273
OPERATIONAL CASH FLOWS FROM INTEREST		
Interest received	P35,260,664	P30,288,312
Interest paid	8,141,091	8,911,954

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 June 30, 2026 and December 31, 2025, the shares of PNB are held by the following:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
LT Group, Inc. (LTG) (indirect ownership through its various holding companies)	59.83%	59.83%
PCD Nominee Corporation*	13.48%	13.15%
Other stockholders owning less than 10% each	26.69%	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 636 and 635 domestic branches as of June 30, 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 unaudited interim consolidated financial statements of the Group as of June 30, 2026 and for the six months ended June 30, 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 Cyclicalities of Interim Operations

Seasonality or cyclicalities 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 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 Bank’s risk profile and reviewing 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 among the business, 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 the Bank's ERMF which creates the context for setting policies, standards, and establishing the right practices. It defines the risk management processes and sets out the activities, tools, and organizational structure to ensure all material risks are identified, measured, monitored, and managed.

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

The first line comprises the business units that 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 the 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 Board Audit and Compliance Committee (BACC).

The third line role is the internal audit function which provides independent and objective assurance and advice on the adequacy and effectiveness of Bank's control, governance and risk management processes. It reports its findings to Management and the BACC to promote and facilitate continuous improvement. Internal audit's independence from the responsibilities of management is critical to its objectivity, authority, and credibility. It is established through accountability to the governing body, 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.

Environmental and Social Risk is monitored under the Bank's overall risk management framework but is not currently assessed as a material risk requiring separate capital allocation under ICAAP.

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)	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 credit-related 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. Credit concentration risk arises from excessive exposures to individual counterparties, groups of related counterparties and groups of	<u>Enterprise-wide Tools</u> ▪ 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

Risk Category	Risk Definition	Risk Management Tools
	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 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).	<u>ERMG Tools</u> ▪ Trend Analysis (Portfolio / Past Due and NPL Levels) ▪ Stress testing/Rapid Loan Portfolio Reviews ▪ 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	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 market-related contagion risk, where market shocks in one segment can trigger cascading effects across interconnected markets.	• 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: ○ Exception Report on Rate Tolerance ○ Exception Report on Traders' Limits

Risk Category	Risk Definition	Risk Management Tools
		• TPR Computation • Monthly validation/preparation of the Market Risk Weighted Exposures in the CAR Report • Stress test / scenario analysis • BSP Uniform Stress Test Report ▪ Backtesting
Operational Risk	Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes Legal Risk but excludes Strategic and Reputational Risk. Operational Risk is inherent in all activities, products and services, and cuts across multiple activities and business lines within the 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)	• 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

Risk Category	Risk Definition	Risk Management Tools
Compliance Risk	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 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.	• Money Laundering & Terrorist Financing Prevention Program (MTPP) • Risk Assessments • Customer and Transaction Screening • Transaction Monitoring (AML Investigations, SAS Scenario Tuning and Optimization, SAS Transaction Monitoring Future Improvements/Enhancements) • 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)
Data Privacy Risk	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	• Information Security Risk Assessment (ISRA) • Third Party Information Security Risk Assessment (TPISRA) • Information Asset Register

Risk Category	Risk Definition	Risk Management Tools
	principles (i.e., transparency, legitimacy purpose, and proportionality). Consequently, the data privacy risks may negatively impact the Bank's reputation and may result in financial losses. (Data Privacy Act of 2012 or RA 10173).	• 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 (endpoint security, email and internet) • 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
Information Security/ Cyber Security Risk	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,	• Information Security Risk Assessment (ISRA) • Third Party Information Security Risk Assessment (TPISRA) • Information Asset Register

Risk Category	Risk Definition	Risk Management Tools
	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 Key Information Security Terms, pages 98 & 100). This may include risks arising from the use of Artificial Intelligence (AI) systems where such systems compromise the confidentiality, integrity, or availability of sensitive data.	• 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 (endpoint security, email and internet) • 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
Information Technology Risk	Information Technology Risk is any potential adverse outcome, damage, loss, violation, failure or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks. (BSP Circular	• IT Risk Assessment (ITRA) • Project Risk Assessment (PRA) • Incident Reporting Management

Risk Category	Risk Definition	Risk Management Tools
	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).	• Patch Management • Technology Operations Management Policies & Guidelines • Maintenance and upgrades of disaster recovery sites • Business Users / IT joint engagement for problem resolution • Formal Project Management Program adoption • Maintenance and upgrades of disaster recovery sites • Business Impact Analysis • Change Management Process • Capacity Monitoring • Data Loss Prevention tool • Privilege Access Management (PAM) • Network Security Protection / Network monitoring tool • Installation of firewalls, anti-virus, IPS/IDS, enterprise security solution (endpoint security, email and internet) • IT Service Management tool • Vulnerability assessments and penetration testing ▪ Logs Review
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)	• Earnings at Risk (EaR) Limits • Balance Sheet Profiling • Interest Repricing Gap Analysis • Delta EVE • Stress Testing • BSP Uniform Stress Testing

Risk Category	Risk Definition	Risk Management Tools
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)	▪ 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
Reputational Risk	Reputational risk is the “risk to earnings, capital, and liquidity arising from negative perception on the Bank of its customers, shareholders, investors, and employees, market analysts, the media, and other stakeholders such as regulators 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). This may include reputational concerns arising from the misuse or failure of AI systems that result in negative public perception, regulatory scrutiny, or loss of stakeholder trust.	• 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
Strategic Business Risk	Strategic business risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or	• Regular ALCO reports on latest Financials, monthly CAR, NPL & NIM projections, weekly

Risk Category	Risk Definition	Risk Management Tools
	lack of responsiveness to industry changes. This risk is a function of the compatibility of the firm's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. The resources needed to carry out business strategies are both tangible and intangible. They include communication channels, operating systems, delivery networks, and managerial capacities and capabilities. The organization's internal characteristics must be evaluated against the impact of economic, technological, competitive, regulatory, and other environmental changes. (BSP Cir. No. 510, dated 03 Feb 2006)	performance on deposits, loans, treasury assets (levels, YTD, ADB) • Regular updates on the status of sale of ROPA and other properties as well as NPL reduction • Economic briefings for ALCO, Treasury and Senior Management by the Bank economist • CorPlan's banking, industry reports and research studies • Research Division's regular economic reports and forecasting and equities reports • Budget Performance Report (BPR) distributed to concerned sector/group heads and PNB President (Key Result Areas [KRA] actual performance against targets) • Compliance updates on new, revised regulations • Annual Strategic Planning activities ▪ Performance and monitoring reports and surveys on bank products and services
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	▪ 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: • quoted market prices; • prices provided by independent parties; or • prices derived using acceptable valuation models
Debt securities	For quoted securities – based on market prices from debt exchanges For unquoted securities ¹ – estimated using either: • quoted market prices of comparable investments; or • discounted cash flow methodology
Equity securities	For quoted securities – based on market prices from stock exchanges For unquoted securities – estimated using either: • quoted market prices of comparable investments ²; 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 For loans with floating interest rates – at their carrying amounts
Investment properties	Appraisal by independent external and in-house appraisers based on highest and best use of the property (i.e., current use of the properties) ⁵ using either: • market data approach ⁶; or • replacement cost approach ⁷
Short-term financial liabilities	At carrying amounts due to their relatively short-term maturity
Long-term financial liabilities	For quoted debt issuances – based on market prices from debt exchanges For unquoted debt issuances – estimated using the discounted cash flow methodology ⁸

Notes:

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

² using the most relevant multiples (e.g., 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 June 30, 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:

	June 30, 2026				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱14,262,877	₱13,171,471	₱1,091,406	₱–	₱14,262,877
Private debt securities	137,149	–	137,149	–	137,149
Derivative assets	1,092,154	–	1,092,154	–	1,092,154
Equity securities	990	990	–	–	990
Financial assets at FVOCI:					
Government securities	131,875,661	96,650,887	35,224,774	–	131,875,661
Private debt securities	20,276,503	6,582,389	13,694,114	–	20,276,503
Equity securities	27,595,854	151,831	1,271,559	26,172,464	27,595,854
	₱195,241,188	₱116,557,568	₱52,511,156	₱26,172,464	₱195,241,188
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱1,100,241	₱–	₱1,100,241	₱–	₱1,100,241
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱128,575,387	₱66,861,100	₱59,123,355	₱–	₱125,984,455
Receivables from customers**	734,939,782	–	–	815,421,775	815,421,775
	₱863,515,169	₱66,861,100	₱59,123,355	₱815,421,775	₱941,406,230
Nonfinancial Assets					
Investment property:					
Land***	₱14,110,312	₱–	₱–	₱40,884,107	₱40,884,107
Buildings and improvements***	3,282,633	–	–	5,571,165	5,571,165
	₱17,392,945	₱–	₱–	₱46,455,272	₱46,455,272
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱224,185,677	₱–	₱–	₱224,167,144	₱224,167,144
Bonds payable	34,055,019	–	34,100,230	–	34,100,230
Bills payable	3,477,250	–	–	3,477,250	3,477,250
	₱261,717,946	₱–	₱34,100,230	₱227,644,394	₱261,744,624

* 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	₱33,672,894	₱19,769,214	₱13,903,680	₱–	₱33,672,894
Private debt securities	180,071	180,071	–	–	180,071
Derivative assets	796,814	–	796,814	–	796,814
Equity securities	2,935	2,935	–	–	2,935
Financial assets at FVOCI:					
Government securities	148,520,390	78,757,015	69,763,375	–	148,520,390
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
	₱231,183,487	₱109,139,945	₱95,589,630	₱26,453,912	₱231,183,487
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱285,562	₱–	₱285,562	₱–	₱285,562
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱127,319,342	₱72,614,318	₱55,241,729	₱–	₱127,856,047
Receivables from customers**	727,754,376	–	–	778,733,104	778,733,104
	₱855,073,718	₱72,614,318	₱55,241,729	₱778,733,104	₱906,589,151

December 31, 2025					
	Carrying Value	Level 1	Level 2	Level 3	Total
Nonfinancial Assets					
Investment property:					
Land***	₱13,067,375	₱–	₱–	₱36,049,059	₱36,049,059
Buildings and improvements***	3,889,908	–	–	6,247,341	6,247,341
	₱16,957,283	₱–	₱–	₱42,296,400	₱42,296,400
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱260,306,182	₱–	₱–	₱260,291,457	₱260,291,457
Bonds payable	33,278,399	–	33,433,081	–	33,433,081
Bills payable	2,595,160	–	–	2,595,160	2,595,160
	₱296,179,741	₱–	₱33,433,081	₱262,886,617	₱296,319,698
* Net of expected credit losses					
** Net of expected credit losses and unearned and other deferred income					
*** Net of impairment losses					

As of June 30, 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 June 30, 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 Semesters Ended June 30, 2026 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	₱315,266	₱17,846,184	₱9,291,777	₱66,220	₱93,868	₱27,613,315
Inter-segment	13,257,775	(14,989,942)	1,732,167	–	–	–
Net interest margin after inter-segment transactions	13,573,041	2,856,242	11,023,944	66,220	93,868	27,613,315
Other income	3,460,602	3,240,270	(128,237)	676,091	1,231,086	8,479,812
Segment revenue	17,033,643	6,096,512	10,895,707	742,311	1,324,954	36,093,127
Other expenses	8,596,902	(92,805)	674,216	567,059	1,324,954	11,070,326
Segment result	₱8,436,741	₱6,189,317	₱10,221,491	₱175,252	₱–	25,022,801
Unallocated expenses						6,239,070
Net income before income tax						18,783,731
Income tax						4,170,341
Net income						14,613,390
Non-controlling interests						65,242
Net income for the period attributable to equity holders of the Parent Company						₱14,548,148
Other segment information						
Capital expenditures	₱453,419	₱108,280	₱285	₱4,962	₱–	₱566,946
Unallocated capital expenditures						1,137,542
Total capital expenditures						₱1,704,488
Depreciation and amortization	₱629,761	₱221,043	₱17,350	₱70,801	₱–	₱938,955
Unallocated depreciation and amortization						865,050
Total depreciation and amortization						₱1,804,005
Provision for (reversal of) impairment, credit and other losses	₱1,199,341	(₱2,067,913)	₱29,998	₱7,411	₱–	(₱831,163)

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

For the Semesters Ended June 30, 2025 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(P1,135,848)	P14,886,316	P11,418,963	P82,383	P513,798	P25,765,612
Inter-segment	15,364,628	(8,629,806)	(6,734,822)	—	—	—
Net interest margin after inter-segment transactions	14,228,780	6,256,510	4,684,141	82,383	513,798	25,765,612
Other income	2,985,098	1,726,655	1,284,420	724,576	251,005	6,971,754
Segment revenue	17,213,878	7,983,165	5,968,561	806,959	764,803	32,737,366
Other expenses	7,624,785	1,664,541	783,266	527,891	764,803	11,365,286
Segment result	P9,589,093	P6,318,624	P5,185,295	P279,068	P—	21,372,080
Unallocated expenses						5,627,703
Net income before income tax						15,744,377
Income tax						3,227,551
Net income						12,516,826
Non-controlling interests						(60,663)
Net income for the period attributable to equity holders of the Parent Company						P12,456,163
Other segment information						
Capital expenditures	P200,582	P5,064	P76,347	P1,762	P—	P283,755
Unallocated capital expenditures						562,214
Total capital expenditures						P845,969
Depreciation and amortization	P530,256	P230,490	P11,173	P66,670	P—	P838,589
Unallocated depreciation and amortization						859,412
Total depreciation and amortization						P1,698,001
Provision for (reversal of) impairment, credit and other losses	P409,670	(P108,666)	P37,831	P3,099	P—	P341,934

As of June 30, 2026 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	P729,353,030	P427,970,590	P127,219,424	P106,942,348	(P41,421,256)	P1,350,064,136
Segment liabilities	P713,381,118	P350,761,580	P58,303,906	P24,757,310	(P42,058,215)	P1,105,145,699

As of December 31, 2025 (Audited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	P739,071,728	P422,854,466	P133,162,459	P96,656,489	(P16,911,289)	P1,374,833,853
Segment liabilities	P717,970,653	P353,793,770	P55,989,133	P24,301,445	(P17,500,949)	P1,134,554,052

* 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	
	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Philippines	₱665,885,381	₱613,281,407	₱1,069,489,218	₱1,095,494,722	₱57,681,176	₱57,448,806
Asia (excluding Philippines)	8,389,559	8,975,454	30,813,400	34,498,109	—	—
USA and Canada	2,855,547	2,556,056	4,636,442	4,411,874	—	—
United Kingdom	70	339	206,639	149,347	—	—
	₱677,130,557	₱624,813,256	₱1,105,145,699	₱1,134,554,052	₱57,681,176	₱57,448,806

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

	Capital Expenditures		Revenues	
	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
Philippines	₱1,700,526	₱842,966	₱42,218,486	₱39,862,130
Asia (excluding Philippines)	3,751	1,986	869,660	1,281,782
USA and Canada	211	1,017	455,871	397,112
United Kingdom	—	—	76,339	63,399
	₱1,704,488	₱845,969	₱43,620,356	₱41,604,423

6. Due from Bangko Sentral ng Pilipinas

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Demand deposit	₱66,396,308	₱45,439,550
Overnight deposit facility (ODF)	—	18,090,000
Term deposit	—	5,000,000
	₱66,396,308	₱68,529,550

For the six months ended June 30, 2026 and 2025, Due from BSP bears annual interest rates ranging from 3.75% to 5.00% and from 4.75% to 6.00%, respectively.

7. Trading and Investment Securities

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Financial assets at FVTPL	₱15,493,170	₱34,652,714
Financial assets at FVOCI	179,748,018	196,530,773
Investment securities at amortized cost	128,575,387	127,319,342
	₱323,816,575	₱358,502,829

7.1 Financial Assets at FVTPL

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	₱14,262,877	₱33,672,894
Private debt securities	137,149	180,071
Derivative assets	1,092,154	796,814
Equity securities	990	2,935
	₱15,493,170	₱34,652,714

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

	For the Semesters Ended June 30	
	2026	2025
Government securities	1.4% - 9.3%	1.5% - 9.3%
Private debt securities	3.8% - 9.0%	4.9% - 6.6%

7.2 Financial Assets at FVOCI

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	₱131,875,661	₱148,520,390
Private debt securities	20,276,503	20,141,633
Equity securities		
Quoted	2,049,589	2,325,135
Unquoted (Note 19)	25,546,265	25,543,615
	₱179,748,018	₱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 June 30, 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 Semesters Ended June 30	
	2026	2025
Government securities	0.6% - 7.1%	0.6% - 12.6%
Private debt securities	3.3% - 14.7%	1.4% - 6.9%

As of June 30, 2026 and December 31, 2025, net unrealized gains (losses) on financial assets at FVOCI amounted to (₱3.3 billion) and ₱1.0 billion, respectively.

7.3 Investment Securities at Amortized Cost

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Government securities	₱119,979,722	₱115,858,148
Private debt securities	8,746,985	11,615,306
	128,726,707	127,473,454
Less allowance for credit losses (Note 13)	151,320	154,112
	₱128,575,387	₱127,319,342

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

	For the Semesters Ended June 30	
	2026	2025
Government securities	0.8% - 14.3%	0.8% - 6.3%
Private debt securities	3.6% - 7.4%	2.3% - 8.3%

7.4 Interest Income on Investment Securities at Amortized Cost and FVOCI

This account consists of:

	For the Semesters Ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Financial assets at FVOCI	₱4,119,815	₱3,260,969
Investment securities at amortized cost	3,683,435	5,521,513
	₱7,803,250	₱8,782,482

7.5 Trading and Investment Securities Gains (Losses) - net

This account consists of:

	For the Semesters Ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Financial assets at FVTPL		
Government securities	(₱571,950)	₱429,758
Private debt securities	(2,891)	2,063
Equity securities	3	(12)
Derivatives	—	19
Financial assets at FVOCI		
Private debt securities	1,348	6
Investment securities at amortized cost	—	17,656
	(₱573,490)	₱449,490

8. Loans and Receivables

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Receivables from customers (Note 19):		
Loans and discounts	₱725,727,322	₱722,787,136
Credit card receivables	21,676,147	21,426,761
Customers' liabilities on letters of credit and trust receipts	9,496,055	7,680,536
Customers' liabilities on acceptances	5,314,663	8,177,165
Bills purchased	2,172,727	1,784,088
	764,386,914	761,855,686
Other receivables:		
Accrued interest receivable (Note 19)	9,707,730	10,055,125
Accounts receivable (Note 19)	3,501,279	3,751,468
Sales contract receivables (Note 19)	2,803,758	1,879,112
Miscellaneous	970,751	542,727
	16,983,518	16,228,432
Less: Unearned and other deferred income	763,855	910,000
Allowance for credit losses (Note 13)	31,895,265	37,156,373
	₱748,711,312	₱740,017,745

Included in 'Surplus reserves' is the amount of ₱4.3 billion as of June 30, 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 six months ended June 30, 2026 and 2025, the Group purchased assets with cost of ₱0.7 billion and ₱0.2 billion, respectively. For the same periods, the Group disposed property and equipment with net book value of ₱73.4 million and ₱20.7 million, respectively, recognizing gain on sale of ₱1.06 billion and ₱35.7 million, respectively.

10. Investment Properties

For the six months ended June 30, 2026, and 2025, the Group foreclosed investment properties amounting to ₱1.2 billion and ₱0.8 billion, respectively. For the same periods, the Group disposed investment properties with net book value of ₱896.0 million and ₱225.4 million, recognizing gain on sale of ₱1.3 billion and ₱1.1 billion, respectively.

11. Goodwill and Intangible Assets

11.1 Software Costs

For the six months ended June 30, 2026 and 2025, the Group purchased software with cost of ₱1.0 billion and ₱0.7 billion, respectively.

11.2 Goodwill

As of June 30, 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 June 30, 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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Financial		
Fund for electronic money products	₱453,647	₱446,065
Returned checks and other cash items	78,125	82,372
Security deposits (Note 19)	19,696	19,928
Miscellaneous	5,166	2,914
	556,634	551,279
Nonfinancial		
Deferred charges (Note 19)	5,359,893	5,547,395
Other investments	4,586,285	26,904
Creditable withholding taxes	1,257,753	1,292,365
Prepaid expenses	945,839	480,679
Documentary stamps on hand	574,738	698,073
Real estate inventories held under development	402,717	482,018
Retirement assets	378,785	294,570
Chattel mortgage properties - net of depreciation	121,505	108,982
Stationeries and supplies	110,383	102,128
Miscellaneous	1,591,491	1,119,011
	15,329,389	10,152,125
	15,886,023	10,703,404
Less allowance for credit and impairment losses (Note 13)	963,985	1,034,288
	₱14,922,038	₱9,669,116

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

12.2 Other Liabilities

This account consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Financial		
Accounts payable	₱4,369,168	₱4,502,465
Dividends Payable	2,517,512	–
Bills purchased - contra	1,484,854	1,189,005
Manager's checks and demand drafts outstanding	1,470,363	1,233,088
Dormant credits	1,439,610	1,468,824
Accounts payable - electronic money	549,867	850,719
Due to other banks (Note 19)	426,698	1,296,555
Margin deposits and cash letters of credit	114,061	82,225
Payment order payable	101,460	270,339
Deposits on lease contracts (Note 19)	58,838	69,716
Transmission liability	48,119	49,455
Deposit for keys on safety deposit boxes	14,828	15,276
	12,595,378	11,027,667
Nonfinancial		
Due to Treasurer of the Philippines	1,678,363	1,683,320
Deferred revenue - Credit card-related	745,929	680,686
Withholding tax payable	435,560	444,515
Provisions	404,105	707,133
Deferred revenue - Bancassurance	242,981	267,281
Deferred tax liabilities	168,746	168,171
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	74,965	74,675
Retirement benefit liability	28,909	24,335
Miscellaneous	1,510,045	1,133,260
	5,289,603	5,183,376
	₱17,884,981	₱16,211,043

13. Allowance for Impairment, Credit and Other Losses

Movements in this account follow:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at beginning of period:		
Due from other banks	₱5,822	₱4,744
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
(Forward)		

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Movements during the period:		
Provision for (reversal of) impairment, credit and other losses	(₱831,163)	₱1,656,282
Accounts charged-off	(4,707,034)	(7,493,733)
Transfers and others	(27,103)	1,037,845
	(5,565,300)	(4,799,606)
Balance at end of period:		
Due from other banks	6,227	5,822
Interbank loans receivable (Note 21)	8,769	10,135
Securities held under agreements to resell	58,200	47,254
Financial assets at FVOCI	105,826	71,112
Investment securities at amortized cost (Note 7)	151,320	154,112
Loans and receivables (Note 8)	31,895,265	37,156,373
Property and equipment	1,064,127	1,119,316
Investment properties	2,605,083	2,825,690
Other assets (Note 12)	963,985	1,034,288
	₱36,858,802	₱42,424,102

14. Financial Liabilities

14.1 Deposit Liabilities

As of June 30, 2026, and December 31, 2025, noninterest bearing deposit liabilities amounted to ₱29.6 billion and ₱28.0 billion, respectively. For the six months ended June 30, 2026, and 2025, the remaining deposit liabilities of the Group generally bear annual fixed interest rates ranging from 0.04% to 5.3% and 0.1% to 6.6%, respectively, for peso-denominated deposit liabilities, and from 0.01% to 5.1% and 0.01% to % 5.2%, respectively, for foreign currency-denominated deposit liabilities.

Interest expense on deposit liabilities consists of:

	For the Semesters Ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Savings	₱3,048,882	₱4,741,328
Time	3,049,617	3,257,343
Demand	109,117	112,908
LTNCD	—	57,132
	₱6,207,616	₱8,168,711

14.2 Bonds Payable

This account consists of:

					Carrying Value	
				Interest	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Issue Date	Maturity Date	Face Value	Coupon Rate	Repayment Terms		
<u>Fixed rate medium term senior notes</u>						
October 23, 2024	October 23, 2029	USD300,000	4.85%	Semi-annually	₱18,370,520	₱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	₱10,869,552	₱10,867,615
<u>Series B</u>						
Dec 11, 2025	Dec 11, 2030	4,820,000	5.78%	Quarterly	4,814,947	4,814,464
		₱15,700,000			15,684,499	15,682,079
					₱34,055,019	₱33,278,399

As of June 30, 2026, and December 31, 2025, the unamortized transaction costs of bonds payable amounted to ₱51.2 million and ₱58.5 million, respectively. For the six months ended June 30, 2026 and 2025, amortization of transaction costs amounting to ₱7.4 million and ₱2.8 million were charged to 'Interest expense on bonds payable' in the statements of income.

15. Equity

15.1 Capital Stock

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

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

As of June 30, 2026 and December 31, 2025, the Parent Company had 35,452 and 35,544 stockholders, respectively.

On February 27, 2026, the BOD approved the declaration of cash dividends in the amount of ₱3.30 per common share, taken out of the Bank's Unrestricted Retained Earnings as of December 31, 2025, as follows:

	Amount per Common Share	Record Date	Payment Date
First Tranche	₱1.65	March 13, 2026	March 27, 2026
Second Tranche	₱1.65	September 18, 2026	October 1, 2026

On May 22, 2026, the BOD approved the declaration of special cash dividends in the amount of ₱1.10 per common share, taken out of the Bank's Unrestricted Retained Earnings as of December 31, 2025, as follows:

Amount per Common Share	Declaration Date	Record Date	Payment Date
₱1.10	May 22, 2026	June 8, 2026	June 19, 2026

15.2 Surplus Reserves

This account consists of:

	June 30, 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 June 30, 2026 and December 31, 2025, Common Equity Tier 1 (CET1) ratio and Total Capital Adequacy Ratio (CAR) are as follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Consolidated		
a) CET1 Capital/Tier 1 Capital	₱187,057,512	₱181,800,328
b) Total Qualifying Capital	195,315,023	189,494,024
c) Total Risk-Weighted Assets	962,051,364	941,649,737
CET 1 Ratio/Tier 1 Ratio (a/c)	19.44%	19.31%
Total CAR (b/c)	20.30%	20.12%
Parent Company		
d) CET1 Capital/Tier 1 Capital	₱163,615,371	₱158,409,013
e) Total Qualifying Capital	171,533,291	165,787,654
f) Total Risk-Weighted Assets	931,197,450	914,149,220
CET 1 Ratio/Tier 1 Ratio (d/f)	17.57%	17.33%
Total CAR (e/f)	18.42%	18.14%

16. Other Operating Income and Expenses

16.1 Service Fees and Commission Income

This account consists of:

	For the Semesters Ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Deposit-related	₱1,118,856	₱1,214,314
Credit card-related	659,338	651,930
Loan-related	607,484	573,993
Bancassurance	499,022	277,959
Remittance	348,141	318,531
Interchange Fees	321,476	278,779
Trust fees	218,566	201,579
Miscellaneous	362,993	111,416
	₱4,135,876	₱3,628,501

Certain items were reclassified in 2025 for comparative purposes.

16.2 Miscellaneous Expenses

This account consists of:

	For the Semesters Ended June 30	
	2026	2025
	(Unaudited)	(Unaudited)
Insurance	₱1,145,909	₱975,190
Secretarial, janitorial and messengerial	1,116,725	975,772
Marketing	848,865	579,144
Information technology	628,987	566,496
Litigation and assets acquired	329,215	359,370
Travelling	317,241	209,053
Entertainment, amusement and recreation	235,404	42,506
Stationery and supplies	202,276	128,153
Common use service area charges	150,585	53,274
Management and other professional fees	132,402	113,407
VAT on leases	89,213	89,109
Postage, telephone and cable	81,116	81,896
Repairs and maintenance	64,589	10,483
Freight	18,558	7,471
Fuel and lubricants	6,751	5,309
Others	106,109	140,172
	₱5,473,945	₱4,336,805

17. Income Taxes

Provision for income tax consists of:

	For the Semesters Ended June 30	
	2026	2025
	(Unaudited)	(Unaudited)
Current		
Regular	₱1,110,070	₱1,022,032
Final	1,776,435	2,167,536
	2,886,505	3,189,568
Deferred	1,283,836	37,983
	₱4,170,341	₱3,227,551

As of June 30, 2026 and June 30, 2025, the Group recognized deferred tax assets amounting to ₱6.3 billion and ₱8.0 billion, respectively, coming from deferred tax assets on allowance for impairment and credit losses.

18. Earnings Per Share

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

	For the Semesters Ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
a) Net income attributable to equity holders of the Parent Company	₱14,548,148	₱12,456,163
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)	₱9.53	₱8.16

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 June 30, 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	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Receivables from customer	₱-	₱-	₱-	₱-	₱47,820,321	₱59,563,219	₱-	₱-	₱	₱-
Credit facilities / Derivative transactions	-	-	3,186,418	17,062,542	24,384,841	103,405,057	-	90,000	-	-
Sales contract receivable	-	-	-	-	-	910	-	-	3,044	-
Investment Securities	144,752	-	18,372,716	-	96,203,440	53,150	3,596,849	-	-	-
Interbank loans receivable	-	-	-	67,160	5,000,000	-	-	-	-	-
Due from other banks	-	-	231,741	137,094	-	-	-	-	-	-
Loans to officers	-	-	-	-	-	-	-	-	128,458	150,320
Accounts receivable	-	-	43,417	7,166	-	-	-	-	-	-
Accrued interest receivable	-	-	-	342	176,898	248,617	-	-	192	239
Sales Contract Receivable	-	-	-	-	611	-	-	-	3,044	4,620
Right-of-use assets	-	-	-	-	2,845,420	2,845,490	-	-	-	-
Accumulated depreciation of right-of-use assets	-	-	-	-	1,546,966	1,405,331	-	-	-	-
Purchase of Non-Performing Loans	-	-	50,110	-	-	-	-	-	-	-
Security deposit	-	-	-	-	175,513	175,513	-	-	-	-
Deposit liabilities	21,537,437	3,932,157	4,385,287	7,414,115	82,987,888	89,416,556	1,398,920	2,207,021	2,834,657	1,667,974
Deposit Facilities	-	-	12,249	-	-	-	-	-	-	-
Accrued interest payable	71,397	10,803	10,122	32,149	209,069	243,671	46	62	3,751	2,192
Accrued other expenses	-	-	-	-	337,002	479,530	-	-	-	-
Lease liabilities	-	-	-	-	1,411,276	1,504,081	-	-	-	-
Deferred revenues	-	-	-	-	32,778	34,444	365,995	402,595	-	-
Due to other banks	-	-	78,112	380	-	-	-	-	-	-
Interbank Call Loans	-	-	-	-	5,000,000	4,000,000	-	-	-	-
FX Forward Bought	-	-	-	-	2,760,250	-	-	-	-	-
FX Forward Sold	-	-	-	-	3,178,138	-	-	-	-	-
FX Swap Forward Bought	-	-	-	-	14,658,675	-	-	-	-	-
Investment Securities - Available Line	-	-	-	-	25,445,600	-	-	-	-	-

	Significant Investors		Subsidiaries		Other Related Parties		Associate		Key Management Personnel	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Receivables from customers - Available Line	₱80,248	—	₱150,000	—	₱40,471,519	—	—	—	—	—
Credit facilities / Derivative transactions - Available Line	—	—	13,307,508	—	56,088,182	—	₱120,000	—	—	—
Deposit Facilities - Available Line	—	—	190,361	—	—	—	—	—	—	—

Significant related party transactions of the Group for the six months ended June 30, 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	
	June 30 2026	2025	June 30 2026	2025	June 30 2026	2025	June 30 2026	2025	June 30 2026	2025
Interest income	₱	₱—	₱635	₱332	₱1,405,386	₱1,322,143	₱	₱—	₱4,075	₱5,653
Interest expense	333,572	69,687	66,878	85,017	1,194,738	939,028	1,670	6,095	16,424	7,508
Miscellaneous other income	—	—	902	1,634	—	—	—	—	—	—
Miscellaneous expenses	—	—	—	—	337,002	147,234	143,408	—	—	—
Purchases of securities	—	—	15,084	3,552	11,868,299	6,138,392	—	—	3,185	—
Sale of securities	—	—	1,031,471	2,516,988	21,872,170	12,466,394	—	—	223,199	—
Trading gains (losses)	—	—	—	—	(66,376)	8,927	—	—	—	—
Service fee income	—	—	—	—	1,667	—	36,600	36,600	—	—
Service attachment	—	—	—	—	13,440	—	—	—	—	—
Rent expense	—	—	49,883	—	—	—	—	—	—	—
Depreciation expense	—	—	—	—	141,650	—	—	—	—	—
Referral fee	—	—	11,808	—	—	—	—	—	—	—
Arranger's Fee	—	—	24,042	—	—	—	—	—	—	—

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 second 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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Interbank loans receivable	P22,942,227	P30,380,016
Less: Allowance for credit losses	8,769	10,135
	22,933,458	30,369,881
Less: Interbank loans receivable not considered as cash and cash equivalents	2,606,806	3,227,999
	P20,326,652	P27,141,882

21.2 Cash Flows from Financing Activities

The changes in liabilities arising from financing activities for the six-months ended June 30, 2026 and 2025 follow:

	June 30, 2026 (Unaudited)			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	P10,742,748	(P1,959,242)	P105,391	P8,888,897
Bonds payable	33,278,399	-	776,620	34,055,019
Lease liabilities	3,372,649	(683,682)	651,386	3,340,353
	P47,393,796	(P2,642,924)	P1,533,397	P46,284,269

	June 30, 2025 (Unaudited)			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	P20,208,451	(P6,318,972)	P502,922	P14,392,401
Bonds payable	17,304,421	-	(448,861)	16,855,560
Lease liabilities	3,808,997	(636,034)	422,599	3,595,562
	P41,321,869	(P6,955,006)	P476,660	P34,843,523

21.3 Non-Cash Transactions

For the six months ended June 30, 2026 and 2025, additions to right-of-use assets amounted P0.5 billion, and P0.4 billion respectively, while additional lease liabilities amounted to P0.5 billion and P0.4 billion respectively.

For the six months ended June 30, 2026 and 2025, the Group foreclosed investment properties amounting to P1.2 billion and P0.8 billion, respectively.

For the six months ended June 30, 2026 and 2025, the Group applied creditable withholding taxes against its income tax payable amounting to P991.0 million and P469.9 million, respectively.

22. Subsequent Events

Subsequent to the reporting period, PNB Holdings Corporation (PNB Holdings), in which the Bank holds a 49.00% equity interest, announced that 25 September 2026 has been set as the official date for the listing of its shares on the Philippine Stock Exchange by way of introduction. The planned listing is expected to enhance liquidity for PNB Holdings shareholders and support its long-term strategic objectives. Information on the Bank's investment in PNB Holdings is disclosed in Note 9.2 Financial Assets at FVOCI of the 2025 Audited Financial Statements.

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:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Trust department accounts	₱230,277,450	₱226,303,785
Derivative forwards	206,514,826	166,792,091
Standby letters of credit	98,246,073	105,232,875
Unutilized credit card lines	54,413,124	55,248,472
Deficiency claims receivable	30,626,732	29,958,301
Derivative spots	17,568,906	13,845,457
Inward bills for collection	2,875,514	1,538,033
Outward bills for collection	402,129	215,198
Unused commercial letters of credit	111,450	311,899
Confirmed export letters of credit	113,209	108,468
Items held as collateral	12,805	12,994
Shipping guarantees issued	14,242	13,742
Other contingent accounts	2,710	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 other than those discussed in Note 15
- material events subsequent to June 30, 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):

	June 30, 2026
Current Accounts	₱725,651,222
Past Due:	
Less than 30 days	1,851,215
31 to 90 days	1,164,122
91 to 180 days	4,697,362
More than 180 days	31,022,993
Loans Receivables, gross	764,386,914
Less:	
Unearned and other deferred income	(763,855)
Allowance for credit losses	(28,683,277)
Loans Receivables, net	₱734,939,782