Philippine National Bank

EVERY STEP TOGETHER

2024 Annual Report

OUR COVER

Every journey starts with a step – towards new opportunities, bigger dreams, and a brighter future. As Filipinos worldwide take bold strides in business, in finance, and in life, PNB is here to stay beside them every step of the way with constant support and guidance.

Philnabankers are committed to their role as trusted partners of our customers, helping them move forward as they achieve their goals and dreams in life. It brings us joy to see our clients prosper—whether it's growing their business, securing their future, or reaching personal milestones. We also take pride in fulfilling our role in nation-building by making inroads in digital banking, community building, and sustainable finance.

We succeed when you succeed. Our goal is to help you reach your goal.

Together, let's move forward. Together, let's achieve more. From every beginning to every milestone, let's walk **Every Step Together.**

TABLE OF CONTENTS

CORPORATE OBJECTIVE

GRI 2–1

PNB aims to continually provide the best customer experience to generations of Filipinos here and abroad.

VISION

To be among the Top 3 Banks in terms of Customer Growth and Satisfaction, and Return on Equity.

MISSION

We are The Philippine bank promoting financial prosperity for all Filipinos and their businesses, locally and internationally, empowering them to build a competitive, inclusive, and sustainable economy.

CORE VALUES

M.A.T.A.T.A.G.

Masasandalan (Reliable)
Our customers and stakeholders can count on PNB to fulfill their needs.

Alab ng Damdamin (Passion)
We have a burning love for our country, our fellowmen, and our work.

Tiwala at Integridad (Trust and Integrity)
Operating with integrity and trust is in the heart of everything that we do.

Aruga (Care)
We care for the environment, the markets we serve, and our people.

Tibay (Strength or Stability)
Our over 100 years of existence proves our strength and stability.

Akma (Adaptive to Change)
We are agile and quick to adapt to change.

Galing (Competence)
We deliver results and uphold a culture of excellence, innovation, and teamwork.

THE PNB BRAND

GRI 2–1

EVERY STEP TOGETHER: FROM STEPS TO STRIDES

It was in December 2023 when PNB embarked on a transformative journey with the launch of the ***Every Step Together*** campaign. This initiative was more than just a rebranding effort—it was a renewed promise to every Filipino that PNB is here for them – standing with them, through every challenge, every milestone, and every dream they dare to chase.

Looking back, we see how deeply this campaign has resonated. ***Every Step Together*** echoed the heart of who we are: a bank that understands, supports, and empowers. It was about telling the stories of real Filipinos—OFWs working tirelessly for their families, small business owners building their dreams, parents saving for their children's future—and showing that PNB is with them, every step of the way.

And the world took notice.

In just one year, the campaign has been recognized with two prestigious awards: **Best Branded Digital Ad** at the 46th Catholic Mass Media Awards (CMMA) and **Rebranding Campaign of the Year – Philippines** at the Asian Banking and Finance: Retail Banking Awards 2024. These are not just trophies for us; they are proof that what we set out to do—***connect, uplift, and inspire***—has made a real impact.

> ***We are honored to be recognized by some of the most respected award-giving organizations in the Philippines and in the world. As one of the country's most enduring and largest universal banks, PNB has been a faithful financial partner of many generations of Filipinos. Our 'Every Step Together' campaign further solidifies our commitment to offer stability and security for Filipino families worldwide.***
>
> ***– Florido P. Casuela, PNB President***

> ***'Every Step Together' pays tribute to the traditional Filipino values of hard work, resilience, and love of family. It's about their struggles, about seeing their ambitions coming true, with PNB by their side—taking each step with them."***
>
> ***– Jennifer Y. Ng, PNB SVP & Marketing Group Head***

These recognitions validate the path we have taken, but more importantly, they fuel our passion to go even further. Because our work is far from over. The needs of Filipinos are constantly evolving, and so must we.

Our vision remains clear: to be among the top three banks in terms of customer growth, satisfaction, and return on equity. But beyond the numbers, what truly drives us is the impact we make in people's lives—the assurance that no matter where they are or what challenges they face, PNB will always be a steady, reliable partner.

2024 has been an incredible journey, one filled with stories of hope, perseverance, and shared success. And as we look ahead, one thing is certain: our commitment to walking with Filipinos—through every step, every challenge, and every triumph—remains stronger than ever.

BUSINESS MODEL AND SCOPE OF BUSINESS GRI 2–1, 2–6

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

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

The Bank provides a full range of banking and other financial services to its customers through its Head Office, 631 domestic branches and 71 overseas branches, representative offices, remittance centers, and subsidiaries in 17 jurisdictions in the United States, Canada, Europe, the Middle East, and Asia. The Bank's customers include corporations, small and medium markets, retail customers as well as various government units and agencies.

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

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

Consumer Finance Sector. The Consumer Finance Sector (CFS) provides a comprehensive suite of credit solutions that cater to both retail and corporate clients. The Sector leverages innovation, data-driven insights, and strategic partnerships to deliver seamless and customer-centric financial services.

The Sector's tailored products include Credit, Debit, and Prepaid Cards under major card networks (Mastercard, Visa, and UnionPay). Moreover, the Sector also offers loan products such as Auto Loan, Real Estate Loan, Contract-to-Sell Facility, and Personal Loan.

CFS operates as a robust team that covers key functions such as sales, business development, finance and accounting, business intelligence, operations, and collections. Its integrated structure enables the team to deliver an optimal, end-to-end customer journey – ensuring efficiency, accessibility, and financial empowerment.

International Banking and Remittance Group. PNB has the widest global network among Philippine-based banks, giving Filipinos access to overseas branches, representative offices, remittance centers, and subsidiaries across the United States, Canada, Europe, Middle East, and Asia. Through its International Banking and Remittance Group (IBRG), PNB builds and sustains strategic partnerships with key OFW-related organizations, remittance tie-ups, and pay-out partners. These collaborations further extend the Bank's market reach beyond its physical branches worldwide.

IBRG facilitates cross-selling opportunities to efficiently serve the diverse needs of overseas Filipinos. For select jurisdictions, the Group offers reliable remittance services as well as full banking solutions such as bills payment, deposit account opening, OFW payroll processing, corporate credit and trade, and consumer financing.

Institutional Banking Sector. The Institutional Banking Sector (IBS) is the primary lending arm responsible for establishment, expansion, and overall management of the Bank's relationships with corporate and commercial clients. The Corporate Banking Group (CBG) supports the Sector's large corporate and conglomerate clients, while the Commercial Banking Group oversees relationships with middle market and SME customers located in Metro Manila and provincial areas.

Commercial Banking Group (COMMBG) is geographically segmented into Metro Manila COMMBG, Luzon COMMBG, and VisMin COMMBG to deepen relationships with commercial clients and capitalize on growth opportunities in priority industries.

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

Global Banking and Markets Sector. The Global Banking and Markets Sector (GBMS) is primarily tasked with the management of the Bank's liquidity and funding needs, as well as the execution of financial market transactions involving investments, trading of fixed income, foreign exchange, derivatives, and providing hedging solutions for clients. The Sector capitalizes on opportunities in capital markets as the economy continues to recover. GBMS strategically deploys its excess funds in longer-dated high-quality outlets thereby increasing portfolio duration in line with expectation that terminal rate had been reached and rate easing cycle has begun. The Sector provides a wide range of banking products and services to corporates, governments, financial institutions, and individuals. Its functions include developing the Bank's wealth management proposition by providing corporate and individuals (retail and high-net-worth) access to the financial markets.

Trust Banking Group. The PNB Trust Banking Group (TBG) offers a broad selection of investment funds including money market, fixed income, multi-asset, local equity, and global feeder funds. These funds are tailored to meet every customer's financial standing, investment goal, risk appetite, and investment horizon. These are managed by a team of fund managers who have a wealth of training and experience. Clients may conveniently invest in any of these funds through the UITF Online facility via PNB Digital.

In addition to investment funds, TBG also provides a wide range of products and services for retail and corporate clients. Its personal trust products and services include Personal Management Trust and Investment Management Account. Corporate trust products and services include Corporate Fund Management and Employee Benefit Trust. PNB's TBG is regarded as one of the strongest trust entities in the industry for fiduciary services, offering products such as Escrow, Facility Agency, Trust Under Indenture, and Transfer Agency.

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

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

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

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

FINANCIAL HIGHLIGHTS

(In Thousands except Selected Ratios, Per Common Share Data and Headcount)	Consolidated		Parent Entity	
Minimum Required Data	2024	2023	2024	2023
Profitability				
Net Interest Income	**49,340,470**	44,592,843	**48,170,765**	43,585,566
Non-Interest Income	**10,435,018**	12,767,209	**9,832,772**	11,956,142
Non-Interest Expenses	**29,629,680**	28,427,236	**28,288,447**	26,953,961
Pre-Provision Profit	**30,145,808**	28,932,816	**29,715,090**	28,587,747
Provision for Credit Losses	**3,868,111**	5,923,054	**3,782,256**	5,700,264
Impairment in Value of Goodwill	**-**	1,036,567	**-**	1,036,567
Income Tax Provision	**5,099,732**	4,007,375	**4,896,173**	3,847,968
Net Income	**21,177,965**	17,965,820	**21,036,661**	18,002,948
Selected Balance Sheet Data				
Liquid Assets	**365,296,900**	365,825,504	**354,827,803**	355,770,856
Gross Loans	**665,082,565**	642,478,454	**651,291,861**	628,841,736
Total Assets	**1,257,610,853**	1,210,549,400	**1,248,257,101**	1,200,374,156
Deposits	**971,672,148**	927,970,918	**967,245,176**	922,782,083
Total Equity	**216,628,941**	191,148,654	**213,124,442**	187,952,489
Selected Ratios				
Return on Equity	**10.39%**	9.95%	**10.49%**	10.15%
Return on Assets	**1.72%**	1.53%	**1.72%**	1.54%
Common Equity Tier 1 Ratio	**19.21%**	16.85%	**17.02%**	14.67%
Capital Adequacy Ratio	**20.10%**	17.70%	**17.91%**	15.52%
Per Common Share Data:				
Earnings Per Share:				
Basic	**13.80**	11.78	**13.79**	11.80
Diluted	**13.80**	11.78	**13.79**	11.80
Book Value	**139.50**	122.98	**139.68**	123.19
Others				
Headcount				
Officers			**4,797**	4,509
Staff			**4,019**	3,818

MESSAGE FROM THE CHAIRMAN TO SHAREHOLDERS

GRI 2–11, 2–22

EDGAR A. CUA
Chairman / Independent Director

With our continuing efforts to strengthen financial soundness and profitability, we are now in a better position to continue supporting Filipinos around the world in their pursuit of financial stability and prosperity.

The Philippine economy maintained steady growth in 2024 despite multiple challenges, with gross domestic product (GDP) growing by 5.7%. While this was below government's target of 6% to 6.5%, the result still puts the Philippines among the fastest-growing economies in the Asia Pacific region – the second fastest in ASEAN – and helps set the stage for our goal of economic transformation.

The sectors that contributed the most to this outcome were industry and services, notably health and social work, accommodation and food services, construction, transportation and storage, and financial and insurance activities.

On the other hand, the six consecutive typhoons that hit the country adversely affected crop production, livestock, and fisheries – resulting in a 1.6% decline in the growth of agriculture, forestry, and fishing sector.

Overall, domestic demand remained strong as household spending and government spending rose by 4.9% and 7.3%, respectively.

Gross capital formation grew by 7.7%, propelled by both public and private construction activities. Improvements in exports (3.3%) and imports (4.2%) of goods and services were also attained.

Meanwhile, after averaging at 6.0% in 2023, inflation averaged at 3.2% in 2024 – well within Bangko Sentral ng Pilipinas' (BSP) target of 2.0% to 4.0%. BSP's target was temporarily breached in July at 4.4% mainly due to the 22.7% rise in Meralco rates. Furthermore, rice inflation remained in double digits until August.

As for the peso's performance against the US dollar, our currency weakened by 4.5%, closing at Php57.80/$1 by the end of 2024.

Challenges notwithstanding, the year 2024 proved to be a rewarding one for PNB. Despite tough times characterized by extreme weather conditions, geopolitical events, and an increasingly competitive banking environment, PNB remained financially strong.

Coming from an outstanding performance in 2023, we again delivered solid financial results in 2024. We posted P21.2 billion in consolidated net income, improved return on equity to 10.39%, and reached a capital adequacy ratio of 20.10% – remarkable proof that we are on track in pursuing sustainable growth and profitability.

Beyond the bottom line, we continued to make corporate governance an integral part of our business and our efforts were honored once again by the Institute of Corporate Directors with a three-peat recognition. We also had a successful return to the capital markets with our landmark sustainability bond offering which was very well received. These and more of our other initiatives are discussed in further detail in my message as Corporate Governance and Sustainability Committee Chairperson in this annual report, which also includes a comprehensive Sustainability Report.

Our achievements were made possible by our customers' trust and confidence in PNB and by the hard work and dedication of our people. With our continuing efforts to strengthen financial soundness and profitability, we are now in a better position to continue supporting Filipinos around the world in their pursuit of financial stability and prosperity.

For 2025, the economic growth of the Philippines – particularly with household consumption as the main driver – should get a boost from lower inflation. In the first quarter of the year, inflation averaged at only 2.2% mainly because rice prices continued to go down. Businesses are also likely to benefit from lower overall cost of borrowing as the BSP resumed its monetary policy easing with a 25 bps reduction in the policy rate to 5.50% on April 10. However, the external environment has become more challenging as countries around the world will need to adjust to the new tariff regime of the United States.

Moving forward, the PNB Board and management shall remain steadfast in our commitment to lead the Bank to greater heights as we meet strategic objectives, serve our customers better, and create more value for our shareholders.

Thank you for your untiring support to PNB. Let us continue the journey to financial prosperity – Every Step Together.

(Original Signed)
EDGAR A. CUA
Chairman / Independent Director

MESSAGE FROM THE PRESIDENT TO SHAREHOLDERS

GRI 2-22

Florido P. Casuela
President/ Executive Director

Our performance indicates that our strategic initiatives are gaining traction that will solidify our market position among the leading banks.

I remember my message to shareholders in the year 2022 – the year I assumed the presidency in PNB. My focus was on the journey to recovery as our country was starting to bounce back after the pandemic. Our theme then was “*Magkaisa sa Pagsulong ng Bayan*” and our efforts were centered on helping our customers start over after a very challenging period not just in the history of our country, but of the entire world.

In gradual but steady fashion, we made wins and regained our footing. The year 2023 became a banner year for the Bank as we reached the highest jump in our consolidated net income at 55%. Net core banking income, which excluded gains on sale of acquired properties, climbed by a record 156% year-on-year. Notably, our return on equity also improved from 7% in 2022 to 9.95% in 2023. This achievement was made possible through our collaboration and teamwork as perfectly captured in our 2023 theme, “*Think as One, Do as One*”.

For the year 2024, I am proud to report that we have successfully maintained our profitability. We mark another milestone for PNB as our net income continued its growth trajectory on the back of robust net interest income, prudent expense management, and lower credit provisions. Our performance indicates that our strategic initiatives are gaining traction that will solidify our market position among the leading banks.

For the second year, we posted a high consolidated net income of P21.2 billion – an increase of 18% year-on-year. I am happy to share that this was a result of our sustained effort in strengthening the Bank's core business and this improved our return on equity to 10.39%.

Our net interest income, which make up 83% of our total operating income, surpassed its year-ago level by 11% to reach P49.3 billion. This double-digit expansion was made possible by the 13% growth in interest income – thanks to our increased lending and investment activities combined with higher yields. Funding efficiencies were likewise achieved, driven by a 7% increase in CASA deposits which made up 84% of deposit liabilities. By the end of 2024, our net interest margin widened to 4.5% compared to the 4.23% registered a year ago.

Income from our fee-based business went up by 4% to P5.5 billion, brought about by the increased volume of transactions covering loans, credit cards, deposits, and trade.

We successfully increased our NIM, supported by broad based loan expansion as well as efficient deployment of funds.

Trading and foreign exchange gains of P1.8 billion, which increased by 3%, supplemented core income growth as we capitalized on market opportunities despite the thinner volatility and liquidity in the foreign exchange market during the year. We also continued to dispose of our foreclosed assets in 2024 which contributed P2.0 billion to the Bank's bottom line. Without the significant one-off gains from the sale of foreclosed assets in 2023, our non-core income would have posted a strong growth of 31% year-on-year.

We prudently managed our operating expenses which went up by only 4% to P29.6 billion, with our cost efficiency ratio maintained at 49.6%.

Our total assets stood at P1.3 trillion as of end-2024, growing by 4% year-on-year,

MESSAGE FROM THE PRESIDENT TO SHAREHOLDERS

boosted by higher loans and investment portfolio. Meanwhile, our reported net income for the year raised its total equity to P216.6 billion, up by 13% from year-ago level. This resulted in stronger Common Equity Tier 1 Ratio and Capital Adequacy Ratio of 19.21% and 20.10%, respectively, which are way above the minimum regulatory requirements.

We are very pleased with what the Bank has achieved in terms of financial results which showed a solid core income as the key driver for our bottom line.

I can rightfully say that our sustained profitability is the product of our consistent efforts to work as one PNB team. Guided by our brand promise, ***Every Step Together***, we pooled our strengths, harnessed the unique capability of each team within the Bank, and worked with determination towards a common vision.

In 2024, PNB focused on elevating the customer experience by enhancing service channels to better serve the needs of our diverse customer segments. Our goal was clear: to improve our ability to provide financial solutions by effectively using technology while ensuring that banking channels are secure and products and services are relevant.

At the digital banking front, our mobile banking app, PNB Digital, continued its streak of excellence and received the ‘Highly Acclaimed: Excellence in Customer Service Innovation’ award at The Digital Banker’s Digital CX Awards. We continued to strengthen our mobile app, which now has over 1.4 million users. We prioritized improved reliability, stronger security, seamless connectivity, and timely information updates.

In retail banking, our competitive rates led to a notable increase in total deposits through successful CASA promotions. Online account openings increased by 57%, pushed by targeted promo campaigns. Guided by our branch rationalization program, we maintained a branch network of 631, while our ATM/Cash Accept Machine fleet exceeded a thousand units. Our Bank-On-Wheels continued to serve customers in remote areas of Metro Manila and Luzon.

Our consumer finance business delivered a diverse line-up of products and services that serve the needs of retail and corporate clients. These include credit, debit, and prepaid cards as well as auto, home, and personal loans. We invested in technology to provide digital platforms and user-friendly interfaces to enhance overall customer experience. We continued to explore opportunities through strategic partnerships with the goal of improving product offerings and expanding market reach.

For wealth management, we offered a wide range of financial solutions for clients with varied risk profiles. We introduced the PNB Private Wealth Portal – a platform that provides clients with insights and tools to efficiently manage their wealth. Furthermore, the research team provided consistent guidance to client investors on market outlook and key developments. PNB was recognized by Euromoney as “Best Bank for Investment Research in the Philippines” during its 2024 Private Banking Awards. Including the recognition given by Asiamoney Private Banking Awards before it merged with Euromoney, this was PNB’s fourth consecutive win since 2021.

For our overseas business, we strengthened our partnership with major organizations to serve a broader reach of clients around the globe, mostly on core remittance and home loan products and services. The heads of our international offices continued to receive distinction for their leadership and active involvement in activities that empower the Overseas Filipinos. True to our commitment of servicing the diverse needs of customers abroad, we launched efforts to refresh the Global Filipino brand.

Our initiatives to provide customers with exceptional banking experience earned recognition from some of the world’s most renowned awards organizations. Global media giant, Forbes, named PNB as the Best Bank in the Philippines in its list of the World’s Best Banks 2024. The ranking was based on a worldwide survey of more than 49,000 banking customers in 33 countries as highlighted in the story published by Forbes, “Meet the World’s Best Banks 2024”. Also, PNB was distinguished as Most Admired Financial Services Provider of the Year in the Philippines by the International Business Magazine Awards 2024.

Finally, the rebranding efforts that we started a year ago came full circle as our campaign, *Every Step Together*, has become multi-awarded. The refreshed branding was recognized by the Asian Banking and Finance: Retail Banking Awards as Rebranding Campaign of the Year in the Philippines and by the 46th Catholic Mass Media Awards as Best Branded Digital Ad. *Every Step Together* sends a strong message that, through challenges, PNB is the bank Filipinos can rely on to help them hurdle tough times and ride the tide until a new dawn begins.

On behalf of our Board of Directors, I express my deepest gratitude and appreciation to our customers, shareholders, employees and all stakeholders for the unwavering trust and support to PNB. Rest assured that PNB will always stay true to its promise of being your faithful and dependable partner as we work together towards shared prosperity.

Thank you for this meaningful year.
Mabuhay ang PNB!

(Original Signed)
FLORIDO P. CASUELA
President / Executive Director

OPERATIONAL HIGHLIGHTS

BRANCH BANKING

The Bank's strong momentum in the deposit segment in 2024 was driven by effective sales campaigns implemented by the Branch Banking Group (BBG) under the Retail Banking Sector (RBS). These initiatives led to a significant increase in total deposits, bringing the Bank closer to achieving the one-trillion-peso deposit level.

In October 2023, BBG launched the "Save and Soar" promotion to expand its low-cost CASA deposits in pesos. This initiative rewards eligible account holders with PAL Mabuhay Miles points, based on their YTD-ADB growth. Qualified customers instantly receive one year of ATMSafe Plus coverage for their designated CASA account and a chance to win a Philippine Airlines (PAL) business class trip to New York for two in a raffle draw, awarded in peso equivalent PAL e-gift cards. This successful campaign, which ran until September 2024, resulted in significant growth in the Bank's customer base with 38,030 account holders signing up for the promotion and, subsequently, contributing an additional Php12 billion to BBG deposits during the year.

To further drive digital banking adoption, RBS introduced the "Easy Open, Easy Ipon" campaign for Online Account Applications (OAA), which ran from July 1 to November 30, 2024. This initiative served as an interim strategy to support online account growth while the full mobile account opening process was being finalized. The campaign featured a free lifetime waiver of maintaining balance, available to both new and existing individual clients. As of November 2024, a total of 456,878 accounts were opened through the PNB website, contributing Php2.8 billion to the YTD-ADB since its launch in April 2021. Additionally, online account openings surged by 57% in 2024, boosted by targeted advertising campaigns.

Branches in Butuan received multiple recognitions from the Bangko Sentral ng Pilipinas (BSP)- Butuan. The Bank was awarded the Branch Certificate of Recognition for launching the first Currency Exchange Center in the CARAGA region and received a plaque of recognition for outstanding commitment to maintaining the highest standards in deposit quality. The PNB Butuan Cash Center was also commended for achieving the highest amount of fit notes served under the Cash Service Alliance platform and for its contributions to BSP's Piso Caravan program through the establishment of currency exchange facilities, among others. On another note, the BSP Bacolod Branch presented certificates of recognition to PNB's cash representatives, honoring them for fostering positive energy and ensuring that deposits to the BSP office remained neat and orderly.

PNB's nationwide branch network ended the year with 631 branches, including nine branch-lite units (BLUs). The most recent branch and BLU consolidation was carried out in 2023, totaling 20. In 2024, the Bank undertook six relocation projects and six renovation projects. In addition, the Bank opened another branch in Palo City, Leyte in November 2024. Furthermore, PNB transferred its PNB Southern Leyte-Hinunangan branch from BLU in the same year. This strategic decision was aimed at strengthening PNB's marketing efforts as the sole private commercial bank in the area.

By end-2024, the ATM and cash acceptance machine (CAM) fleet reached 1,715 units, up 35 units year-on-year. Bank-on-Wheels (BOW) facilities continued to expand access to cash, serving 63 communities in select areas of Metro Manila and Luzon.

Looking ahead to 2025, the Branch Banking Group aims to sustain its year-on-year growth, leveraging strategic deposit campaigns aligned with the evolving needs of its expanding customer base.

631
PNB's Domestic Branch Network

1,715
PNB's ATMs & Cash Accept Machines

63
Communities served by PNB's Bank On Wheels

CONSUMER FINANCE

Expanded product offerings

Data-driven customer insights

2024 was a year of significant growth for the Consumer Finance Sector (CFS), driven by strategic initiatives, enhancements in technology, process improvements, and dedicated commitment to its customers.

The sector focused on expanding product offerings, enhancing customer experience, and leveraging data-driven insights to meet evolving consumer demands. These efforts resulted in increased bookings for loan portfolios (auto, home, and personal loans) as well as increased billings and receivables for the card portfolio.

For loans, operational capabilities were streamlined and strengthened by adding manpower, improving processes, and employing a new loan origination system. Exciting competitive rate offers were introduced, including promotional waiver of fees. The said endeavors resulted in 26% increase in auto loan bookings and 24% increase in home loan bookings compared to 2023.

For cards, one of the key growth drivers was the successful launch of the PNB-PAL Mabuhay Miles World Elite Mastercard – the country's first premium full-metal contactless card catering to the ultra-affluent and to those with strong relationship with PNB. The card offers attractive 50% discounts at select dining merchants and competitive installment rates. A same-day application approval program was launched via a travel fair. The card application processing period was improved with the implementation of the online application via Adobe Sign. Additionally, the customer fulfillment responsibilities were taken on by the sector in 2024, enabling the streamlining of processes and enhancement of service delivery.

CFS is confident that its momentum will be sustained moving forward. With a strong foundation, experienced team, and 'customer-first' approach, the sector is ready to help the Bank achieve further success in 2025.

INTERNATIONAL BANKING AND REMITTANCE

Largest global network among Philippine banks

Strong collaboration with OFW-related organizations

With 71 overseas offices and 104 agents and tie-up partners across Asia, Europe, the Middle East, and North America, PNB boasts the largest global network among Philippine banks. Under the umbrella of the International Banking and Remittance Group (IBRG), the Bank offers a comprehensive range of services thru its overseas branches and offices such as remittances, overseas bill payments, deposits, corporate credit and trade, and consumer financing.

The Bank continues to strengthen its collaboration with key OFW-related organizations and exhibit leadership and active involvement in initiatives that empower Filipinos overseas through community outreach and financial literacy endeavors. In 2024, IBRG collaborated with the Department of Migrant Workers for events such as the 29th National Migrant Workers' Day, the Balik KaBayan Bazaar launch, and the Christmas Tree/Lantern Lighting Ceremony. Additionally, IBRG strengthened the Bank's network by forging new partnerships, including a Memorandum of Understanding between PNB New York and the Federation of Philippine American Chamber of Commerce USA (FPACC), in collaboration with the Bank's Consumer Finance Sector, to promote PNB's flagship home loan product, Own A Philippine Home Loan (OPHL) and other banking services across 50 states in the US. PNB Japan also secured a USD50-million bilateral loan with MUFG Tokyo to refinance its corporate loan funding requirements and reduce interest expenses.

IBRG has earned the Bank numerous accolades. The PNB Singapore Mobile App was named the Philippines' Digital Experience of the Year by Asian Business Review. PNB Guam received the President's Bayanihan Appreciation Award from the Filipino community of Guam, while PNB Hong Kong was recognized as a Good MPF Employer by the Mandatory Provident Fund Schemes Authority. PNB New York was honored as the Bank of Choice by FPACC and its general manager received the Excellence in Banking Leadership award during the 2024 Empowerment Awards at the Fiesta in America People's Ball.

True to its commitment of serving the diverse needs of Filipinos overseas, the Group also commenced the refresh of the PNB Global Filipino brand. In 2025, IBRG will remain committed to enhance customer experiences, deliver relevant and innovative financial solutions, improve operational efficiency, and foster resilience among employees to ensure sustainable growth in a dynamic global landscape.

INSTITUTIONAL BANKING

Strong partner in nation-building

Growth opportunities with middle markets & SMEs

Aligned with the Bank's vision-mission, the Institutional Banking Sector (IBS) continues to support our clientele's growth and step-by-step recovery amid a constantly evolving economic landscape. The Corporate Banking Group (CBG) and Commercial Banking Group (COMMBG) remain partners in nation-building by successfully delivering on landmark deals and timely financing solutions through a comprehensive suite of products.

In 2024, IBS fully implemented COMMBG's reorganization through the horizontal expansion of Metro Manila COMMBG, Luzon COMMBG, and VisMin COMMBG to broaden market reach, deepen relationships with commercial clients, and capitalize on growth opportunities with middle market and SME customers in priority industries. CBG likewise expanded relationships to include financial institutions and non-bank financial institutions such as leasing and microfinance companies, complementing a stable base of large corporate and conglomerate accounts.

The sector pushes forward with a widened appetite for strong but steady growth which it seeks to achieve through strong collaborations with the rest of the Bank for unique, tailor-fit solutions and well-thought-out deal structures. IBS is committed to meet the customers' every need, steadfast and resolved in its intent to be the "go-to Bank" of long-time and potential customers.

GLOBAL BANKING AND MARKETS

The Global Banking and Markets Sector (GBMS) is primarily tasked with the management of the Bank's liquidity and funding needs, as well as the execution of financial market transactions involving investments, trading of fixed income, foreign exchange, derivatives, and providing hedging solutions for clients. The sector capitalizes on opportunities in capital markets as the economy continues to recover. GBMS strategically deploys its excess funds in longer-dated high-quality outlets, thereby increasing portfolio duration in line with expectation that terminal rate had been reached and rate easing cycle has begun. The sector provides a wide range of banking products and services to corporates, governments, financial institutions, and individuals. Its functions include developing the Bank's wealth management proposition by providing corporate and individuals (retail and high-net-worth) access to the financial markets.

GLOBAL MARKETS GROUP (GMG)

The group continues to offer holistic and relevant banking solutions to meet the needs of its customers as it proactively manages risk and efficiently optimizes the Bank's balance sheet. Armed with extensive knowledge and experience of the financial markets and supported by a robust internal control framework, GMG guided its internal and external customers as they navigated the 2024 financial market landscape. GMG provided technical and operational support to customers while it managed its own risks to deliver results for the Bank.

The group, working closely with internal stakeholders, led the successful launch of the Bank's inaugural Sustainability Bond in October 2024. The issuance was met with strong demand from offshore investors, bringing the final order book to USD1.1 billion – almost four times oversubscribed. The bond was priced at the lowest yield and lowest credit spread achieved by a Philippine financial institution in 2024.

GMG was recognized as top Fixed Income Broker, Fixed Income Dealer in the Secondary Market, and Foreign Exchange Dealer.

The group has three revenue-generating divisions:

TRADING DIVISION is responsible for servicing client requirements, formulating and executing trading strategies, and managing the bank's market risk exposures. In 2024, despite the upward movement in interest rates, the division was able to maximize opportunities by taking calculated and strategic risk positions in fixed income, foreign exchange, and derivatives. Since 2019, PNB has ranked among the top dealers in both fixed income and foreign exchange markets. PNB, a key partner for nation-building, was awarded by the Bureau of the Treasury as one of the Top Government Securities Eligible Dealers for 2024.

ASSET AND LIABILITY MANAGEMENT DIVISION ensured that the daily operating funding requirements of the Bank and the regulatory liquidity ratios were met. Collaborating with other units, the division maintained healthy liquidity and funding across currencies, as PNB navigated the market uncertainties throughout the year. The division provided funding solutions to support the Bank's growth initiatives.

GLOBAL MARKETS SALES DIVISION, the marketing and sales arm of GMG, provides best execution in fixed income, foreign exchange, derivatives, and hedging solutions to corporates, financial institutions, and branch-referred individual customers. The division conducted regular marketing calls together with the Institutional Banking Sector, Retail Banking Sector, and other bank units; developed plans and strategies and anticipated client requirements; and provided financial insights to deepen customer relationships and improve client satisfaction. The division focused on acquisition and onboarding of new-to-bank clients as a key driver of customer growth initiatives. Internal and external customers were successfully onboarded to the PNB Digital Foreign Exchange or D-FX, enabling clients to execute FX transactions safely and conveniently through the Internet. This is supportive of the Bank's thrust to enhance customer experience and shift to digital. To ensure continuous customer satisfaction, the division conducted customer satisfaction surveys and immediately addressed comments and suggestions. The division is also the brokering arm for fixed income products catering to institutional clients. PNB has been consistently recognized as Top 3 PDEx Brokering Participant.

For 2025, GMG will focus on promoting financial prosperity for its customers as PNB aims to be among the top 3 banks in terms of customer growth and satisfaction. GMG will continue to anticipate and service client requirements and hedging solutions. GMG will lead the Bank in meeting its financial goals while advocating cost and process efficiencies and embracing innovation and sustainability.

WEALTH MANAGEMENT GROUP

The Wealth Management Group (WMG) is the Bank's premier investment distribution arm, focused on serving high-net-worth individuals, retail clients, and non-financial corporate entities. Its mission is simple yet critical: to help clients achieve financial prosperity by building investment portfolios tailored to their goals, risk appetite, and financial knowledge.

Due to the challenging environment of high interest rates and a flat yield curve, investors leaned towards stable, high-yielding money market instruments. WMG met these needs with shorter-term investment options, driving growth in volume and assets under management (AUM). The group also continued to provide innovative solutions such as foreign exchange forward contracts, asset swaps, and sustainable investments through green bonds and the Global Sustainability Equity Fund.

Digital transformation remains a cornerstone of WMG's strategy. The Order Management Module was rolled out in 2022, streamlining client suitability assessments and order-taking. In 2023, the group launched the Relationship Management System for client engagement and acquisition and in 2024, the PNB Private Wealth Portal, giving clients the tools and insights to manage their wealth better. In addition, the research team provided unwavering guidance to client investors on market outlooks and key developments. PNB was awarded by Euromoney as "Best Bank for Investment Research in the Philippines" during its 2024 Private Banking Awards. Including the recognition given by Asiamoney Private Banking Awards before it merged with Euromoney, this is PNB's fourth consecutive win since 2021.

As WMG looks ahead, its focus is clear: maximize the potential of its Wealth system, deliver forward-thinking financial solutions, and continue drawing from the expertise of the PNB research team. The goal remains unwavering: excellence and innovation in guiding clients towards financial success.

DIGITAL CHANNEL MANAGEMENT AND INNOVATION

GRI 3-3

The Digital Channel Management and Innovation Group (DCMIG, formerly Digital Innovations Group) has once again delivered on its commitment to provide a secure, reliable, and customer-focused mobile banking experience with PNB Digital. The mobile banking app was recognized with the *Highly Acclaimed: Excellence in Customer Service Innovation Award* by The Digital Banker's Digital CX Awards. This is the second international recognition for PNB Digital, affirming its reputation as an innovative platform that delivers convenient and excellent digital banking experience to its more than 1.4 million users.

DCMIG prioritized fortifying PNB's digital security through two key initiatives. First, the enterprise fraud management system integration enhances the app's capability to detect and block potential unauthorized transactions. Second, the continuous program on customer awareness and education provides cybersecurity tips and secure banking reminders through face-to-face seminars, in-app notifications, social media platforms, SMS and email notifications, and the Bank's website.

These efforts, along with other process improvements, significantly reduced customer-enabled digital fraud incidents by 94%. This reflects PNB's commitment to deliver a seamless and highly secure digital banking experience, reinforcing customer trust and confidence in the platform.

Over
1.4M
digital app users

In collaboration with the Information Technology Group, DCMIG rolled out enhancements to further improve the app's functionality and usability:

- *Expanded Biller Network* – Onboarded 778 new billers, allowing users to make seamless one-time and recurring payments to a total of 1,624 billers.
- *Easy Access to Information* – Enabled in-app and push notifications for advisories, cybersecurity updates, and feature enhancements.
- *Streamlined Access to Services* – Enabled access via PNB Digital to the Standard Business Loan Application Form and PNB Private Wealth Portal.
- *Gamified Promotions* – Provided access through the app so that customers could conveniently participate in the Pick Pair and Prizes Promo.

These innovations drove a 31% year-on-year growth in user enrollment, along with a 28% increase in financial transaction count and a 25% rise in financial transaction value. PNB Digital achieved an impressive 99.23% app system availability rate, underscoring its reliability as a daily banking tool.

Building on the momentum, the group will launch Mobile Account Opening facilities to offer seamless account opening service for deposit, credit card, and consumer loan accounts. Plans are also in place to expand services to overseas Filipinos, creating additional touchpoints through digital banking channels in major international corridors.

With customer delight and security at its foundation, DCMIG will continue to support the bank's strategic priorities through digital banking experience innovations and by enabling AI solutions and practices to help drive customer growth and satisfaction. The group shall remain steadfast in its mission to provide cutting-edge solutions, ensuring that the Bank remains a trusted partner of Filipinos worldwide in their financial journey.

TRUST BANKING

PNB Trust Banking Group (TBG) concluded the year 2024 with Php190.59 billion in total assets, up by 13.42% from Php168.04 billion the previous year. This was driven by a considerable growth in the volume of Employee Benefit Trust, Corporate Fiduciary, and Investment Management accounts.

In 2024, TBG contributed Php380 million to the Bank's bottom line. The Group also provided its clients with solid investment opportunities through its participation in several bond and equity issuances totaling more than Php10 billion.

In accordance with the Bank's commitment to financial inclusion and literacy, TBG rolled out a financial literacy program for employees of various schools and companies. One of the program's goals is to teach participants how to conveniently invest using digital investment tools such as PNB's UITF Online facility.

TBG has also started organizing investor forums, particularly for cooperatives. This initiative aims to deepen and strengthen the Group's relationships with clients, while also expanding its network. The initiative provided TBG an avenue to provide its clients with the latest market updates and to showcase its retirement and corporate fund management offerings. The first two runs were held in Bulacan and Baguio in September and November of 2024, respectively.

TBG also made significant progress in its goal of providing clients with a more seamless, convenient, and secure banking experience. One year after launching its UITF Online facility, TBG celebrated a significant milestone, as total UITF online subscriptions breached the one-billion-peso mark last May 2024.

TBG completed the automation of its major client reports, with the implementation of its electronic Financial Statement (e-FS) project last December 2024. In addition to the e-FS, the group has successfully implemented the e-Confirmation of Transaction, e-UITF Statement of Account and e-UITF Confirmation of Transaction over the last two years. These projects greatly shortened the time for clients to receive their financial reports.

PNB received two awards from the prestigious Asset Benchmark Research Awards held on November 7, 2024 at the Four Seasons Hotel Singapore. The Bank was recognized as "Highly Commended" among the Investment Houses for Trust and Investment. In addition, TBG's Head of Investment and Execution Department, Albert Joseph Hampton, was awarded as the 2nd Most Astute Investor under the Portfolio Management category.

Over the next few years, TBG will continue to focus on building its UITF business and expanding its electronic product distribution channels. The group will also look into providing clients with an alternate electronic investment channel for corporate issuances and government securities. Finally, it will help support BSP's advocacy of pushing forward financial security for Filipinos by promoting the Personal Equity Retirement Account or PERA, a voluntary retirement savings scheme with unique tax benefits.

Over
PhP1B
in UITF online subscription

PLANS FOR 2025

GRI 2-22

Guided by its vision, mission, and core values, PNB shall continue to work towards healthy and sustainable growth. The Bank commits to work with its customers and stakeholders in building a competitive, inclusive, and sustainable economy.

In this regard, the Bank will rebalance its loan exposures to large local corporates and increase commercial, medium-sized corporations, and consumer customers. Moreover, the Bank will finance projects and expenditures that will support growth objectives and, at the same time, create positive environmental and social impact that will bring in economic and social benefits beyond this generation.

The Bank will continue to undertake proactive cost management by identifying inefficiencies through data analytics, automating tasks, boosting workforce productivity, and pursuing strategic partnerships.

The Bank's comprehensive sustainability policy integrates ESG principles into all aspects of its business and operations, ensuring compliance with regulatory requirements, alignment with both local and international best practices, and ensuring long-term value creation for all stakeholders. As such, the Bank is committed to fostering sustainable growth and contributing positively to the economy, society, and the environment.

The Bank will continue to improve its product offerings and carry out innovative strategies to further enhance client satisfaction, strengthen market position, and ensure long-term growth and sustained profitability. True to its brand promise of Every Step Together, PNB will remain to be a trusted partner in helping achieve financial prosperity for the communities and the customers it serves.

AWARDS AND RECOGNITIONS

Euromoney Private Banking Awards 2024
- Best Bank for Investment Research in the Philippines

Asian Banking and Finance: Retail Banking Awards 2024
- Rebranding Campaign of the Year in the Philippines for PNB *Every Step Together*

The Asset Benchmark Research Awards 2024
- Highly Commended in the Top Investment Houses for Trust and Investment
- 2nd Most Astute Investor under the Portfolio Management category for Albert Joseph Hampton, Head of Investment and Execution Department

Asian Experience Awards 2024
- Philippines' Digital Experience of the Year - Banking for PNB Singapore Mobile App

17th Annual Best Deal & Solution Awards 2023

PNB Capital and Investment Corporation
- Best PPP & Blended Financing Infrastructure Deal of the Year for San Miguel Corporation Mass Rail Transit Inc.'s Php100 Billion Syndicated Term Loan Facility
- Best Local Currency Bond Deal of the Year in the Philippines for San Miguel Corporation's Php60 Billion Fixed Rate Bonds
- Best Multi-year Bond of the Year in the Philippines for Aboitiz Equity Ventures Inc.'s Php17.45 Billion (2-, 5- and 10-year) Fixed Rate Bonds

PDS Annual Awards
- Top 1 Fixed-Income Brokering Participant
- Top 5 Fixed-Income Cash Settlement Bank

Pag-IBIG Fund Chairman's Report 2023 Excellence Awards
- Highest amount in payments collected from Overseas Pag-IBIG Fund members
- Highest number of transactions of Overseas Pag-IBIG Fund members

Catholic Mass Media Awards 2024
- Best Branded Digital Ad for PNB's Every Step Together

LinkedIn Talent Awards 2024
- Learning Champion under the 5,000 to 10,000 employees on LinkedIn category

Philippine Daily Inquirer and Statista's Philippines' Best Employers 2025
- Listed as One of the Top Employers in the Philippines

MESSAGE FROM THE BOARD AUDIT AND COMPLIANCE COMMITTEE CHAIRMAN

GEOCEL D. OLANDAY
Independent Director

The Board Audit and Compliance Committee (BACC) remains steadfast in supporting the Board in fulfilling its governance and oversight responsibilities. Our commitment is to ensure transparency, accountability, and strong corporate governance at Philippine National Bank (PNB).

As the primary oversight body for the Board of Directors, the BACC is composed of eight highly qualified professionals (expanded from five to eight members in April 2024), with five serving as Independent Directors. The Committee members bring a broad spectrum of expertise in accounting, auditing, financial management, and banking practices. Our role is pivotal in enhancing internal controls, risk management, and compliance processes, all while fostering sound governance within the bank.

In 2024, the Committee held 30 meetings, comprising 23 regular sessions and seven special meetings (including two that were exclusively for Independent and non-Executive Directors). These sessions focused on overseeing the financial reporting framework, evaluating internal controls, monitoring audit and compliance functions, addressing emerging risks, and ensuring the effectiveness of the Bank's whistleblowing system.

Our close collaboration with the external auditor, guided by BSP Memorandum 2014–11 and BSP Circular No. 969 series of 2017, continues to enhance the thoroughness of our oversight. The Internal Audit Group (IAG), under the leadership of the Chief Audit Executive (CAE), adheres strictly to the International Standards for the Professional Practice of Internal Auditing (ISPPIA). Their work provides independent assurance and consulting services aimed at improving risk management, control, and governance.

A key milestone this year was the successful completion of the external audit or tender process. This rigorous selection process ensured the appointment of an independent and qualified external auditor, reinforcing transparency and maintaining stakeholder confidence in PNB's financial oversight.

The Committee also approved the adoption of the new Global Internal Audit Standards (GIAS), which will be implemented by the PNB IAG in 2025. This forward-looking initiative strengthens internal audit functions by aligning them with global best practices, enhancing their ability to deliver value-added services.

Both the IAG and the Global Compliance Group (GCG) continue to be instrumental in advancing PNB's Environmental and Social Responsibility (ESR) initiatives. By ensuring compliance with relevant standards and regulations, these teams uphold sustainable practices and accountability in all aspects of the Bank's operations.

Compliance risk management remains central to PNB's governance framework. The GCG oversees the Bank's compliance risk activities, ensuring that risks which could harm PNB's reputation or lead to regulatory sanctions, financial losses, or reputational damage are identified and mitigated in a timely manner. The GCG also addresses emerging compliance issues as they arise.

Under the guidance of the Chief Compliance Officer (CCO), the GCG ensures the effective implementation of the Bank's Compliance Program, which governs its mandate, authority, and formal status. This program promotes adherence to banking laws, regulations, and industry standards, contributing to the safety and soundness of PNB's operations. The CCO has confirmed the ongoing effectiveness of the compliance framework, with no significant deviations observed in their assessments of policies and regulations.

To ensure widespread awareness of regulatory requirements, the Bank employs a multi-channel approach. This includes clear communication, structured training programs, and easy access to reference materials, such as compliance advisories, infographics, and regular training sessions. These initiatives help ensure that PNB personnel understand and adhere to laws, regulations, and internal policies, mitigating risks and reinforcing ethical standards.

The Bank is also in the process of implementing a Governance, Risk, and Compliance (GRC) system. This integrated platform will streamline risk management, compliance tracking, audit processes, and governance policies. Additionally, the Committee has approved expanded oversight, requiring subject matter experts (SMEs) to report compliance updates and actions taken to address regulatory issues directly to the Committee.

In 2024, we enhanced our compliance oversight for overseas branches and subsidiaries. Virtual sessions were held with overseas Compliance Officers to discuss updates, requirements, and best practices. We also initiated quality assurance reviews of compliance reports from these branches to ensure consistency with established standards and regulatory expectations.

In our ongoing commitment to maintaining the integrity of the financial system, PNB has strengthened its anti-money laundering (AML) and counter terrorism and proliferation financing (CTPF) efforts. The Bank has enhanced its transaction monitoring and reporting through an advanced electronic AML system that adapts to emerging typologies and evolving compliance regulations. In line with the Anti-Money Laundering Council's (AMLC) recent guidelines, PNB is ensuring full compliance with new transaction reporting and compliance submission standards.

Additionally, PNB has deployed a Customer Due Diligence (CDD) solution to refine its CDD process, enabling a risk-based approach for reviews triggered by specific alerts. The Bank is also in compliance with the required reporting of significant money laundering and terrorism financing events to the BSP under BSP Circular No. 1193.

This year's achievements highlight the Committee's unwavering commitment to robust corporate governance. We are confident that PNB's internal control and risk management systems will continue to effectively address emerging risks, particularly in the face of evolving technological advancements.

Thank you for your continued trust and collaboration.

(Original Signed)
GEOCEL D. OLANDAY
Chairman, Board Audit and Compliance Committee

MESSAGE FROM THE BOARD IT GOVERNANCE COMMITTEE CHAIRPERSON

ISABELITA M. PAPA
Independent Director

The Board IT Governance Committee (BITGC) was created and approved by the Board of Directors on April 10, 2014 to support PNB's overall strategic plans and to assist the Board of Directors in performing its oversight functions in reviewing, approving, and monitoring IT strategies and business plans, policies and guidelines, and expenditures as presented by the Information Technology Group (ITG).

In 2024, the BITGC members composed of eight directors conducted 12 monthly meetings via Microsoft Teams to discuss regulatory compliance, IT-related requests for capital and operational expenditures notations and approvals, IT project progress reports, and IT budget utilization. For IT-related risks, regulatory and compliance concerns presented at the Risk Oversight Committee (ROC) and Board Audit and Compliance Committee (BACC), whereby the BITGC Chairperson is a member of these two committees, these IT concerns are communicated to the Head of ITG for appropriate actions.

Throughout the year, the BITGC was focused on monitoring the progress and status of six major IT strategic projects that started in 2023: (1) replacement of the 2012 version of Systematics z/VSE core banking platform to the latest Systematics z/OS platform running on the IBM z16 mainframe; (2) replacement of the 2012 Connex-HPE NonStop ATM switch system to the latest IST ATM-HPE Superdome Flex server ATM switch system; (3) digitalization and digital transformation of Institutional Banking Sector's loan origination process known as IBS LEADS Project; (4) replacement of the 2015 collateral and limits management system; (5) implementation of an enterprise resource planning (ERP) system with accounting information system (AIS) and real and other properties acquired (ROPA) management system; and (6) replacement of the 2014 document archival management system to an enterprise content management (ECM) system that includes business process management and robotics process automation (RPA) features.

In supporting ITG's 2023 request of freezing new projects for 2024 and 2025 because of the 2.5– year implementation for Systematics z/OS core banking project, the other projects approved by the BITGC were: (1) mobile banking and remittance applications for RCI (USA) and PNB Europe; (2) eKYC (electronic Know Your Customer) system for mobile banking and remittance applications; (3) BancNet InstaPay ISO20022, (4) automated software testing tool, (5) replacement of the 25–year-old Nortel Meridian 1 PBX (private branch exchange) telephone switching system with an IP PBX (Internet Protocol Private Branch Exchange) telephony system; (6) fiber optic backbone infrastructure as part of PNB Office Rightsizing Project; and (7) IST ATM Switch Managed Services.

The BITGC spearheaded benefits realization management (BRM), which is a strategic approach of measuring a project's success. Two projects that went live during COVID-19 pandemic were: the (1) Asset and Liability Management System (ALMS) and the (2) Governance, Risk and Compliance System (GRCS). A task force for ALMS was created in April 2024 that identified and resolved the pending system issues within six months and thereby increased the effectiveness of the Board and Senior Management's decision-making process in mitigating business risks. Another separate task force for GRCS was created in November 2024 to address employee concerns on system performance. By December 2024, the GRCS task force was able to reduce data uploading time from six hours to 105 minutes. During post-COIVD, the outcome and benefits from the Vulnerability Management, Detection, and Response (VMDR) with Policy Compliance project implemented in 2023 were not achieved because of the missing Patch Management module.

In tackling the issue of IT obsolescence and IT visibility, the Committee directed ITG to strengthen its hardware and software product lifecycle management strategy and practices, particularly when the Bank's IT assets are affected by the vendor's end-of-life (EOL) and end-of-support (EOS) announcement. Three systems affected by obsolescence were: (1) Cherwell IT Service Management (ITSM), which reached EOS as of 2021 and will be replaced by ServiceNow; (2) Retail Loan Origination System (LOS) and (3) Collection System, both of which were dependent on Open Office that has been unsupported since 2011. The Open Office solution dependency will be replaced by the vendor for LOS and Collection System.

PNB continued to sustain its curated e-learning skills and professional development program through the Bank's subscription to LinkedIn Learning, which is already in its fourth year, with 100% employee engagement. This led to 13 IT officers successfully completing the IT service management (ITSM) certification. Highly specialized hands-on technical trainings and certifications (cloud computing, cybersecurity) were engaged with third-party service providers.

Information security remains to be a top priority and PNB continued to invest in its network communications, server and storage infrastructure, and cybersecurity systems to support, sustain, and strengthen the Bank's operations, system capacity and reliability. Through its periodic technology refresh and upgrade program, ITG's Infrastructure Management Division (IMD) was able to address hardware and software technology obsolescence; continue to leverage the benefits of on-premise, capacity-on-demand HPE GreenLake compute and storage systems; improve online transaction processing; and enhance the Bank's security posture.

In keeping with the Bank's commitment to corporate social responsibility and environmental sustainability programs, ITG donated refurbished desktop computers and laptops to Rizal Elementary School – Linteng Extension (Baguio) and Lighthouse Christian Community. In addition, volunteers from ITG participated in the annual PNB CommuniTree held in Tanay, Rizal.

The accomplishments in 2024 are products of the collaborative spirit, leadership, passion and dedication of our President and his Management Committee, ITG's employees, and our technology support partners. I have every confidence that the Committee will remain committed to its mission of exercising effective governance, aligning IT plans with the overall Bank strategies, managing IT risks, maximizing capacity, and monitoring ITG's service delivery performance.

Lastly, we are extremely grateful for the insights, guidance, and experiences shared by former BITGC Chairperson Vivienne K. Tan.

(Original Signed)
ISABELITA M. PAPA
Chairperson, Board IT Governance Committee

MESSAGE FROM THE BOARD OVERSIGHT RPT COMMITTEE CHAIRMAN

GRI 2–15

DOMINGO H. YAP
Independent Director

We are steadfast in the Bank's commitment to be a responsible financial institution. Ensuring that PNB's affairs are conducted with transparency and fairness is central to the work of the Board Oversight RPT Committee (BORC). The BORC assists the Board of Directors in performing its oversight functions of monitoring and managing potential conflicts of interest, ensuring that exposures to related parties are effectively managed, and appropriate steps to control or mitigate the risks are taken. As a matter of policy, related party transactions (RPTs) must always be conducted on an arm's length basis to prevent risks of potential abuse.

The BORC performs its critical function of reviewing and approving the guidelines for appropriate handling of RPTs, consistent with existing laws, rules and regulations, and global best practices. Our RPT Framework and Policy Guidelines has five key elements designed to promote good governance: (1) well-defined Board and Senior Management oversight; (2) updated and Board-approved policies and procedures; (3) enterprise-wide RPT training program; (4) management information system (MIS) reporting; and (5) effective assessment and monitoring system. The Committee oversees the continuous and timely updating and enhancement of the RPT Framework and Policy Guidelines.

RPT dealings must be treated in the normal course of business. This means that RPTs are undertaken in the same manner as similar transactions with non-related parties. The following critical factors are considered in the evaluation of RPTs: (i) the related party's relationship to the Bank and interest in the transaction; (ii) the material facts of the proposed RPT, including the proposed aggregate value of such transactions; (iii) the benefits to the Bank of the proposed RPT; (iv) the availability of other sources of comparable products or services; and (v) the comparative assessment between the proposed RPT and similar non-related party transactions.

In 2024, the Committee held a total of 13 meetings: 12 regular and one special meeting. The Committee keenly reviewed and deliberated nearly 80 proposals from various Bank units. The proposals are of varying nature, including grant and review of loans, lease arrangements, and equity investments, among others.

In line with the Bank's direction to strengthen controls on RPTs, Compliance Bulletins providing guidelines on the selection of comparable transactions were issued to ensure that material RPT proposals follow the arm's length principle. In addition, a comprehensive reporting exercise and compliance review of all programs, products, services, contracts, and transactions specifically offered or marketed to Directors, Officers, Stockholders and Related Interests (DOSRI) was implemented to ensure that said Bank's transactions with DOSRI fully comply with the regulations.

To achieve the envisioned enterprise-wide automation of the reporting and monitoring system of RPTs, vigorous efforts are being made to the development and completion of the Related Party and Related Party Transactions Database which is targeted to be implemented in 2025.

As part of the Bank's commitment to uphold a strong compliance culture – emphasizing the importance of shared accountability and proactive risk management – each employee of the Bank has a responsibility in the management of related party risks. As such, trainings on RPT were conducted as part of the Compliance Academy Program to deepen employees' understanding of RPTs and equip them with the necessary knowledge when dealing with related parties. Infographics containing relevant information on DOSRI were also communicated to Bank personnel.

I am grateful for the guidance, wisdom, and time shared with us by the Members of the BORC: Committee Vice Chairman Maria Almasara Cyd N. Tuaño-Amador, PNB Chairman Edgar "Ed" A. Cua and Director Eusebio V. Tan. We are also fortunate to be graced by the presence of Board Advisor Federico C. Pascual, whose strong business acumen brings further depth and invaluable insights to the Committee discussions.

For the year 2025, the Bank will continue to fulfill its obligation to lead with integrity and adhere to the established principles of good governance. This includes taking proactive steps to guarantee that related party transactions are handled in a prudent and diligent manner.

(Original Signed)
DOMINGO H. YAP
Chairman, Board Oversight RPT Committee

MESSAGE FROM THE BOARD STRATEGY AND POLICY COMMITTEE CHAIRMAN

FELIX ENRICO R. ALFILER
Director

The Board Strategy and Policy Committee (BSPC) plays a key role in guiding the Bank's strategic direction and supporting the Board of Directors in developing and implementing business strategies while ensuring that associated risks are effectively managed. The Committee oversees the Bank's operations, policies, updating of manuals, risk appetite, capital programs, and investments in human resources and technology to drive sustainable growth.

The BSPC plays a critical role in risk management and capital planning. It reviews, evaluates, and endorses key policies, including those related to domestic and foreign loans, asset disposal, and consumer and business loans. Moreover, to enhance operational efficiency and ensure regulatory compliance, the operations manuals of the Bank are being submitted to the Committee for careful examination and approval of recommended updates.

Recognizing the importance of strategic planning, the BSPC conducts annually a series of sessions jointly with the Risk Oversight Committee to review key strategies, targets, and actual performance of the various business groups of the Bank. The discussions in these sessions focus on enhancing profitability, capital position, asset quality, and liquidity while considering sustainability financing principles. In this regard, the Committee is working closely with Management to ensure that targets and key strategies are achieved, i.e., proactive monitoring of financial performance, exploring initiatives such as business model rationalization to enhance efficiency, market expansion through strategic partnerships, digital transformation and emerging technology adoption, and enhanced customer service through innovative solutions. Monthly financial reports are also assessed during BSPC meetings to measure the impact of these initiatives, ensuring alignment with the Bank's long-term objectives.

Further, to stay ahead of economic and market shifts, the BSPC hears regular economic updates and industry trend analyses to identify resilient sectors and refine strategic plans. These insights are instrumental in directing business groups to take proactive countermeasures against potential risks.

In 2024, the BSPC kept its commitment and mandate according to its charter and discharged its critical roles that aided the Board and the Bank in achieving its targets in accordance with regulatory policies. In addition, the BSPC thoroughly discussed with Management and, thereafter, endorsed to the Board the Bank's Internal Capital Adequacy Assessment Process (ICAAP) and Recovery Plan, which included risk assessment and stress-testing frameworks to ensure financial resilience, capital planning to support business growth and withstand economic disruptions, and exploration of equity investments and divestments to optimize the Bank's capital structure.

As the financial landscape continues to evolve, the Committee remains steadfast in its role as the overseer of the Bank's strategies and policies, ensuring that the institution remains stronger, better, and future ready. Through innovation, sustainability, and risk-conscious decision-making, the BSPC is committed to positioning the Bank for continued success while delivering high-quality products and services to customers worldwide.

The BSPC is composed of 13 members, all of whom are professionals with diverse and extensive expertise and experience in the fields of banking and finance, economics, law, and regulatory governance.

(Original Signed)
FELIX ENRICO R. ALFILER
Chairman, Board Strategy and Policy Committee

MESSAGE FROM THE TRUST COMMITTEE CHAIRPERSON

SHEILA T. PASCUAL
Director

Fiduciary functions of Philippine National Bank (PNB) are vested with utmost trust and confidence of clients. The Trust Committee of PNB, cognizant of the importance of its duty to prioritize the interest of clients in handling fiduciary activities, is steadfast in fulfilling this duty. Our 2024 achievements affirm and demonstrate this commitment.

The Trust Committee ensures that the fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practices.

To ensure an appropriate degree of independence between the activities of the bank proper and Trust Banking Group (TBG), the Board of Directors appointed six qualified and competent members. The members are composed of non-executive directors and include the PNB President and the Chief Trust Officer. The committee members' competence, expertise, and experience contribute to the effective administration of investment management activities of the Bank.

The Trust Committee ensures that the policies and procedures, which translate the Board's objectives and risk tolerance into prudent operating standards, are in place and continue to be relevant, comprehensive, and effective. To show dedication and compliance with its functions, the committee had 13 meetings in 2024 (one special meeting and 12 regular meetings) to discuss and approve policies and procedures of TBG. These policies and procedures were made to further bolster the prudent operating standards of PNB in the administration of trust and other fiduciary activities. Aside from policies and procedures, investment outlets, risk and compliance matters, and marketing highlights are reported to the Trust Committee.

Any investment outlet suggested by the experienced TBG officers have undergone accreditation and approval of the committee. The collaboration of TBG, Risk Management Group, and Global Compliance Group (GCG) also enhances the effectiveness of policies while achieving TBG's target.

To consistently protect clients and their investments, the fiduciary activities undergo audit by the Internal Audit Group, GCG, an external audit team, and by the Bangko Sentral ng Pilipinas (BSP). For 2024, there was no major finding on the fiduciary activities of the group, while the policies are continually enhanced and approved by the Trust Committee to comply with directives.

While the fiduciary business of PNB increased in 2024, Trust Committee sustained its commitment to keep the risk management framework and internal controls in place and working effectively. The committee and officers of TBG are partners in keeping a balanced performance through diligent monitoring of activities.

Finally, the group rolled out products and programs that support financial inclusion and literacy, highlighting its online investment tool and various products. The investing public is assured that their investment is within prudent standards as PNB is committed to support them in every step towards financial growth and prosperity.

Thank you for your continued trust and confidence.

(Original Signed)
SHEILA T. PASCUAL
Chairperson, Trust Committee

MESSAGE FROM THE BOARD OVERSEAS OFFICES OVERSIGHT COMMITTEE CHAIRMAN

FELIX ENRICO R. ALFILER
Director

The Board Overseas Offices Oversight Committee (BOOOC) was established and formally approved by the Board of Directors on October 27, 2023 and conducts meetings at least once a month. Its primary mandate is to oversee the operational, legal, and regulatory risks associated with the Bank's overseas offices, ensuring their sustainability and alignment with the Bank's strategic objectives.

Comprising of four members, including three independent directors, the BOOOC benefits from the committee members' wealth of expertise. In 2024, the committee welcomed PNB Chairman and Director Edgar A. Cua whose extensive banking experience has brought invaluable insights to the committee. During the year, the committee convened eight sessions, which were attended by key stakeholders and resource units that included the International Banking and Remittance Group (IBRG), Internal Audit Group (IAG), Global Compliance Group (GCG), and Enterprise Risk Management Group (ERMG), as well as speakers from other groups such as Operations Group and Information Technology Group, to present management reports, provide clarification, and give information on relevant issues or concerns to the committee.

Since its inception, the BOOOC has diligently focused on addressing potential critical risk areas that require heightened Board oversight and remedial action by Senior Management. The committee is regularly updated through comprehensive reports from the IAG, GCG, and ERMG.

Key updates cover the following areas:

Audit and Compliance: IAG and GCG provide reports on audit findings and compliance issues, ensuring proper monitoring and resolution of matters identified by regulators and internal auditors.

Risk Management: ERMG presents updates on key risk domains, including reputational, credit, liquidity, interest rate, foreign exchange-at-value, vendor management, data privacy, and information security.

IBRG also provides regular updates on its performance, key projects, and business highlights across both domestic and international operations. The committee is kept informed about new engagements, initiatives, and collaborations that support the Bank's objectives.

As the global remittance landscape continues to evolve, the BOOOC remains steadfast in its commitment to ensure that the Bank's international operations are resilient, compliant, and strategically positioned for long-term success.

(Original Signed)
FELIX ENRICO R. ALFILER
Chairman, Board Overseas Offices Oversight Committee

CAPITAL STRUCTURE AND ADEQUACY

The Group's consolidated capital adequacy ratio were 20.10%, 17.70% and 15.38% as of December 31, 2024, 2023, and 2022 respectively, which are well above the minimum 10% required by BSP. The following table sets the regulatory capital as reported to BSP as at December 31, 2024, 2023, and 2022 (amounts in millions):

	Consolidated			Solo		
	2024	2023	2022	2024	2023	2022
Common Equity Tier 1 (CET1) Capital	**207,245**	**182,490**	**158,834**	**202,695**	**178,004**	**154,537**
Common stock	61,031	61,031	61,031	61,031	61,031	61,031
Additional Paid In Capital	32,107	32,107	32,107	32,107	32,107	32,107
Retained Earnings	107,204	86,524	67,161	108,216	86,964	67,850
Other comprehensive income	3,705	(241)	(4,584)	1,341	(2,096)	(6,451)
Minority interest in subsidiary financial allied undertakings which are less than wholly-owned (for consolidated basis)	3,198	3,070	3,120	-	-	-
Less: Regulatory Adjustments to CET1 Capital	**48,157**	**47,253**	**48,221**	**66,225**	**64,326**	**61,587**
Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)	1	1	1	-	-	1
Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries	27	61	1,209	27	61	1,209
Deferred tax assets	7,636	7,257	6,790	7,479	7,032	6,574
Goodwill	10,325	10,362	11,362	10,325	10,362	11,362
Other intangible assets	1,085	1,302	1,864	1,008	1,215	1,754
Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for solo basis only and as applicable)	25,132	24,567	23,199	43,249	41,756	36,686
Investments in equity of unconsolidated subsidiary securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases and as applicable)	-	-	-	186	198	204
Significant minority investments (10%-50% of voting stock) in securities dealers/brokers and insurance companies, after deducting related goodwill, if any (for both solo and consolidated bases)	3,951	3,704	3,797	3,951	3,704	3,797
TOTAL COMMON EQUITY TIER 1 CAPITAL	**159,088**	**135,237**	**110,613**	**136,471**	**113,678**	**92,950**

	Consolidated			Solo		
	2024	2023	2022	2024	2023	2022
TOTAL TIER 1 CAPITAL	**159,088**	**135,237**	**110,613**	**136,470**	**113,678**	**92,950**
Add: Tier 2 (T2) Capital	**7,345**	**6,822**	**6,109**	**7,130**	**6,601**	**5,878**
General loan loss provision, limited to a maximum of 1% of credit risk-weighted assets, and any amount in excess thereof shall be deducted from the credit risk-weighted assets in computing the denominator of the risk-based capital ratio	7,345	6,822	6,109	7,130	6,601	5,878
TOTAL QUALIFYING CAPITAL	**166,433**	**142,059**	**116,722**	**143,600**	**120,280**	**98,828**

Risk Weighted Assets

The risk-weighted assets of the Group and Parent as of December 31, 2024, 2023 and 2022 are as follows:

	Consolidated			Solo		
	2024	2023	2022	2024	2023	2022
Total Risk Weighted On-Balance Sheet Assets	666,376	628,212	609,554	645,172	606,350	591,918
Total Risk-Weighted Off-Balance Sheet Assets	63,320	51,907	34,949	63,050	51,785	34,727
Total Counterparty Risk-Weighted Assets in the Banking Book (Derivatives and Repo-style Transactions)	2,916	378	434	2,916	378	434
Total Counterparty Risk-Weighted Assets in the Trading Book (Derivatives and Repo-style Transactions)	1,907	1,654	1,961	1,877	1,627	1,938
Less: General loan loss provision [in excess of the amount permitted to be included in Upper Tier 2]	1,125	4,036	-	1,201	4,033	-
Total Credit Risk Weighted Assets	**733,394**	**678,114**	**646,898**	**711,814**	**656,109**	**629,018**
Market Risk Weighted Assets	5,862	42,037	32,854	5,798	41,630	32,342
Operational Risk-Weighted Assets	88,898	82,355	78,977	84,179	77,400	72,196
Total Risk Weighted Assets	**828,154**	**802,506**	**758,730**	**801,791**	**775,138**	**733,556**

Capital Adequacy Ratios

	Consolidated			Solo		
Capital Ratios	2024	2023	2022	2024	2023	2022
CET1 Capital (BASEL III)	19.21%	16.85%	14.58%	17.02%	14.67%	12.67%
Capital Conservation Buffer	13.21%	10.85%	8.58%	11.02%	8.67%	6.67%
Tier 1 capital ratio	19.21%	16.85%	14.58%	17.02%	14.67%	12.67%
Capital Adequacy Ratio	**20.10%**	**17.70%**	**15.38%**	**17.91%**	**15.52%**	**13.47%**

ICAAP and Capital Adequacy Ratio Report

The Group's consolidated Qualifying Capital (QC) as of December 31, 2024 stands at Php166,433 million with a corresponding Capital Adequacy Ratio (CAR) of 20.10%. The current consolidated QC still provides a good and sufficient margin above the minimum regulatory capital requirement of Php82,815 million, 10% of the Group's Php828,154 million Risk Weighted Assets (RWA).

PNB - Consolidated (in Php Million)	**As of date indicated**			
	Mar-24	Jun-24	Sep-24	Dec-24
Total Qualifying Capital	146,542	152,214	159,931	166,433
CAR	18.44%	19.38%	20.00%	20.10%
CET 1/Tier 1 Ratio	17.61%	18.50%	19.14%	19.21%
Total RWA – Pillar 1	794,494	785,331	799,770	828,154

Figure 1: PNB Consolidated CAR 2024

Under Solo basis, current QC of Php143,600 million and CAR of 17.91% still has 791 bps leeway above the regulatory capital requirement of Php80,179 million to cover the Ph801,791 million RWA as of December 31, 2024.

PNB - Solo (in Php Million)	**As of date indicated**			
	Mar-24	Jun-24	Sep-24	Dec-24
Total Qualifying Capital	124,582	129,361	137,581	143,600
CAR	16.20%	17.04%	17.78%	17.91%
CET 1/Tier 1 Ratio	15.37%	16.16%	16.91%	17.02%
Total RWA – Pillar 1	769,007	759,125	773,924	801,791

Figure 2: PNB Solo CAR 2024

MESSAGE FROM THE RISK OVERSIGHT COMMITTEE CHAIRPERSON

MARIA ALMASARA CYD N. TUAÑO-AMADOR
Independent Director

Building a Strong Risk Management Culture

Former US Federal Reserve Board Chairperson Alan Greenspan was quoted as saying that, "Indeed, better risk management may be the only truly necessary element of success in banking." While for some the phrase, "the only truly necessary element", may be a bit of a stretch, it cannot be disputed that risk management is central to effective financial intermediation. Long gone are the days when risk managers were viewed as non-revenue generating Cassandras. They now occupy key roles in any organization that seeks to remain relevant and meet its strategic objectives.

At PNB, we are very mindful that our long-term viability depends on how successful we are at embedding the risk culture in every facet and corner of our business. We believe that effective risk management is a shared responsibility of every business unit in the Bank. We are steep in our risk mindset during the challenging times as well as during the good times so that complacency does not set in. Importantly, we manage the risks we face through the lens of how responsibly we can meet our commitments to the entire gamut of our stakeholders: our valued clientele, shareholders, employees, suppliers, regulators, and, more broadly, the Filipino public.

Developing a strong risk culture is essential whether we look at the risks that are inherent as we "run our business" or the risks related to our goal "to transform our business". Our risk culture is not only about ensuring that we carefully examine the prevailing operating environments—domestic and global—to keep our business a profitable and going concern. It is also about making sure that we are attentive to the challenges and threats going forward as we pursue our strategic transformational plans.

In looking at the risks associated with running our business: We continued to promote a strong risk culture that keeps pace with the growth and maturity of our Bank. We strive to be competitive and more efficient so that we can create value for our stakeholders. We make sure that we are adaptive and integrative in our approach. This is needed given that the art of risk management has continued to evolve and that its perimeter has expanded in scope and coverage.

In looking at the risks associated with transforming our business so that it will be future-ready: We continued to leverage on technological innovations and to adopt a mindset that is proactive, agile, and flexible, allowing us to pivot quickly should future circumstances warrant. Charting new paths invariably poses new risks and managing these risks will need to be balanced against the ongoing demands of running our business. This necessitates that we empower our Philnabankers with all the necessary resources (including systems, budgets, learnings) to thrive in this transformational journey as well as to continue to effectively run our shop.

Management expert Robert Kaplan states that managing risk is very different from managing strategy. Risk management focuses on the negative threats and failures rather than on the opportunities and successes. One can disagree with this on philosophical grounds, but I would think that a good way to look at this is to consider risk management and strategic management as complementary policy frameworks that guide us in meeting our commitments and strategic imperatives, with our minds fully open, our eyes on the ball, and our radar screens alert to all possible outcomes while always focused on ensuring strong market conduct.

Over the course of history, banks have been exposed to traditional risks such as credit risk, market risk, liquidity risk, and operational risks. Operational risks cover a whole slew of issues including risks that can emanate from within the organization's ecosystem such as interconnected entities and third-party service providers. Through the years as well, the nature of these risks has evolved, as banking and, more generally, financial intermediation has become more complex. The coverage of monitored risks has also expanded to include digital disruption/cyber risks and sustainability (environmental, social, governance) risks, among other concerns.

Whatever the time frame of the risks faced by banks (i.e., conventional, emerging, new), what is certain is that at PNB, we do not view these risks in isolation. The various risks can and do interact, given their interdependencies, introducing the risk of amplification of their possible impact on our Bank. Thus, our approach to risk management involves a whole-of-PNB perspective—one that tries to consider the full spectrum of risks—which enables us to ensure that our risk management framework is aligned and responsive to the business strategies at all levels in our organization.

Our commitment to effective risk management is a tone from the top. We have role models and senior leaders who champion the importance of a strong risk culture. They carefully monitor and assess our risk landscape and take decisive actions to address potential hot spots to keep these risks from occurring or to mitigate these risks before they can escalate.

Operationally, we have the Board-level Risk Oversight Committee (ROC) and the Management Risk Committee (MRC). The ROC, which meets at least twice a month and is comprised of nine directors (five of whom are independent directors), supports the Board in overseeing the enterprise-wide risk management framework. It oversees the determination of the Bank's risk appetite, assesses our risk profile, monitors our risk capabilities, risk governance and controls, vets realized and potential risks against defined risk thresholds, and provides the watchful oversight to ensure that all business units effectively control and manage risks. This includes clearly identifying responsibilities and accountabilities to address risk management concerns. A culture of constructive challenge and response at every level of decision-making is promoted, allowing us to consider a variety of views and possible outcomes, thus pressing us to prepare as much as we possibly can for all eventualities.

The ROC also ensures that emerging risks are identified and are appreciated against the Bank's strategic directions. In this task, it works in tandem with Management and the Bank's Board Strategy and Policy Committee to review the outcomes of the past years and help chart the Bank's strategic directions for the consideration of the Board of Directors.

But it is not only a tone from the top. The strong risk culture is embraced by the whole organization through a sharp focus on enterprise-wide risk management.

In 2024, our Bank's risk management culture continued to gain in maturity. Our primary objective has remained consistent: to see to it that the risk profiles of all our business units (those domestically situated—including our subsidiaries—and overseas offices) are thoroughly understood and managed in alignment with our strategic growth objectives.

To ensure that our commitment to effective risk management permeates deep into our entire organization, the Enterprise Risk Management Group organized risk awareness and learning sessions throughout the year. Through our home-grown training programs and industry-wide collaboration, we continued to equip Philnabankers with the necessary understanding and skills to empower them to recognize and manage risks proactively within their respective roles and to be accountable in their risk management responsibilities.

A significant development in 2024 was the strengthening of our risk oversight capabilities through the implementation of more rigorous processes for establishing Key Risk Indicators (KRIs) and tolerance levels across all business and support groups. Each group has now defined its own KRIs, aligning them with the Bank's overall risk appetite and establishing corresponding tolerance levels. This structured approach has increased clarity regarding how we identify, measure, and monitor risks and has also helped ensure greater consistency in our risk management processes and policies across the Bank. These KRIs are regularly reported to the MRC and the ROC, allowing for timely communication and swift actions on current and emerging risks.

Other major initiatives during the year included the continued improvement of the process-based Risk and Control Self-Assessments (RCSAs) throughout the Bank, the implementation of the enterprise-wide fraud management and systems improvements to further automate some processes, thus, minimizing manual intervention risks.

As we continue to leverage on technology to drive our business forward, we made decisive moves in 2024 to manage digital disruption and cyber risks. We continued to promote smoothly functioning digital interfaces across our business units and with our various stakeholders with a strong security-centric culture that is mindful of data privacy and information concerns. At PNB, we are well aware that digital technology—such as artificial intelligence and other technological disruptors—has significantly affected our way of doing business, our financial performance and overall viability, our ability to hew to the standards of care set forth by our regulators, and also on our risk management capabilities.

Innovative research has shown that artificial intelligence can revolutionize the ways by which we can detect, assess, and respond to risks. It can support our predictive and forecasting capabilities, detecting patterns and correlations that we might otherwise have not seen. It can strengthen our capacity to monitor and analyze information and data. But for us to leverage on these new technologies, we must first have a good understanding of their benefits, challenges, and pitfalls. In this regard, we continue to champion digital education and training for our Philnabanker community in order to build not only skilled and reliable information technology and security staff, but to also provide our non-technical staff with a risk mindset that promotes a strong and resilient Bank-wide information and cyber security posture. An important headway in this regard is the ISO27001 certification that we obtained recently, demonstrating our commitment to manage well our information security and attendant risks.

Given the multiplicity of risk events and their interconnectedness as well as the increasingly more complex risk landscape, we are focussed on continuing to adapt our risk management framework, policies, and processes. To this end, stress-testing and contingency plans are done and formulated regularly with considerable thought to help ensure that our Bank's foundations are capable of withstanding disruptions and threats, and resilient against the inevitable challenges that will come our way.

This sharp attention to risks, far from leading to operational and policy paralysis or inaction, has in fact supported our operational capabilities and transformational initiatives. This has allowed us to be anticipatory, to consider the 'what ifs', to aim to be more flexible, agile, and nimble.

Admittedly, there are significant resource cost implications in effectively managing our risk landscape. Our integrated, whole-of-PNB approach to risk management has helped us prioritize our actions and responses more effectively, incentivizing us to direct our resources according to our most critical needs and strategic objectives. At the same time, we recognize that these costs are necessary for efficient financial intermediation, and so we are committed to ensuring that our risk management framework is relevant, strong, and based on sound principles. Perhaps one can consider risk management as the white blood cells of our organization, enabling us to attack our weak spots and strengthening our immune system and defences. Our thrust to continue to work on having a more effective risk management system at PNB is aimed at having a healthier organization marked by endurance, strength, and a robust balance sheet and financials.

The PNB's core business is financial intermediation with a strong risk management perspective. We are committed to doing this responsibly as well as partnering with all our stakeholders in their goal to attain their development aspirations. Through effective risk management, we will continue to build and enhance public trust in this institution that has served the Filipino public well for more than a hundred years.

(Original Signed)
MARIA ALMASARA CYD N. TUAÑO-AMADOR
Chairperson, Risk Oversight Committee

RISK MANAGEMENT DISCLOSURE

GRI 102-11, 102-15, 102-30

INTRODUCTION

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

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

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

RISK GOVERNANCE

A disciplined risk management culture and framework facilitates oversight of and accountability for risk at all levels of the organization and across all risk types. Our Board of Directors, through the Risk Oversight Committee (ROC), exercises oversight and provides guidance to our experienced Senior Management Team who, through the Management Risk Committee (MRC), works closely with the business lines in managing risk. There is a rich risk culture, which seamlessly flows through not only within the Bank, but also across the Group subsidiaries.

The Board of Directors 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 Board of Directors. 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.

Risk Oversight Committee

PNB's Board Risk Oversight Committee (ROC) was created by the PNB Board of Directors to assist the board to oversee the risk profile and approve the enterprise risk management framework of PNB. It is mandated to advise on the risk appetite, and to approve frameworks, policies, plans, programs, and processes for managing risk.

The risk management policy includes:

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

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

The members shall possess a range of expertise as well as adequate knowledge of the Bank's risk exposures. They should also meet the requirements of the Securities and Exchange Commission (SEC), the Bangko Sentral ng Pilipinas (BSP), and other applicable laws, rules, and regulations.

Risk Oversight Committee Charter

The ROC has the following mandated functions (BSP Cir. 969 – Enhanced Corporate Governance Guidelines):

1. Oversee the risk management framework;
2. Oversee adherence to risk appetite;
3. Oversee the risk management function; and
4. Oversee regulatory compliance.

Management Risk Committee

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

Mainly composed of the Bank's sector and group heads, the MRC will be responsible for reviewing and monitoring enterprise-level risks and assessing risk responses proposed or taken by the relevant risk owner, and provide inputs to the ERMF process. The Committee shall periodically assess that the Bank's risk appetite statements are aligned with the Bank's business strategy and overall objectives.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The approach to managing risk is outlined in the Bank's Enterprise Risk Management Framework (ERMF), which creates the context for setting policies and standards, and establishing the right practices throughout the PNB Group. This framework defines the risk management processes and sets out the activities, tools, and organizational structure to ensure material risks are identified, measured, monitored, and managed.

Our enterprise risk management framework banks on a dynamic process that supports the development and implementation of overall Bank strategy. The process revolves around methodically addressing risks associated with the business lines of PNB. The ERMF, with regular reviews and updates, has served the Bank well and has been resilient through economic cycles. The organization has placed a strong reliance on this risk governance framework with the three lines model of The Institute of Internal Auditors (IIA).

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

The second line roles are the support units who provide expertise and insight to the first line in managing risks. For the Bank, second line roles include the Enterprise Risk Management Group (ERMG) and Global Compliance Group (GCG): ERMG implements the risk management framework and assists risk owners in reporting adequate risk-related information to the ROC. GCG ensures that a strong compliance program is in place, effectively monitored, and aligned with the risks of the Bank's individual business processes. The second line roles may also recommend implementation of action plans, corrective actions, or service recovery in managing the risk impact and prevent recurrence. ERMG reports to the ROC, while GCG reports to the 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 the Bank's control, governance, and risk management processes. It reports its findings to management and the BACC to promote and facilitate continuous improvement. Internal audit's independence from the responsibilities of management is critical to its objectivity, authority, and credibility. It is established through accountability to the governing body, 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 the Bank and its 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.

Enterprise Risk Management Group (ERMG)

ERMG is independent from the business lines and is organized into the following: Credit Risk Management; Operational and Fraud Risk Management; Market, Liquidity and Interest Rate Risk Management; Integrated Risk Management covering Trust Risk, ICAAP, Model Risk, Environmental and Social Risk and Subsidiaries and Overseas Branches Risk, IT/IS Project Risk Management & Governance; Cyber Security Operations, and Data Privacy.

Each division is tasked to monitor the implementation of the processes and procedures that support the policies for risk management applicable to PNB. These board-approved 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, audits, and compliance testing to measure the effectiveness and suitability of the risk management structure.

ERMG also performs as Secretariat to both the ROC and the MRC which meet monthly to discuss the most recent risk profile of the Bank according to the material risks defined in the Bank's Internal Capital Adequacy Assessment Process (ICAAP) document.

Further, each risk division engages with all levels of the Bank's business and support groups, including domestic and overseas branches and offices and domestic and foreign subsidiaries. This ensures that risk management and monitoring are embedded at origination.

THE BANK'S RISK APPETITE, THRESHOLD, AND TOLERANCE

Risk appetite is the amount and type of risk that the Bank is willing to pursue, retain, or tolerate in pursuit of the organization's value and goals. The Bank's principle on risk appetite is expressed as Risk Tolerance and is embedded in the business units. Risk threshold emphasizes that "the risk appetite should not go beyond the Bank's capacity to manage risks, thus, risk management is everyone's responsibility."

PNB's High Level Risk Appetite Statement

PNB pursues its business objectives by accepting risks up to the level where it remains aligned with the following HIGH-LEVEL RISK APPETITE STATEMENT(S):

On Personnel / Clientele Behavior:

- The Bank does not tolerate any dishonest or fraudulent behavior and is committed to deterring and preventing any incidence. It takes a very serious approach to cases, or suspected cases, of fraud or corruption perpetrated by its personnel, and responds fully and fairly in accordance with provisions of the Bank's Code of Conduct.

On Regulatory / Statutory Compliance:

- The Bank remains compliant with Philippine laws and Regulatory Bodies and its public mandate.
- The Bank remains compliant with the laws, regulations and guidelines as prescribed by the host countries where it is present.
- The Bank remains compliant with generally accepted account principles and standards.

On Reputational Risk:

- The bank maintains LOW appetite for reputational risk issues. The Bank identifies risks that may result in negative impact to the Bank's reputation. The Bank will put into place policies to mitigate such risks and will cascade this through appropriate communication channels.
- When an unfavorable situation arises, the Bank shall address this pro-actively to defend and preserve the Bank's reputation and brand image by actively monitoring and measuring reactive communications received.

On Strategic Business Risks:

- The Bank aims to attain a safe, profitable, and sustainable growth that will maximize shareholder's value.

On Operational Risk:

- The Bank maintains LOW appetite for operational risk issues. The Bank will maintain effective processes and systems through strong internal controls, quality assurance, and quality control programs to manage operational risk. This includes implementing control measures to ensure continuity of business processes, managing proper vendor oversight and employing appropriate governance processes in the implementation of innovative and creative solutions.

On Information and Cyber Security/ Data Privacy Risks:

- The Bank has LOW appetite for damage to Bank information assets from threats arising from malicious attacks and/or poor information security controls. To address this risk, the Bank aims to build and implement strong internal processes, robust technology controls, and a mature security-centric culture.
- The Bank has LOW appetite for data breaches resulting from external factors (e.g., emerging cyber threats) and/or internal factors (e.g., human error, internal fraud). To address this risk, the Bank aims for strong internal processes, conduct of proactive awareness to personnel, and the development and continuous improvement of robust information security and data privacy controls.

On Technology Risk:

- The Bank has a LOW appetite for risks to the availability of systems which support its critical business functions, including those which relate to core banking operations and financial markets operations. Service availability requirements have been identified and agreed with each business area.
- The Bank has a LOW appetite for IT system-related incidents which are generated by poor project implementation, or poor change management practices.

The High-Level Risk Appetite Statement(s) are translated into measurable metrics and set limits that cover all relevant risk categories arising from the Bank's business objectives which aim to keep the overall risk profile within acceptable risk thresholds.

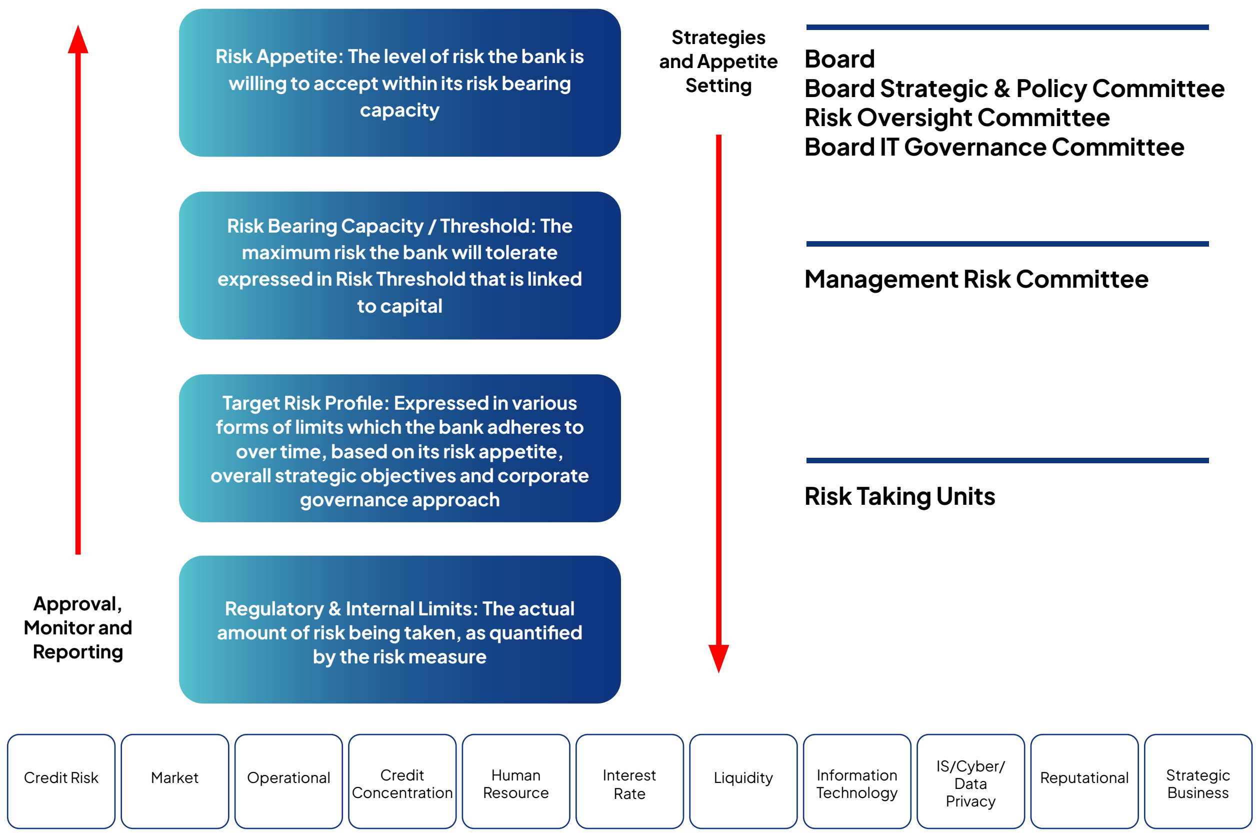
Risk tolerance is the outer constraint defined by the Bank via metrics and limits. This is expressed in quantitative terms that can be monitored and aggregated, relating to a specific business unit or according to a specific risk category. Risk Threshold / Limits are outlined in this report with corresponding responsibilities of executive management and board of directors.

For the Bank's Risk Threshold, the Capital Adequacy Ratio (CAR), which is the measure of the Bank's solvency, is the parameter being used for the risk materiality. The CAR and CET1 ratios are key quantitative measures used by regulators to gauge the strength of a Bank. As such, it is imperative to monitor any adverse movement in these ratios.

Both the Bank's risk appetite (tolerance) and risk threshold (for Pillar 1 and Pillar 2 risks) are approved by the Board upon recommendation of the Management Risk Committee, Risk Oversight Committee, and endorsement of the Board Strategy and Policy Committee (BSPC).

The Board of Directors and Senior Management are responsible for ensuring that the Group maintains, at all times, the desired level and quality of capital commensurate with the inherent risks (credit, market, and operational risks) and with other Pillar II material risks such as Strategic Business, Credit Concentration, Liquidity, Interest Rate Risk in the Banking Book, Reputational, Information Technology, Information Security/Cyber Security/Data Privacy, and Human Resource risks that the Group is exposed to.

Risk Appetite, Risk Threshold, Risk Tolerance



Risk Appetite: The level of risk the bank is willing to accept within its risk bearing capacity

Risk Bearing Capacity / Threshold: The maximum risk the bank will tolerate expressed in Risk Threshold that is linked to capital

Target Risk Profile: Expressed in various forms of limits which the bank adheres to over time, based on its risk appetite, overall strategic objectives and corporate governance approach

Regulatory & Internal Limits: The actual amount of risk being taken, as quantified by the risk measure

The ROC, as delegated by the Board of Directors and supported by the ERMG, oversees the risk profile, and approves the risk management framework of PNB and its related allied subsidiaries.

The BSPC is tasked to review, evaluate, approve and / or endorse for Board approval the various policies, manuals of products and services offered to customers, both domestic and overseas. BSPC also reviews, evaluates, and approves / endorses to the Board for approval various annual strategic forecasts, plans, and budget by the revenue sectors of the Bank. BSPC is responsible for the risk-taking activities and the periodic review of the Bank's ICAAP program.

The Executive Committee (ExCom) reviews, discusses, notes, endorses, and / or approves management proposals on credit facilities; investments in financial assets; and borrowings and capital raising, updates and reports on credit, transactional, administrative, and other matters.

The Capital Management Sub-Committee of the Asset / Liability Committee (ALCO) is tasked to specifically handle policies and procedures pertaining to the capital planning and assessment as well as possible equity investments of the Bank.

The Management Risk Committee (MRC) operationalizes the ERMF of the Bank – assesses, reviews and monitors enterprise-level risks, as well as the risk responses proposed or actions to be taken by the relevant risk owners.

The Senior Management Team and the Business Units agree on the target risk profiles defined by the Bank's strategic plan, and allocate capital based on the risk / return profile. Corporate Planning and Analysis Division (CorPlan) and ERMG monitor this jointly.

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/or more often, as needed. The process includes:

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

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

The Risk and Control Self-Assessment (RCSA) is designed as a forward-looking tool to assess and measure the Bank's risk exposures. This exercise allows each risk-taking unit and support unit, to consider the extent to which potential events have an impact on the achievement of the unit's and, ultimately, the Bank's objectives. Through the process-based RCSA, the various business units identify, measure, monitor, and control additional operational risk categories that may be relevant to their specific areas.

The ICAAP Risk Assessment and Quantification, on the other hand, allows the risk owners to provide a three-year quantitative assessment of the identified risks by means of computing for estimated loss, which can be based on foregone income, opportunity loss, portfolio size, transaction amount, historical loss, additional cost, among others. Further, stress tests are also employed to capture potential losses under extreme scenarios.

Material Risks

The Group defines material risks (at group level) as those risks from any business activity large enough to threaten the Bank's capital position to drop below its desired level, resulting in either an increase in risk weighted assets or a reduction in earnings and/or qualifying capital which translate into a reduction in CAR by 20 basis points (bps).

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

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

Resulting from the assessments based on the premise identified above, the Bank agrees on and reviews on a regular basis the material risks that need focus using the three lines model. For the assessment period from 2024–2026, these are based on the following eleven (11) material risks, which are grouped under Pillar 1 and Pillar 2 risks covered in the Bank's ICAAP Document submission to BSP and required for monitoring.

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

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

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

2024 Risk Management Highlights

Market & Liquidity Risk Management

The Market, Liquidity, and Interest Rate Risk Management Division (MLIRRMD) of ERMG supports the ALCO and the ROC with the independent assessment and reporting of the market risk profile as well as the liquidity profile of the Bank. The market risk as well as the liquidity risk framework comprise of governance structure, risk policies, and generally accepted practices and control structure with the appropriate delegation of authority through the risk limits.

Highlights of the risk management activities for 2024 under MLIRRMD are as follows:

Trading Market Risk / Price Risk
- Participation in the system upgrades for applications that require risk management inputs
- Participation in application for Type 4 Special Brokers Authority
- Reports generation of various frequencies to monitor market risk for parent bank, subsidiaries, and overseas branches
- Performance of simulation exercises for potential material exposures
- Updating and implementation of policies, procedures, and limits
- Conduct of risk awareness lectures for various training programs of the Bank
- Involvement in market risk calculation for the Bank's ICAAP document and Recovery Plan

Structural Market Risk – Interest Rate Risk in the Banking Books
- Participation in onboarding of a system that will automate IRRBB calculations
- Reports generation of various frequencies to monitor interest rate risk in the banking book for parent bank, subsidiaries, and overseas branches
- Update of calculation methodology and assumptions for some IRRBB calculations to improve the risk measurement
- Performance of simulation exercises for potential material exposures
- Updating and implementation of policies, procedures, and limits
- Conduct of technical training
- Involvement in IRRBB calculation for the Bank's ICAAP document and Recovery Plan

Liquidity Risk
- Participation in onboarding of a system that will automate liquidity risk calculations
- Reports generation of various frequencies to monitor liquidity risk for parent bank, subsidiaries, and overseas branches
- Update of calculation methodology and assumptions for some liquidity risk calculations to improve the risk measurement
- Performance of simulation exercises for potential material exposures
- Updating and implementation of policies, procedures, and limits
- Conduct of risk awareness lectures for various training programs of the Bank
- Involvement in liquidity risk calculation for the Bank's ICAAP document and Recovery Plan

Credit Risk Management

The Bank is exposed to credit risk arising from the probability that the counterparties might default on their contractual obligations when due and/or fail to meet credit terms under loans and advances when due. Credit Risk Weighted Assets (CRWA) account for Php732,005 million (as of December 31, 2024) of the Group's consolidated RWA of Php826,765 million. Concentration risks are managed by defining credit policy and institutionalizing limits per industry as a percentage of qualifying capital.

The Group is also exposed to credit risk as a result of its trading and investment activities, as well as a result of its activities as an investment intermediary for its customers or for third parties.

The Credit Risk Management Division (CRMD) of ERMG supports the implementation of the risk management framework for Asset Quality Exposures through its Key Performance Indicators (KPIs), Non-Performing Ratio (NPL), Provision Coverage Ratio (PCR), loan loss provision through Expected Credit Loss (ECL), Capital Adequacy Ratio (CAR) and Risk Weighted Assets (RWA). Our asset quality rating reflects the quantity of existing and potential credit risk associated with loan and investment portfolios, other real estate owned, and other assets, as well as off-balance sheet transactions such as borrower defaults, collateral devaluation, economic downturns, and sectoral concentration.

RISK MANAGEMENT DISCLOSURE

The Bank's Credit Risk Management Processes are performed coherently and collaboratively at three levels, namely:

1. Strategic Level, where the Board of Directors sets the annual revenue goals, target market, risk acceptance criteria; and defines strategic plans and credit risk philosophy and credit risk culture.
2. Transactional Level, where the Risk-Taking Personnel (RTP) (e.g., account officers, approving committees, etc.) determines opportunities and takes risks. The risk-taking activities at this level are congruent with the goals, target market, risk asset acceptance criteria (RAAC), strategies, and risk philosophy set by the policy-making body.
3. Portfolio Level, where the portfolio / total exposure is captured and evaluated by independent third party, other than risk-taking personnel (e.g., ERMG, Internal Audit Group, and Global Compliance Group). The credit risk management of the entire loan portfolio is under the direct oversight of the ROC.

Highlights of the risk management activities for 2024 under Credit Risk are as follows:

1. Continuous monitoring of the loan portfolio trend, non-performing loans and adequacy of loan loss reserves, concentration risk, credit risk ratings migration, status of non-performing accounts, top credit risks, expanded real estate exposure as well as other regulatory limits
2. Identification of emerging and outstanding credit risks, to include among others: new regulations, new products and processes, adverse and continuing economic events, extreme but plausible economic, financial, and operational shocks on the Bank's portfolios, securities and capital adequacy
3. Stress testing to assess resilience against potential adverse events and real estate
4. Independent transactional credit review on the Bank's restructured loans, accounts showing significant increase in credit risk, non-performing loans, evaluation/back testing of ECL computations for written-off accounts, as well as validation of the computation of the Expected Credit Loss
5. Update, review and creation of credit risk policies and procedures for the parent bank, subsidiaries, and overseas branches
6. Participation in the steps undertaken by the Bank on Environmental and Social risk requirements and standards in relation to credit risk
7. Participation in onboarding of a credit system for the bank

Operational Risk Management

Operational Risk Management (ORM) is at the core of the group's operations, integrating risk management practices into processes, systems, and culture. ORM's value lies in supporting and challenging these to align the business control environment with the Bank's strategy by measuring and mitigating risk exposure and contributing to optimal return for stakeholders.

The transformation activities of the Bank led to the merging of the following departments under Operational and Fraud Risk Management Division (OFR MD). Highlights of the 2024 risk management activities for the division and department levels are outlined below:

1. Regular reporting of operational risk heat maps to various management and board level committees of the bank, including the parent company
2. Update of policies, procedures, and applicable operational risk limits and thresholds
3. Participation in onboarding of an operational risk system for the bank to automate and enhance operational risk tools
4. Participation in the steps undertaken by the Bank on Environmental and Social risk requirements and standards in relation to operational risk
5. Conduct of risk awareness and system lectures for various training programs and in regular meetings of the bank and through email blasts

Operational Risk Management

a) Identification of High-Risk Areas for efficient monitoring of critical risks across the organization and continuous monitoring and reporting of top loss events
b) Conduct of on-site review on identified branches
c) RCSA exercise completion, including reporting of the results, of almost 900 business and support units including the subsidiaries
d) Enhancement of the RCSA control assessment parameters
e) Set up and regular reporting of Key Risk Indicators of various business and support units
f) Continuous business process mapping, enhancement of risk taxonomy and organizational hierarchy for the system

Fraud Risk Management

a) Implementation of the Enterprise Fraud Management System (EFMS) for various channels, still ongoing onboarding for other channels
b) Review of the User Access Matrix (UAM) on fraud detection, investigation and recovery process for the four channels
d) Establishment of the Enterprise Fraud Management Division to handle transactional review
e) Recalibration of rule-based potential fraud alerts

Business Continuity Management

a) Timely implementation and monitoring of BCP documents such as Business Impact Analysis, Risk Assessments, and BCP departmental manuals programs and exercises
b) Conduct of business continuity testing on identified critical process and applications
c) Crisis Management Committee membership enhancement and review of actual disruption scenarios
d) Review of third-party documentation and implementation on Business Continuity
e) Business continuity risk assessment of all external service providers
f) Creation of additional BCP playbooks based on identified threat scenarios

Outsourcing and Vendor Risk Management

a) Timely implementation and monitoring of third-party service providers' documents, programs, and exercises
b) Periodic review and monitoring of performance evaluation and risk assessments and due diligence of existing and new vendors
c) Monitoring of timely renewal of vendor contracts by respective business units
d) Process enhancement of the Outsourcing and Vendor Risk Management process

ICAAP

Highlights of the risk management activities for 2024 are as follows:

1. 2024 ICAAP Document and Recovery Plan submission to BSP to cover review of risk assessments for the material risks identified by the Bank and the respective subsidiaries, including update on the risk appetite statements and parameters
2. Enhancement of CAR monitoring and reporting
3. Monitoring of implementation of the Reputational Risk Management Framework

Model Risk Management

Highlights of the risk management activities for 2024 are as follows:

The Model Risk Management Department (MRMD) of ERMG identifies and manages risks related to the use of models through validation and effective challenge of models used by the bank. It conducts independent pre- and post-implementation model validation of the Bank's models. Focus is on the review and validation of model development, model governance, integrity of inputs, model assumptions and methodologies, and calculations of the model to ensure that the Bank's model is objective, accurate, and mathematically sound.

MRMD evaluates model conceptual soundness, identifies risks inherent in model implementation, delivers independent assessment of the model in relation to its compliance with BSP requirements, and provides recommendations to ensure that the developed model is aligned with the Bank's institutional business strategy, technology plans, credit, market, liquidity and other risk policies and procedures.

MRMD's validation process covers both quantitative and qualitative aspects of the Bank's model. Each of these two aspects of validation are sub-divided into three model dimensions:

Quantitative Validation:

- ✓ Theoretical Dimension
- ✓ Data Dimension
- ✓ Mathematical / Statistical Dimension

Qualitative Validation:

- ✓ Model Design and Implementation Process
- ✓ Model Documentation Review
- ✓ Model Governance

Highlights of the risk management completed activities for 2024 under Model Risk Management Department are as follows:

- ✓ Update of framework, policies, and procedures
- ✓ Establishment of the Model Risk Assessment Scorecard
- ✓ Enhancement of Model Inventory, Model Health Scorecard and Model Exception Database
- ✓ Conduct of technical training on Model Risk Management
- ✓ Validation of Market and Other Portfolio Risk Models, Corporate and Retail Credit Risk Models

Environmental and Social Risk Management
Highlights of the risk management activities for 2024 are as follows:

1. Coordination and monitoring of sustainability initiatives of ERMG and deliverables in relation to ESG roadmap
2. Participation in PNB and LTG sustainability requirements, i.e. BSP Exposure Draft, Sustainability Materiality Online Survey, PNB Sustainability Plan 2023-2025, gap assessment, audit responses, Project Paragon, Project SuRe (SEC Sustainability Reporting), Summit for Sustainable Growth – Sustainability Initiative, Lucio Tan Group (LTG) Integrated Reporting
3. Participation in ESG prospective vendors/consultant meetings and other ESG-related trainings
4. Conduct of stress testing on the impact of physical, social and transition risk e.g., POGO pull-out from the Philippines, swine flu, floods and typhoons
5. Integration of environmental and social risk considerations into policies and procedures

Information Technology (Project Monitoring)

While banks have greatly benefited from the software and systems that allow for more efficient delivery of products and services, they have also become more susceptible to the associated risks. Many banks now find that these technologies are involved in more than half of their critical operational risks, which typically include the disruption of critical processes both from internal applications and those outsourced to vendors, risk of breaches of sensitive customer or employee data, and risks of coordinated denial-of-service attacks.

Because of the underlying information technology and security risks, the use of IT / IS Risk Management Framework becomes essential to ensure that both information technology and security risks are properly identified, measured, managed / controlled, monitored, and reported. Further, the BSP guidelines in managing these risks have also evolved to include not only the technology components, but to also indicate the need for analytics and response / recovery measure in case breaches and threats turn into realities.

1. Information Technology Risk is any potential adverse outcome, damage, loss, violation, failure, or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications, and networks (BSP Circular 808). It is also a business risk that is associated with the use, ownership, operation, involvement, influence, and adoption of IT within the Bank [2]. 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).
2. Project Risk is the risk of failure on the implementation of technology projects, which impacts the Bank's operations and service delivery. Project Risk Assessments are conducted to ensure that proper project management activities are implemented and that project risks are monitored and mitigated to reduce the risk of project failures.

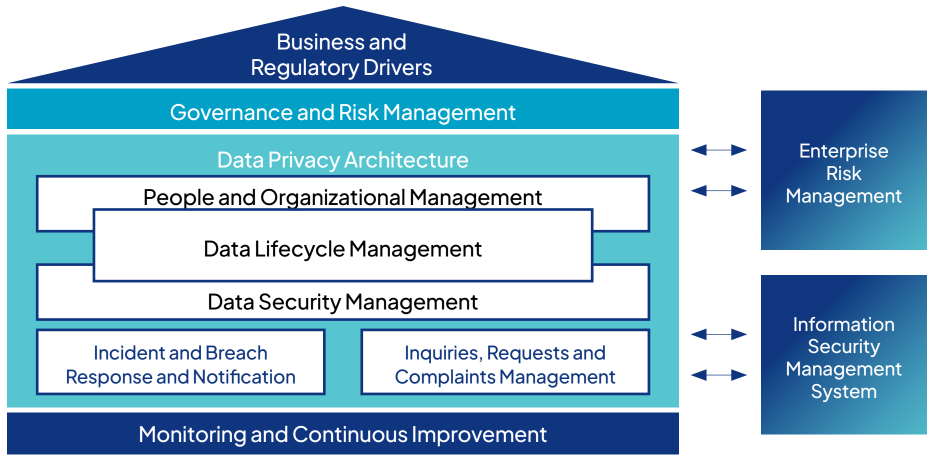
Highlights of risk management activities for IT for 2024:
- Project Risk Assessments – Completion of Project Assessment for major technology projects
- Implementation of the IT Project Management Policy and alignment of project management monitoring with ITG
- Timely roll-out of the enhanced IT Risk Assessment
- Continuous monitoring of IT Key Risk Indicators
- Enhancement of the processes such as IT Risk Assessment (ITRA) and Project Risk Assessment (PRA).

Data Privacy

The Bank respects and values data privacy rights and ensures that all personal data collected from data subjects are processed in adherence to the general principles of transparency, legitimate purpose, and proportionality. While reasons are founded in ethical and corporate responsibility, our privacy practices facilitate the following:
- *Good Corporate Citizenship:* A sound privacy practice is emblematic of reliable corporate citizens that respect data subjects' privacy.
- *Business Enablement:* Since PNB uses significant volumes of personal data, privacy becomes a prerequisite to building enduring business relationships.
- *Legal Protection:* Appropriate privacy policies offer an opportunity to eliminate allegations of unlawful usage of personal information.

Recognizing the importance and criticality of personal information in achieving PNB's vision and objectives, the PNB's Data Privacy Management System (see Figure below) has been developed and put in place. The system includes security policies, organizational structures, and processes including technical, physical, and environmental components, among others.

PNB Data Privacy Management System



The Data Privacy Management System is managed through the continuous review, evaluation, and agreement between the Board of Directors and Senior Management. The authority to oversee the implementation of the system is vested upon the ROC as delegated by the Board of Directors. The group reviews the performance and ensures that safe and sound management practices are always adhered to in all of PNB's engagement and transactions.

Consumer protection is also thoroughly embedded within data privacy management. PNB recognizes and respects the consumer's right to safeguard their financial transactions with the Bank and be heard through appropriate channels concerning their feedback, inquiries, requests and / or complaints.

Highlights of the risk management activities for 2024 under the Data Privacy are as follows:

- Streamlining of the Privacy Impact Assessment process
- Implementation of the Data Sharing Agreement and Data Protection Agreement with relevant partners and vendors, respectively
- Provision of continuous Data Privacy Education and Awareness for PNB including integration of basic data privacy awareness for Human Resource Group training programs, namely: New Employees Orientation, Management Training Program, Junior Executive Development Institute, and Branch Operations Training Program;
- Inclusion of privacy and data protection reminders in client advisories
- Review of business units' manuals, forms, and contracts to incorporate Data Privacy requirements
- Conduct of incident monitoring and reporting to the National Privacy Commission (NPC)
- Provision of counsel to business units including branches, offices, and subsidiaries, both local and overseas, regarding data privacy concerns

Information Security / Cyber Security Risk

Cyber-threat defense involves the entire organization from top to bottom and governance plays a critical role. Our Information Security / Cyber Security Risk Management Framework adopts a proactive stance to anticipate evolving and lingering global cyber threats. This requires continuous monitoring of threat intelligence feeds, targeted threat hunting mechanisms, improvement and adjustment on technology, enhancement of process and people skills, and the proper mechanisms for incident response and recovery.

Highlights of information / cyber security risk management activities for 2024 include:

Information Security
- The Office of the CISO/DPO and ITG have achieved certification for ISO 27001-2022, recognizing the Information Security and Management System (ISMS). The certification encompasses the provisioning, development, operations, and maintenance of internal applications.
- Strengthened oversight and monitoring on the performance of third parties via the conduct of risk assessments.

- Continuous management review over teleworking employees in protecting the confidentiality of confidential information.
- Continuous implementation of an automated Governance, Risk and Compliance (GRC) solution for efficient reporting of information asset registers, status of incidents, risk assessments for information assets and third-parties, compliance to acceptable use of systems, etc.
- Continued upgrading of education and awareness of its workforce aimed to instill a culture of security consciousness and appreciation of shared responsibility via the following activities: (1) classroom training (virtual and face-to-face); (2) dissemination of advisories / bulletins; (3) holding of monthly webinars on various cybersecurity concerns and participation in the global Cyber Security Awareness Month where webinars on cyber hygiene were provided; and (4) anti-phishing talks; etc. Further, expanded its information and cybersecurity awareness to customers and service communities.
- Continued conduct of vulnerability and compromise assessments in detecting security weaknesses in the Bank's information assets.
- Continued monitoring of user compliance to IS policies, standards, and guidelines and other acceptable use policies.

Cyber Security

- Continuous engagement with Cyber Threat Intelligence provider for monitoring of cyber threats and taking proactive measures to avert a possible cyber incident such as a ransomware or malware attack
- Strengthened Data Loss Prevention solution in protecting confidential and sensitive information from falling into the hands of unauthorized persons
- Continuous improvement and adoption of a multi-layered security mechanism for a more secured environment
- Continued engagement with an external party for round-the-clock vigilance against cyber threats and escalation to the support unit within the prescribed time
- Continuous conduct of playbook simulation to ensure readiness in facilitating the containment, restoration, and recovery processes should incidents occur.
- Conduct of forensics on specific situations, as needed.

Internal Capital Adequacy Assessment Process (ICAAP)

The 2024 ICAAP activities is taking off from the March 2023 submission, taking into account surge in inflation due to: a) more severe El Nino that will result in surge in prices of agriculture products; b) higher oil prices due to more disruptive tensions in the Middle East; and c) higher costs as the effect of minimum wage hikes is passed on to consumer prices. This will result in lower economic output due to more persistent pandemic scarring and supply side shocks and inflationary pressure which may come from commodity price spikes (like what happened in 2022) and this may outweigh the impact of weaker consumer demand. The uncertainties brought by the pandemic and inflationary pressure entailed the Bank to further identify risks and vulnerabilities not only on the part of the Bank but including its customers and counterparties. This is imperative as part of the ICAAP to properly manage the risks and ensure there's enough capital to cover potential losses especially through adversity.

The high-level milestones (2023-2024 ICAAP Milestones and List of Activities) are presented in a chart below:

KEY DATES	MILESTONES & ACTIVITIES
September 2023 – December 2023	Continuous discussion and evaluation of top and emerging risks in the Management Risk Committee
	Business Planning Session of the individual groups and revisiting of business strategies relative to the surge in inflation, persistent economic scarring from the pandemic, and projections for the next three years
January – March 2024	Review and approval of the Bank's Material Risks
	Review and approval of ICAAP Stress Scenarios and Assumptions
	Quantification of the Bank's Material Risks aligned to the enterprise scenario and macro-economic assumptions
	Quantification and review of Material Risk as identified by each of the Domestic and Foreign Subsidiaries
	Capital assessments based on the quantified material risks on a BAU and Stress Scenario
	Presentation of the ICAAP Document and Recovery Plan to Capital Management Subcom of ALCO, MRC, BSPC, and Board for the necessary approvals
	ICAAP Document ready for BSP submission

ERMG Sustainability Activities

PNB has already submitted its Board-approved Sustainability Policy, three-year Transition Plan, and Sustainable Finance Framework to BSP to comply with BSP Cir. 1085, Series of 2020 on Sustainable Finance Framework.

When the BSP Cir. 1128 or the Environmental and Social Risk Management System (ESRMS) was released in October 2021, PNB recalibrated its Sustainability Transition Plan to include the specific requirements of integrating Environmental and Social (E&S) risk criteria in the Enterprise Risk Management Framework, particularly on Credit Risk Management and Operational Risk Management. The Manuals were further updated in 2022 to incorporate the provisions of BSP Cir. 1149 issued on August 23, 2022.

As ERMG is part of the core working team, the following are the initial steps taken to comply with the Bank's sustainability initiatives:

- The Bank's Enterprise Risk Management Framework (ERMF) was updated in December 2022 to include the Bank's Sustainability Policy under the risk management realm.
- The Bank's Credit Risk Manual was updated in 2021 and 2022 to align with the Sustainability Finance Framework.
- The job descriptions of Risk Management Officers were updated to incorporate their ESG-related responsibilities.
- The climate-related risks were included in the Bank's Risk Universe/Taxonomy and are being used by the business/support units during risk assessment and for capture in the loss event reporting if there are incidences.
- The Hazard Hunter data in relation to the vulnerabilities of the branches were simulated as part of scenario analysis in the Bank's 2023 and 2024 ICAAP.
- Sustainability clauses are included in the 2022 Enterprise Business Continuity and Vendor Outsourcing Manuals of the Bank, as approved by the Board last March and April 2021, respectively.
- Sustainability criteria/questionnaire in CSD Vendors Information has been implemented.
- Sustainability Risk is in the Vendor Risk Assessment Form.
- Data privacy principles and monitoring activities are ensured to align with ESG initiatives, specifically on corporate social responsibility.

REGULAR CAPITAL REQUIREMENTS UNDER BASEL III – PILLAR 1 CAPITAL ADEQUACY RATIO

The Bank's Capital Adequacy Ratio as of December 31, 2024 stood at 20.10% on a consolidated basis while the Risk Weighted Assets (RWA) as of the end of 2024 amounted to ₱828.154 billion, composed of ₱733.394 billion (Credit Risk Weighted Assets – CRWA), ₱5.862 billion (Market Risk Weighted Assets – MRWA) and ₱88.898 billion (Operations Risk Weighted Assets – ORWA).

Capital Adequacy Ratio

The Bank's total regulatory requirements for the four quarters for 2024 are as follows:

Consolidated	Weighted Exposures (As of End of Every Quarter of 2024)			
(Amounts in P millions)	Mar 31	June 30	Sept 30	Dec 31
CRWA	656,507	687,735	686,602	733,394
MRWA	49,090	8,698	24,270	5,862
ORWA	88,898	88,898	88,898	88,898
Total Risk-Weighted Asset	794,494	785,331	799,770	828,154
Common Equity Tier 1 Ratio	17.61%	18.50%	19.14%	19.21%
Capital Conservation Buffer	11.61%	12.50%	13.14%	13.21%
Total Capital Adequacy Ratio	18.44%	19.38%	20.00%	20.10%

Presented below is the full reconciliation of all regulatory capital elements back to the balance sheet in the audited financial statements of the Bank as at December 31, 2024 (amounts in Php thousands):

Accounts	Balance in FRP	Accounting differences and other adjustments	Balance in audited financial statements
Capital stock	₱61,030,594	₱–	₱61,030,594
Additional paid-in capital	32,106,560	–	32,106,560
Surplus reserves	5,022,572	(55,535)	4,967,037
Surplus	106,425,689	7,397,903	113,823,592
Net unrealized loss on available-for-sale investments	281,371	(139,237)	142,134
Remeasurement losses on retirement plan	(2,655,218)	–	(2,655,218)
Accumulated translation adjustment	2,449,264	(91,420)	2,357,844
Other equity reserves	392,749	937,941	1,330,690
Share in aggregate reserves on life insurance policies	–	21,209	21,209
TOTAL	**₱205,053,581**	**₱8,070,861**	**₱213,124,442**

Credit Risk-Weighted Assets as of December 31, 2024

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

In P Millions	Exposure, Net of Specific Provision	Exposures covered by Credit Risk Mitigants*	Net Exposure	0%	20%	50%	75%	100%	150%
Cash & Cash Items	20,586	-	20,586	20,586	-	-	-	-	-
Due from BSP	55,136	-	55,136	55,136	-	-	-	-	-
Due from Other Banks	21,781	-	21,781	-	10,820	8,923	-	2,038	-
Financial Asset at FVPL	-	-	-	-	-	-	-	-	-
Available for Sale	186,890	3,407	183,483	159,098	5,435	4,450	-	14,500	-
Held to Maturity (HTM)	114,361	4,154	110,207	84,226	7,582	10,430	-	7,970	-
Unquoted Debt Securities	-	-	-	-	-	-	-	-	-
Loans & Receivables	657,853	5,677	652,176	-	90,484	34,683	7,845	505,979	13,184
Loans and Receivables Arising from Repurchase Agreements, Securities Lending and Borrowing Transactions	103,868	67,144	36,724	35,528	-	1,197	-	-	-
Sales Contracts Receivable	859	-	859	-	-	-	-	707	152
Real & Other Properties Acquired	10,409	-	10,409	-	-	-	-	-	10,409

In P Millions	Exposure, Net of Specific Provision	Exposures covered by Credit Risk Mitigants*	Net Exposure	0%	20%	50%	75%	100%	150%
Other Assets	23,232	-	23,232	1,095	-	-	-	22,138	-
Total On-Balance Sheet Asset	1,194,975	80,382	1,114,593	355,668	114,321	59,682	7,845	553,331	23,745
Total Risk Weighted Asset - On-Balance Sheet	-	-	-	-	22,864	47,303	5,884	553,331	35,618
Total Risk Weighted Asset - Off-Balance Sheet Asset	-	-	-	-	-	-	324	62,995	-
Counterparty Risk Weighted Asset in Banking Book	-	-	-	-	2,046	870	-	-	-
Counterparty Risk Weighted Asset in Trading Book	-	-	-	-	14	1,303	-	590	-

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

Market Risk-Weighted Assets as of December 31, 2024

The Bank's Total Market Risk-Weighted Assets (MRWA) broken down by type of exposures (interest rate, equity, foreign exchange, and options) are as follows:

Consolidated	Weighted Exposures (as of End of Quarters 2024)			
(Amounts in Php millions)	Mar-31	Jun-30	Sep-30	Dec-31
Interest Rate Exposures	33,261	5,763	6,001	5,763
Equity Exposures	6	6	6	6
Foreign Exchange Exposures	15,823	2,930	18,263	2,930
Options	-	-	-	-
Total MRWA	**49,090**	**8,698**	**24,270**	**8,698**

Operational Risk-Weighted Assets as of December 31, 2024

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

(Amounts in P Million) Consolidated as of December 31, 2024	Gross Income	Capital Requirement (15% x Gross Income)
2021 (Year 3)	41,386	6,208
2022 (Year 2)	47,232	7,085
2023 (Last Year)	53,619	8,043
Average for 3 Years		7,112
Adjusted Capital Charge (Average x 125%)		8,890
Total Operational Risk Weighted Asset		**88,898**

MESSAGE FROM THE CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE CHAIRMAN

GRI 2–11, 2–22

EDGAR A. CUA
Chairman / Independent Director

The Philippine National Bank (PNB) continues to show its unwavering commitment to implement and maintain strong corporate governance and sustainability policies. The Bank ensures that proper oversight and stewardship are kept in place, remaining accountable to the highest standards not only in the Philippines but also abroad.

For the third consecutive year, we received the prestigious Four Golden Arrow award, recognizing our efforts to do more and go beyond mere compliance with existing corporate governance-related laws, rules, and regulations. The Golden Arrow award is given by the Institute of Corporate Directors (ICD) and is the highest corporate governance award given to the country's top publicly listed companies as derived from the ASEAN Corporate Governance Scorecard (ACGS) assessment results.

The Bank's Corporate Governance Manual was reviewed to strengthen further the Bank's corporate governance-related policies and independent oversight of its management by the Board of Directors. We continuously select the best qualified individuals for directorship and officership positions to ensure that they will be able to perform and devote sufficient time to effectively carry out their duties and responsibilities to serve our stakeholders in the best viable way.

PNB welcomed on October 11, 2024 a new Independent Director, Mr. Geocel D. Olanday, whose areas of expertise include strategic marketing and advertising, finance, business development, and restructuring. His industry experience includes banking and strategic finance, fast-moving consumer goods, commercial and residential real estate, construction, retail, healthcare, deathcare, education, and transportation and renewables. We look forward to the fresh ideas and additional guidance he would bring to the Bank through his participation in the various Board-level Committees.

As advocate of good corporate governance, the Bank has adopted a governance framework wherein the composition, qualifications, interlocking positions, duties, and responsibilities of its Board of Directors, Board-level Committees, and officers are closely monitored to adhere to regulatory requirements. At the same time, internal and external trainings are religiously conducted for our directors' and officers' continuing education, considering that the corporate governance and sustainability landscapes are always changing and constantly developing.

Moreover, we further strengthened the Bank's Whistleblower Policy by providing additional reporting channels, identifying reportable incidents, and enhancing the investigation and escalation procedures, preventing harassment/retaliatory and/or adverse personnel action as well as specifying the roles and responsibilities of the Board, the relevant Board-level Committee, the President and key corporate officers and senior management to promote accountability and transparency throughout the Bank.

In addition to our corporate governance efforts, we are starting to see the fruits of our sustainability initiatives. Our Sustainable Finance Framework was revamped and now clearly illustrates how the Bank's Sustainable Financing Transactions ("SFTs") will finance and refinance projects and expenditures that will create a positive environmental and social impact to the growing communities we support. We are proud to share that our framework is aligned with Social and Green Bond/Loan Principles and Sustainability Bond Guidelines, based on a Second-Party Opinion we obtained in October 2024.

Through this endeavor, the Bank successfully tapped into international markets with a US$300 Million Sustainability Bond offering which was met with strong demand. The final order booked was more than 3.6x oversubscribed, reaching US$1.1 Billion from global investors. We thank our investors for their trust and confidence in our product. Moody's has assigned an investment grade rating of Baa3 to the five-year bond, which will fund the Bank's sustainable financing initiatives. We will continue to solidify our strategy, commitment, and governance on sustainable finance and on our position as among the forerunners of nationwide development across the Philippine banking system.

In November 2024, the Bank held its very first Sustainability Thought Leadership Workshop in partnership with the International Finance Corporation, S&P Global, University of the Philippines Los Banos, and World Wildlife Fund. Among the topics covered during the workshop are emerging trends in sustainability, climate risk management, and opportunities for long-term strategic, sustainable growth, Sustainable Banking Assessment, and Environmental and Social Risk Management System (ESRMS) transition plans. The workshop was attended by our Board of Directors, Senior Management, and representatives from the different bank units with their active participation.

Furthermore, as PNB's sustainability transformation journey continues, the Bank took steps to ensure the integration of sustainability principles into its business and operations. Some of the activities and programs introduced this year include the following:

- Integrating the responsibility of promoting Environmental, Social, and Governance (ESG) advocacies and exercising sustainability oversight to the functions of the Corporate Governance and Sustainability Committee
- Implementing ESG-cognizant lending through the Bank's Institutional Banking Sector (IBS)
- Developing and implementing various initiatives and activities to raise awareness among employees like ESG Learning Sessions for relationship managers and internal stakeholders
- Enhancing the ESRMS and, accordingly, reviewing and revising the onboarding processes and portfolio management practices across business units including corporate banking, global markets, and wealth management, ensuring environmental and socials risks are managed effectively
- Designating ESG Champions to promote the Bank's sustainability initiatives across the various sectors and groups of the Bank.

With a continued fervor to espouse the best practices in corporate governance and sustainability, our stakeholders can expect PNB's sound strategic and business planning to manage its risks and resources well and ensure timely and quality reporting and compliance and accountability systems.

Together with our Board, frontliners, employees, and members of the management team, we shall continue to work hard to achieve greater heights and accomplish the mission we have set for the Bank and for all our stakeholders.

(Original Signed)
EDGAR A. CUA
Chairman, Corporate Governance and Sustainability Committee

CORPORATE GOVERNANCE

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

For the third consecutive year, the Bank has been honored with the prestigious Four Golden Arrow award at the 2024 ASEAN Corporate Governance Scorecard (ACGS) Golden Arrow Awards. This recognition reaffirms the Bank's dedication to exceeding mere compliance with corporate governance laws, rules, and regulations - continuously striving for excellence and industry-leading practices.

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

Board of Directors

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

Board Committees

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

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

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

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

Our Governance Structure

GRI 2-9, 2-11

CHAIRMAN EMERITUS

LUCIO C. TAN

CHAIRMAN

EDGAR A. CUA

Key Role

Responsible for providing leadership in the Board of Directors and ensuring effective functioning of the Board, its committees, and individual directors

EXECUTIVE COMMITTEE

Chairperson	Vice Chairperson
Florido P. Casuela	Lucio C. Tan III
MEMBERS	
Felix Enrico R. Alfiler	Michael G. Tan
Chester Y. Luy	Vivienne K. Tan
Sheila T. Pascual	Edgar A. Cua* – *Non-Voting Member*
Wilfrido E. Sanchez	Maria Almasara Cyd N. Tuaño-Amador* – *Non-Voting Member*
Eusebio V. Tan	

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

Chairperson	Vice Chairperson
Edgar A. Cua*	Geocel D. Olanday*
MEMBERS	
Isabelita M. Papa*	Domingo H. Yap*
Maria Almasara Cyd N. Tuaño-Amador*	

BOARD OVERSIGHT RPT COMMITTEE

Chairperson	Vice Chairperson
Domingo H. Yap*	Maria Almasara Cyd N. Tuaño-Amador*
MEMBERS	
Edgar A. Cua*	Atty. Melissa K. Gabor *(OIC, Global Compliance Group) – Non-Voting Member*
Eusebio V. Tan	Analisa I. San Pedro *(Chief Audit Executive) – Non-Voting Member*

BOARD AUDIT AND COMPLIANCE COMMITTEE

Chairperson	Vice Chairperson
Geocel D. Olanday*	Isabelita M. Papa*
MEMBERS	
Edgar A. Cua*	Eusebio V. Tan
Chester Y. Luy	Domingo H. Yap*
Michael G. Tan	Maria Almasara Cyd N. Tuaño-Amador*

RISK OVERSIGHT COMMITTEE

Chairperson	Vice Chairperson
Maria Almasara Cyd N. Tuaño-Amador*	Isabelita M. Papa*
MEMBERS	
Felix Enrico R. Alfiler	Wilfrido E. Sanchez
Edgar A. Cua*	Vivienne K. Tan
Chester Y. Luy	Domingo H. Yap*
Geocel D. Olanday*	

TRUST COMMITTEE

Chairperson	Vice Chairperson
Sheila T. Pascual	Wilfrido E. Sanchez
MEMBERS	
Felix Enrico R. Alfiler	Florido P. Casuela – *Member, Ex-Officio*
Vivienne K. Tan	Joy Jasmin R. Santos – *Member, Ex-Officio*

BOARD OF DIRECTORS

15 Directors
9 Non-Executive
5 Independent
1 Executive

Key Role

Responsible for approving objectives and strategies of the Bank, overseeing management's implementation thereof, and maximizing the Bank's long-term success and creating sustainable value for its stakeholders

BOARD IT GOVERNANCE COMMITTEE

Chairperson	Vice Chairperson
Isabelita M. Papa*	Lucio C. Tan III
MEMBERS	
Felix Enrico R. Alfiler	Eusebio V. Tan
Florido P. Casuela	Vivienne K. Tan
Chester Y. Luy	Domingo H. Yap*

BOARD STRATEGY AND POLICY COMMITTEE

Chairperson	Vice Chairperson
Felix Enrico R. Alfiler	Edgar A. Cua*
MEMBERS	
Florido P. Casuela	Eusebio V. Tan
Chester Y. Luy	Lucio C. Tan III
Geocel D. Olanday*	Michael G. Tan
Isabelita M. Papa*	Vivienne K. Tan
Sheila T. Pascual	Maria Almasara Cyd N. Tuaño-Amador*
Wilfrido E. Sanchez	

BOARD OVERSEAS OFFICES OVERSIGHT COMMITTEE

Chairperson	Vice Chairperson
Felix Enrico R. Alfiler	Maria Almasara Cyd N. Tuaño-Amador*
MEMBERS	
Edgar A. Cua*	Isabelita M. Papa*

MANAGEMENT COMMITTEE[1]

Chairperson	
Florido P. Casuela *President & Executive Director*	
MEMBERS	
Francis B. Albalate	Humildad M. Santelices
Roberto D. Baltazar	Nanette O. Vergara[2]
Jose German M. Licup	Lotus R. Altavas
Allan L. Ang	Emeline C. Centeno
Manuel C. Bahena Jr.	Damasen Paul C. Cid
Reynaldo C. Burgos	Jennifer Y. Ng
Mariana F. Caculitan	Joy Jasmin R. Santos
Carlo S. Dimaala	Constantino T. Yap
Celeste Marie V. Lim	Juliet S. Dytoc
Maria Paz D. Lim	Melissa K. Gabor
Noel C. Malabag	Mark S. Pantallon
Michael M. Morallos	Analisa I. San Pedro
Roland V. Oscuro	Modette Ines V. Cariño

[1] *As of February 2025*
[2] *Until April 8, 2025*

** Independent Directors*

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

The President and CEO is Florido P. Casuela. He first assumed the position in an acting capacity on July 5, 2022 until his formal election on April 25, 2023. As President and CEO, he is responsible for overseeing the overall management of the Bank's business and operations, ensuring alignment with the strategic direction and risk appetite set by the Board of Directors. He leads the execution of the Bank's vision, mission, values, and strategic initiatives, driving sustainable growth and operational excellence. He also serves as the Chairman of the Executive Committee.

The complete profile of the Chairman, the Vice-Chairman, and the President and CEO can be found in the profiles of the Board of Directors in this annual report.

Board Composition

GRI 3-3

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

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

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

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

At the PNB Annual Stockholders' Meeting (ASM) held on April 30, 2024, the following changes in the Board composition were approved by the stockholders:

- Mr. Leonilo G. Coronel stepped down as Vice-Chairman of the Board. He was then appointed as a Board Advisor of the Bank.
- Mr. Lucio C. Tan III was appointed as the Vice-Chairman of the Board.
- Mr. Wilfrido E. Sanchez was elected as a regular Director of the Bank; and
- Mr. Protacio T. Tacandong was elected as an Independent Director of the Bank.

During the year, Mr. Tacandong resigned as an Independent Director of the Bank effective August 30, 2024. To serve the unexpired term of Mr. Tacandong, the Board approved the election of Mr. Geocel D. Olanday as an Independent Director of the Bank effective October 11, 2024. He previously worked in the industries of banking and strategic finance, fast-moving consumer goods, commercial and residential real estate, construction, retail, healthcare, deathcare, education, and transportation and renewables. He held top management positions and directorships in various private corporations in the country where he gained expertise in the areas of strategic marketing and advertising, finance, business development, and restructuring.

Following the April 2024 ASM, the Board conducted a series of organizational reviews of the chairmanship, membership, and overall composition of the Board-level Committees. The composition of the nine Board-level committees has remained compliant with the applicable regulations issued by the BSP and SEC, and the standards set by the ACGS. The latest composition can be found under the Board Committees section of this report.

Board Advisors

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

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

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

Corporate Secretary

The Corporate Secretary of the Bank is Atty. Ruth Pamela E. Tanghal, a Filipino and a resident of the Philippines. She assumed the position in 2020. She is legally trained, with experience in legal matters and corporate secretariat practices.

The Corporate Secretary assists the Board in its duties and responsibilities. She is the main organizer for the conduct of Board meetings, including preparing an annual schedule of Board and some Board Committee meetings as well as the setting of their meeting agenda. She is also in-charge of organizing the ASM of the Bank. Relative to such function, she safekeeps and preserves the integrity of the minutes of meetings of the Board and its relevant committees, as well as other official records of the corporation.

Board members are always given separate and independent access to the Corporate Secretary.

Chief Compliance Officer

The Chief Compliance Officer (CCO) is responsible for implementing and managing the Bank's enterprise-wide compliance program, ensuring adherence to regulatory requirements across its domestic and foreign branches, offices, subsidiaries, and affiliate. As the Head of the Global Compliance Group (GCG) and the designated Corporate Governance Executive, the CCO plays a critical role in supporting the Board of Directors in fulfilling its corporate governance oversight responsibilities. The CCO reports directly to the Board Audit and Compliance Committee (BACC), ensuring independent and effective compliance oversight. The Bank's CCO, in an officer-in-charge (OIC) capacity, is Atty. Melissa K. Gabor, who assumed the position on November 4, 2024. She also holds the position of OIC of GCG.

Chief Risk Officer

Ms. Juliet S. Dytoc is the Bank's CRO and Head of the Enterprise Risk Management Group (ERMG) which supports the Risk Oversight Committee (ROC) and Management Risk Committee (MRC) in performing their respective tasks. As CRO, she is responsible for overseeing the Bank's risk exposures versus regulatory and approved internal limits, drafting risk policies, and assisting line management in the formulation of risk reduction strategies compatible with goals. This is in line with the Basel Core Principles of Risk Based-Capital Adequacy Framework.

Chief Audit Executive

The Chief Audit Executive (CAE) ensures that the Internal Audit Group (IAG) maintains its organizational independence and complies with sound internal auditing standards. The CAE is responsible for developing and overseeing a comprehensive internal audit program that covers the Bank, its subsidiaries, and overseas operations. This ensures that the Board receives an independent assessment of the adequacy, effectiveness, and regulatory compliance of key organizational controls, procedures, and risk management systems. The Bank's CAE is Ms. Analisa I. San Pedro, who has held the position since 2022.

Management Committee

PNB's Management Committee is composed of top-tier professionals who are well-accomplished in their respective fields. The Management Committee executes the Bank's strategy and drives business performance. It is headed by the President and is composed of (as of February 2025):

Florido P. Casuela
President
Francis B. Albalate
Executive Vice President & Chief Financial Officer
Head, Financial Management, Strategy, and Sustainability Sector
Roberto D. Baltazar
Executive Vice President
Head, Global Banking and Markets Sector
Jose German M. Licup
Executive Vice President
Head, Enterprise Services Sector
Allan L. Ang
First Senior Vice President
Head, Corporate Banking Group and Institutional Banking Sector Deputy Head
Manuel C. Bahena Jr.
First Senior Vice President & Chief Legal Counsel
Head, Legal Group
Reynaldo C. Burgos
First Senior Vice President
Head, Operations Group
Mariana F. Caculitan
First Senior Vice President
Head, International Banking and Remittance Group
Carlo S. Dimaala
First Senior Vice President
Head, Retail Banking Sector
Celeste Marie V. Lim
First Senior Vice President
Head, Consumer Finance Sector
Maria Paz D. Lim
First Senior Vice President
Corporate Treasurer
Noel C. Malabag
First Senior Vice President
Head, Global Markets Group
Michael M. Morallos
First Senior Vice President
Head, Information Technology Group
Roland V. Oscuro
First Senior Vice President & Chief Information Security
Officer & Data Protection Officer
Humildad M. Santelices
First Senior Vice President
Deputy Head, Institutional Banking Sector for Commercial Banking
Nanette O. Vergara *(until April 8, 2025)*
First Senior Vice President & Chief Credit Officer
Head, Credit Management Group
Lotus R. Altavas
Senior Vice President
Head, Human Resource Group
Emeline C. Centeno
Senior Vice President
Head, Corporate Planning & Analysis Division
Damasen Paul C. Cid
Senior Vice President
Head, Digital Channel Management and Innovation Group
Jennifer Y. Ng
Senior Vice President
Head, Marketing Group
Joy Jasmin R. Santos
Senior Vice President & Chief Trust Officer
Head, Trust Banking Group
Constantino T. Yap
Senior Vice President
Assistant to the President
Juliet S. Dytoc
First Vice President & Chief Risk Officer
Head, Enterprise Risk Management Group
Melissa K. Gabor
First Vice President
Officer-in-Charge, Global Compliance Group
Mark S. Pantallon *(appointed February 20, 2025)*
First Vice President
Controller & Head, Accounting & Controllership Group
Analisa I. San Pedro
First Vice President & Chief Audit Executive
Head, Internal Audit Group
Modette Ines V. Cariño
Senior Vice President
Assistant to the President / Secretariat

Legal Vehicles, Business, and Support Groups

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

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

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

Skills, Competency, and Diversity

GRI 3-3, 405-1

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

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

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

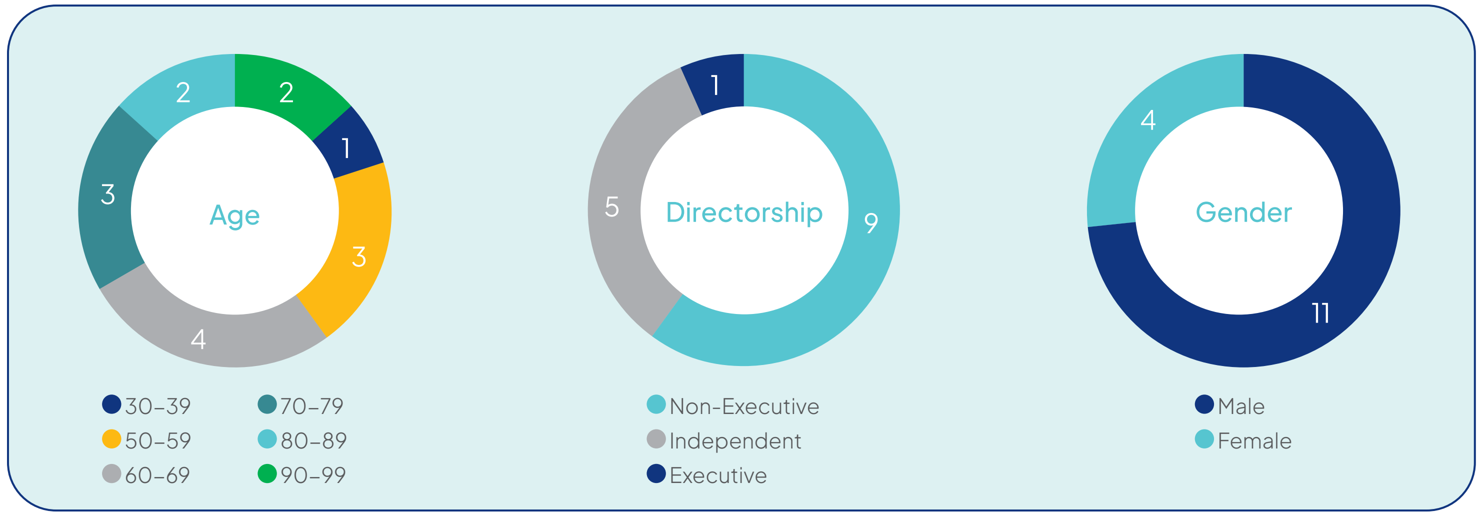
Guided by the ACGS, the Bank continuously endeavors to meet the following standards:

- At least 50% of the members of the Board have educational background in banking and finance, accounting, economics, or law
- At least 50% of the members of the Board have relevant skills and experience in the areas of banking and finance, accounting, economics, or law
- Having at least one female independent director

As in the past years, the Bank has gone above and beyond mere compliance on the said diversity targets. As of December 31, 2024, PNB had four female directors in the Board, two of whom are independent directors. Further, three of the nine Board-level committees are chaired by female directors.

The Board members have diverse educational background, expertise, corporate qualifications, and professional experience including accounting, strategic marketing and advertising, auditing, finance, aviation and travel, business development, banking and strategic finance, restructuring, consumer goods, commercial and residential real estate, economics, and construction, among others.

3 out of 9 Board Committees are chaired by women.



Nomination and Election of Directors

GRI 2–10

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

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

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

The Corporate Secretary presents all nominations for screening and evaluation to the CGSC, together with the profiles of each nominee that include their qualifications and experiences, academic and professional backgrounds, and expertise relevant and beneficial to the business of the Bank. In accordance with PNB's Corporate Governance Manual, CGSC pre-screens the qualifications of the nominees, conducts the nomination procedure, and prepares the final list of all qualified candidates. The Final List of nominees as endorsed by the CGSC is thereafter deliberated and approved by the Board.

Meetings and Attendance

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

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

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

Directors who cannot physically attend or vote at board meetings can participate and vote through remote communication.

In 2024, the Board held a total of 11 meetings: eight regular meetings, two special meetings, and one organizational meeting. The Board members who have been elected during the Annual Stockholders' Meeting (ASM) held on 30 April 2024 have complied with the SEC's 50% minimum attendance requirement.

Name	No. of meetings attended including 2024 ASM	Percentage of Attendance
Edgar A. Cua	12[1]	100.00%
Lucio C. Tan III	12[1]	100.00%
Felix Enrico R. Alfiler	12[1]	100.00%
Florido P. Casuela	12[1]	100.00%
Chester Y. Luy	12[1]	100.00%
Estelito P. Mendoza†	9[1]	75.00%
Geocel D. Olanday	3[2]	100.00%
Isabelita M. Papa	12[1]	100.00%
Sheila T. Pascual	11[1]	91.67%
Wilfrido E. Sanchez	12[1]	100.00%
Eusebio V. Tan	12[1]	100.00%
Michael G. Tan	12[1]	100.00%
Vivienne K. Tan	12[1]	100.00%
Maria Almasara Cyd N. Tuaňo-Amador	12[1]	100.00%
Domingo H. Yap	12[1]	100.00%
Protacio T. Tacandong	5[3]	100.00%

[1] Re-elected during the Annual Stockholders' Meeting of the Bank held on 30 April 2024.

[2] Elected as member of the Board only on 11 October 2024 to fill the vacated seat of Mr. Protacio T. Tacandong, thus, he was not in attendance during the 2024 ASM; further, he has only attended the Board meetings for the period October to December 2024.

[3] Elected as a Member of the Board of Directors on 30 April 2024 but resigned effective 30 August 2024.

In addition to the abovementioned meetings, non-executive directors also meet regularly, other than in meetings of the BACC, ROC, CGSC, and RPT Committees, in the absence of senior management, with the external auditor and CAE, CCO, and CRO. The non-executive directors' meeting with the independent directors and external auditors (SGV & Co.) wherein the latter presented the results of the audit of the 2023 Financial Statements of PNB and its Subsidiaries and the 2023 Management Letter, respectively, was held on February 20, 2024.

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

Remuneration

GRI 2–19

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

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

The proposed amendments to Article V, Section 5.8 of the Bank's Amended By-Laws on the remuneration of directors, along with other provisions thereof, were presented to the stockholders for approval during the 2024 Annual Stockholders' Meeting (ASM) of PNB. Further amendments to the said Section shall be submitted for the approval of the stockholders during the 2025 ASM of PNB that will be held on 29 April 2025 and, thereafter, will be submitted to the BSP for approval and endorsement to the SEC.

Retirement and Term Limit

GRI 201–3

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

Although the Bank believes that adopting a fixed limit on director tenure is counterproductive as it may lead to retirement of qualified and well-seasoned directors, its independent directors may only serve as such for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from serving as independent director in the Bank but may continue to serve as regular director. Such cumulative term is reckoned from 2012. As of December 31, 2024, the Bank has no independent director who has served for more than nine years.

Board Performance Evaluation

GRI 2–18

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

The members of the Board of Directors participate in an annual self-assessment exercise to assess their individual and collective performance. This exercise is also designed to determine and measure the adherence of Management to corporate governance practices and is also a platform to address and discuss specific areas/components that the Board and each director needs to improve on. The self-assessment questionnaire covers comprehensive evaluation criteria focused on matters such as the director's time commitment and independence, potential or actual conflicts of interest, governance landscape, ethical culture in the Bank, risk governance, fitness and propriety of Board and Management, and internal controls.

The performance evaluation is facilitated by GCG, which consolidates and reviews the responses and presents the summary of results and significant findings to the Board of Directors through the CGSC. The said Committee ensures that the results of the Board performance evaluation are shared and discussed with the Board, and that concrete action plans are developed and implemented to address the identified areas for improvement.

Pursuant to the SEC's Code of Corporate Governance for Publicly Listed Companies, the Bank engages an external entity every three years to assess the structure, processes, dynamics, roles, and overall performance of the Board, and to further align PNB's governance framework with best practices. In 2024, the Bank engaged the services of R.G. Manabat & Company (KPMG in the Philippines) as a third-party assessor to assist in the evaluation of the performance and effectiveness of the Board, its individual members and Committees as well as the Chief Executive Officer for the year 2023.

Orientation and Continuing Education

GRI 2–17

The Bank and the members of the Board of Directors put great emphasis on continuing professional development and actively participate in training programs annually to keep abreast of key issues and developments in the industry. Professional development may relate to a particular subject area, committee membership, or key developments in PNB's external environment, market, or operations.

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

The orientation program for first-time directors and relevant annual continuing training for incumbent directors shall be conducted by a training provider duly accredited by the SEC. In 2024, the Bank's Board and senior officers attended a groupwide corporate governance training conducted by SGV & Co. The Corporate Governance Division under GCG monitors directors' compliance with the said training requirements.

As of December 31, 2024, all incumbent directors were compliant with the annual four-hour continuing training requirement. Certificates of attendance have been submitted to SEC and disclosed to PSE.

Name	Program	Date	Host / Training Institution
Edgar A. Cua	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Lucio C. Tan III	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Felix Enrico R. Alfiler	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Florido P. Casuela	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Chester Y. Luy	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Estelito P. Mendoza[†]	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Geocel D. Olanday	Corporate Governance Forum Corporate Governance Orientation Program	November 28, 2024 December 3 and 4, 2024	SEC ICD
Isabelita M. Papa	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Sheila T. Pascual	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Wilfrido E. Sanchez	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Eusebio V. Tan	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Michael G. Tan	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Vivienne K. Tan	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Maria Almasara Cyd N. Tuaño-Amador	Corporate Governance Seminar	October 1, 2024	SGV &Co.
Domingo H. Yap	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Ruth Pamela E. Tanghal	Corporate Governance Seminar	October 1, 2024	SGV & Co.

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

Shareholdings

Directors are required to advise the Corporate Secretary of their shareholdings in the Bank within three business days after their appointment or any subsequent acquisition, disposal, or change in their shareholdings. In this regard, all directors are advised to disclose and report to the Bank, thru the Corporate Secretary, any dealings in the Bank's shares within the said period so the Bank can make the necessary disclosures with the PSE, SEC, and PDEx.

Directors, Management, and employees considered as "insiders" are prohibited from selling or buying security/ies of PNB or another company while in possession of material information with respect to the issuer or the security that is not generally available to the public.

Name	Number of Direct PNB Common Shares	Number of Indirect PNB Common Shares	Total Direct and Indirect PNB Common Shares	Percentage of Shares held to Total PNB Outstanding Common Shares
Edgar A. Cua Chairman/Independent Director	100	0	100 shares	0.0000065541
Lucio C. Tan III Vice Chairman/Director	300	0	300 shares	0.0000196623
Felix Enrico R. Alfiler Director	0	5	5 shares	0.0000003277
Florido P. Casuela Director/President	0	162	162 shares	0.0000106176
Chester Y. Luy Director	0	10	10 shares	0.0000006554
Estelito P. Mendoza[†] Director	0	1,150	1,150 shares	0.0000753720
Geocel D. Olanday Independent Director	0	1	1 share	0.0000000655
Isabelita M. Papa Independent Director	0	1	1 share	0.0000000655
Sheila T. Pascual Director	100	10	110 shares	0.0000072095
Wilfrido E. Sanchez Director	0	1	1 share	0.0000000655
Eusebio V. Tan Director	0	10	10 shares	0.0000006554
Michael G. Tan Director	250	62,000	62,250 shares	0.0040799210
Vivienne K. Tan Director	0	10	10 shares	0.0000006554
Maria Almasara Cyd N. Tuaño-Amador Independent Director	0	1	1 share	0.0000000655
Domingo H. Yap Independent Director	0	1	1 share	0.0000000655

Concurrent and Interlocking Directorships

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

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

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

To ensure that the interlocking positions do not pose any adverse impact on the business as well as to ensure that the director concerned can still efficiently discharge his/her duties and responsibilities as a director of the Bank, certain guidelines are observed. Non-executive directors may concurrently serve as director in a maximum of five publicly listed companies. Each entity within a conglomerate where the non-executive director is concurrently serving as director shall be separately counted in assessing compliance with this requirement. As of December 31, 2024, all 15 directors have complied with the prescribed limit on concurrent and interlocking directorships.

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

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

BOARD COMMITTEES

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

As of December 31, 2024, the membership of each director in the Bank's various Board Committees are as follows:

Name	Board Audit and Compliance	Board IT Governance	Board Oversight RPT	Board Strategy and Policy	Corporate Governance and Sustainability	Executive	Risk Oversight	BOOOC	Trust
Edgar A. Cua	M		M	VC	C	M (Non-voting)	M	M	
Lucio C. Tan III		VC		M		VC			
Florido P. Casuela		M		M		C			M (Ex-officio)
Felix Enrico R. Alfiler		M		C		M	M	C	M
Chester Y. Luy	M	M		M		M	M		
Estelito P. Mendoza†									
Sheila T. Pascual				M		M			C
Wilfrido E. Sanchez				M		M	M		VC
Eusebio V. Tan	M	M	M	M		M			
Michael G. Tan	M			M		M			
Vivienne K. Tan		M		M		M	M		M
Isabelita M. Papa	VC	C		M	M		VC	M	
Maria Almasara Cyd N. Tuaño-Amador	M		VC	M	M	M (Non-voting)	C	VC	
Domingo H. Yap	M	M	C		M		M		
Geocel D. Olanday	C			M	VC		M		

C – Chairman
VC – Vice Chairman

M – Member

Board Audit and Compliance Committee

Mandate:

- Assists the Board in the performance of its oversight responsibility relating to financial reporting process, systems of internal control, audit process, and monitoring of compliance with applicable laws, rules, and regulations.

Structure and membership:

- Chaired by an independent director.
- Composed of five independent directors and three non-executive directors
- The membership, composition, and independence of the BACC meets the requirements under existing laws, BSP and SEC regulations, and the ASEAN Corporate Governance Scorecard.

Meetings and Attendance:

- In 2024, the BACC held a total of 33 meetings: 23 regular meetings, five special and five joint meetings.
- The committee charter stipulates that meetings shall be held at least four times a year. Special meetings may be convened, as necessary. Meetings can only be held if attended by majority of the members; but the vote of the majority of the quorum which in no case is less than two members is required to approve any act in all the meetings of the committee. For matters requiring the Committee's approval and/or endorsement for Board approval, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast a vote to break the tie.

Name	Role	No. of meetings attended	% Present
Geocel D. Olanday	Chairman, Independent Director	7[1]	100.00
Isabelita M. Papa	Vice Chairman, Independent Director	33	100.00
Edgar A. Cua	Member, Independent Director	33	100.00
Domingo H. Yap	Member, Independent Director	33	100.00
Maria Almasara Cyd N. Tuaño-Amador	Member, Independent Director	25[2]	75.76
Michael G. Tan	Member, Non-Executive Director	33	100.00
Chester Y. Luy	Member, Non-Executive Director	25[2]	75.76
Eusebio V. Tan	Member, Non-Executive Director	28	84.85

[1] Elected as a Member of the Board Audit and Compliance Committee on October 11, 2024.

[2] Elected as a Member of the Board Audit and Compliance Committee on April 30, 2024.

Board IT Governance Committee

Mandate:

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

Structure and membership:

- BITGC consists of eight members: five non-executive directors, two independent directors, and one executive director.

Meetings and Attendance:

- In 2024, the BITGC held a total of 16 meetings: 12 regular meetings and four special meetings.
- The committee charter stipulates that monthly meetings be conducted or whenever necessary to properly discharge its functions. Meetings can only be held if attended by a majority of the members less one member; but the vote of the majority of the quorum, which in no case is less than three members is required to approve any act in all the meetings of the committee. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Isabelita M. Papa	Chairperson, Independent Director	16[1]	100.00
Lucio C. Tan III	Vice Chairman, Non-Executive Director	10	62.50
Felix Enrico R. Alfiler	Member, Non-Executive Director	15	93.75
Florido P. Casuela	Member, Executive Director	15	93.75
Chester Y. Luy	Member, Non-Executive Director	16	100.00
Eusebio V. Tan	Member, Non-Executive Director	11[2]	100.00
Vivienne K. Tan	Member, Non-Executive Director	14[2]	87.50
Domingo H. Yap	Member, Independent Director	11[2]	100.00

[1] Appointed as BITGC Chairperson on April 30, 2024.
[2] Elected as a Member of the BITGC on April 30, 2024.

Board Oversight RPT Committee

GRI 2-15

Mandate:

- Oversees the evaluation of related party transactions (RPTs) that present the risk of potential abuse and evaluates all material RPTs to ensure that these are conducted in the normal course of business and on an arm's length basis.

Structure and membership:

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

Meetings and Attendance:

- In 2024, the BORC held a total of 12 regular meetings and one special meeting.
- The committee charter stipulates that the BORC shall conduct monthly meetings or as may be necessary. Meetings can only be held if attended by a majority of the members; but the vote of the majority of the quorum which in no case is less than two members is required to approve any act in all the meetings of the committee. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Domingo H. Yap	Chairman, Independent Director	13	100.00
Maria Almasara Cyd N. Tuaño-Amador	Vice Chairman, Independent Director	13	100.00
Edgar A. Cua	Member, Independent Director	9[1]	100.00
Eusebio V. Tan	Member, Non-Executive Director	9[2]	100.00
Wilfrido E. Sanchez	Member, Independent Director[3]	1[4]	25.00
Isagani A. Cortes	Non-voting Member	10[5]	90.91
Analisa I. San Pedro	Non-voting Member	13	100.00
Melissa K. Gabor	Non-voting Member	2[6]	100.00

[1] Elected as a Member of the BORC on April 30, 2024.
[2] Elected as a Member of the BORC on April 30, 2024.
[3] Currently a Non-Executive Director.
[4] Member of the BORC until April 24, 2024
[5] Member of the BORC until October 31, 2024.
[6] Appointed as a Member of the BORC on November 4, 2024.

Board Strategy and Policy Committee

Mandate:

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

Structure and membership:

- The BSPC consists of 13 members: four independent directors, eight non-executive directors and one executive director.

Meetings and Attendance:

- In 2024, the BSPC held a total of 45 meetings: 23 regular meetings, five special and 17 joint meetings.
- The committee charter stipulates that regular meetings be held at least every month. Meetings can only be held if attended by a majority of the members. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Felix Enrico R. Alfiler	Chairman, Non-Executive Director	44	97.78
Edgar A. Cua	Vice Chairman, Independent Director	45	100.00
Florido P. Casuela	Member, Executive Director	45	100.00
Chester Y. Luy	Member, Non-Executive Director	45	100.00
Geocel D. Olanday	Member, Independent Director	11[1]	100.00
Isabelita M. Papa	Member, Independent Director	45	100.00
Sheila T. Pascual	Member, Non-Executive Director	42	93.33
Wilfrido E. Sanchez	Member, Non-Executive Director	44	97.78
Eusebio V. Tan	Member, Non-Executive Director	43	95.56
Lucio C. Tan III	Member, Non-Executive Director	26	57.78
Michael G. Tan	Member, Non-Executive Director	44	97.78
Vivienne K. Tan	Member, Non-Executive Director	43	95.56
Maria Almasara Cyd N. Tuaño-Amador	Member, Independent Director	36	80.00
Leonilo G. Coronel	Member, Non-Executive Director	10[2]	100.00
Domingo H. Yap	Member, Independent Director	10[2]	100.00
Protacio T. Tacandong	Member, Independent Director	15[3]	100.00

[1] Elected as a Member of the BSPC on October 11, 2024.
[2] Member of the BSPC until April 29, 2024
[3] Elected as a Member of the BSPC on April 30, 2024. Resigned effective August 30, 2024.

Corporate Governance and Sustainability Committee

Mandate:

- Assists the Board in the performance of its governance responsibilities, including the functions of the Nomination and Remuneration Committee, ensuring compliance with and proper observance of good corporate governance.
- Oversees the consistent implementation of the Bank's sustainability framework.

Structure and membership:

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

Meetings and Attendance:

- In 2024, the committee held a total of 16 meetings: 12 regular meetings, two special and two joint meetings.
- The committee charter stipulates that meetings shall be held at least every month. Meetings can only be held if attended by a majority of the members; but the vote of the majority of the quorum, which in no case is less than two members is required to approve any act in all the meetings of the committee. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Edgar A. Cua	Chairman, Independent Director	16	100.00
Geocel D. Olanday	Vice Chairman, Independent Director	3[1]	100.00
Isabelita M. Papa	Member, Independent Director	16	100.00
Maria Almasara Cyd N. Tuaño-Amador	Member, Independent Director	16	100.00
Domingo H. Yap	Member, Independent Director	16	100.00
Wilfrido E. Sanchez	Independent Director[2]	3[3]	50.00
Protacio T. Tacandong	Independent Director	4[4]	100.00

[1] Elected as a Member of the Corporate Governance and Sustainability Committee on October 11, 2024.
[2] Currently a Non-Executive Director.
[3] Member of the Corporate Governance and Sustainability Committee until April 29, 2024.
[4] Elected as a Member of the Corporate Governance and Sustainability Committee on April 30, 2024. Resigned effective August 30, 2024.

Executive Committee

Mandate:

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

Structure and membership:

- The membership and composition of the committee complies with the requirements of the Revised Corporation Code of the Philippines and other applicable laws.
- The committee consists of 11 members: eight non-executive directors, two independent directors, and one executive director.
- Independent directors may be appointed as non-voting members and may assume an advisory capacity to the committee. Non-voting members shall not vote with respect to any determination and proposal requiring the approval or notation of the committee and shall not count towards a quorum at any meeting.

Meetings and Attendance:

- In 2024, the Executive Committee held a total of 47 meetings.
- The presence of a majority of the members of the committee shall constitute a quorum. The unanimous vote of all the members present at the meeting shall be required to approve any act in all the meetings of the committee, otherwise the proposal under consideration shall be elevated to the Board for approval. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Florido P. Casuela	Chairman, Executive Director	47	100.00
Lucio C. Tan III	Vice Chairman, Non-Executive Director	44	93.62
Felix Enrico R. Alfiler	Member, Non-Executive Director	45	95.74
Chester Y. Luy	Member, Non-Executive Director	47	100.00
Sheila T. Pascual	Member, Non-Executive Director	34	72.34
Wilfrido E. Sanchez	Member, Non-Executive Director	31[1]	100.00
Eusebio V. Tan	Member, Non-Executive Director	46	97.87
Michael G. Tan	Member, Non-Executive Director	47	100.00
Vivienne K. Tan	Member, Non-Executive Director	47	100.00
Edgar A. Cua	Non-voting Member, Independent Director	47	100.00
Maria Almasara Cyd N. Tuaño-Amador	Non-voting Member, Independent Director	47	100.00
Leonilo G. Coronel	Non-Executive Director	16[2]	100.00

[1] Elected as a Member of the Executive Committee on April 30, 2024.
[2] Member of the Executive Committee until April 29, 2024.

Risk Oversight Committee

Mandate:

- Assists the Board of Directors to oversee the risk profile and approve the enterprise risk management framework of PNB.

Structure and membership:

- Consists of nine members: five independent and four non-executive directors
- Chaired by an independent director.
- Chairman of ROC is not the Chairperson of the Board or of any other Board-level committee.

Meetings and Attendance:

- In 2024, the ROC held a total of 34 meetings: 24 regular meetings and 10 joint meetings with BSPC.
- The committee charter stipulates that regular meetings shall be held at least every month and may hold special meetings as deemed necessary by the ROC. Meetings can only be held if attended by a majority of the members.
- Ideally, approvals/endorsements of any act or management recommendation in all ROC meetings shall be unanimously voted by all the members present at the meeting.
- For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended[1]	% Present
Maria Almasara Cyd N. Tuaño-Amador	Chairman, Independent Director	24	100.00
Isabelita M. Papa	Vice Chairman, Independent Director	24	100.00
Felix Enrico R. Alfiler	Member, Non-Executive Director	24	100.00
Leonilo G. Coronel	Member, Non-Executive Director	8[2]	100.00
Edgar A. Cua	Member, Independent Director	24	100.00
Chester Y. Luy	Member, Non-Executive Director	24	100.00
Geocel D. Olanday	Member, Independent Director	5[3]	83.33
Wilfrido E. Sanchez	Member, Non-Executive Director	18	75.00
Protacio T. Tacandong	Member, Independent Director	6[4]	75.00
Vivienne K. Tan	Member, Non-Executive Director	24	100.00
Domingo H. Yap	Member, Independent Director	22	91.67

[1] Excluding joint meetings.
[2] Member of the ROC until April 30, 2024.
[3] Elected as a Member of the ROC on October 11, 2024.
[4] Elected as a Member of the ROC on April 30, 2024, resigned effective August 30, 2024.

Trust Committee

Mandate:

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

Structure and membership:

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

Meetings and Attendance:

- In 2024, the Trust Committee held a total of 13 meetings: 12 regular meetings and one special meeting.
- As stipulated in its charter, the committee shall meet at least once every quarter. The presence of a majority of the members of the committee shall constitute a quorum; but the unanimous vote of the quorum, is required to approve any act in all the meetings of the committee. In case the unanimous vote is not attained, for acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. Majority vote of the Committee members is required to approve/endorse an act. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Sheila T. Pascual	Chairman, Non-Executive Director	8	61.50
Wilfrido E. Sanchez	Member, Non-Executive Director	11[1]	84.60
Vivienne K. Tan	Member, Non-Executive Director	12	92.30
Felix Enrico R. Alfiler	Member, Non-Executive Director	11	84.60
Florido P. Casuela	Ex-officio, Executive Director	13	100.00
Joy Jasmin R. Santos	Ex-officio, Chief Trust Officer	13	100.00
Leonilo G. Coronel	Vice-Chairman, Non-Executive Director	5[2]	100.00
Chester Y. Luy	Member, Non-Executive Director	6[3]	100.00

[1] Elected as Vice Chairman on April 30, 2024. Non-voting member prior to the election as Vice Chairman. 100% attendance since election as Vice Chairman.
[2] Vice-Chairman of the Trust Committee until April 30, 2024.
[3] Member of the Trust Committee until April 30, 2024.

Board Overseas Offices Oversight Committee

Mandate:

- Created on October 27, 2023.
- Provides oversight on the overall business operational risks, legal, and regulatory compliance risks of the overseas offices to include foreign branches, subsidiaries (other than those in jurisdictions where management autonomy of the subsidiary is required to be maintained apart from the parent company), marketing desk offices, and representative offices.
- Reviews the formulation of policy guidelines and procedures to ensure the quality of compliance and risk management of the different business legal vehicles by focusing on key risk areas that require closer supervision by the Board and implementation of timely effective corrective actions and/or plans by Senior Management.
- Reviews actions taken in relation to regulators' recommendations, changes in laws and regulatory environment for each of the overseas business legal vehicle, in coordination with the respective entity Board of Directors, other Board Committees, and Senior Management Sector/Group Heads that provide oversight support to the overseas offices.
- Formulates policies for, and reviews the implementation of, the continuing education of key officers in overseas offices, their assignment to management committees, and the succession planning for the overseas offices' Senior Management.

Structure and membership:

- Consists of four members of the Board, three of whom are independent directors.

Meetings and Attendance:

- In 2024, the committee held eight meetings.
- The presence of a majority of the BOOOC members will constitute a quorum, and the unanimous vote of all the members present constituting a quorum shall be required to approve/endorse any act of Management recommendation in all the meetings of the committee.
- In case the unanimous vote was not attained because of an objection from any of the committee members, the following rules shall be observed:

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

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

Name	Role	No. of meetings attended	% Present
Felix Enrico R. Alfiler	Chairman, Non-Executive Director	8	100.00
Isabelita M. Papa	Member, Independent Director	8	100.00
Maria Almasara Cyd N. Tuaño-Amador	Member, Independent Director	8	100.00
Edgar A. Cua	Member, Independent Director	2[1]	100.00

[1] Elected as Member of the BOOOC in October 2024.

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

MANAGEMENT COMMITTEES

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

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

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

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

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

The Chief Information Security Officer (CISO), who reports directly to the ROC, plays a key role in providing leadership and support for information security as well as balancing business and security requirements. The CISO is also responsible for ensuring that information security risks are within acceptable levels. In concurrent capacity, he is the Bank's Data Protection Officer (DPO) tasked to monitor compliance with the Data Privacy Act or Republic Act No. 10173, its implementing rules and regulations, issuances by the National Privacy Commission, and other applicable laws and policies.

The complete background and qualifications of the members of the MANCOM can be found in this Annual Report.

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

BANK COMMITTEES

As of January 31, 2025

1. Acquired Assets Disposal Committee (AADC)
2. Annual Institutional Top Performance Awards Committee
3. Asset and Liability Committee (ALCo)
4. Asset Disposal Committee (Head Office)
5. Capital Management Sub-Committee
6. Committee on Overseas-Related Engagements (CORE)
7. Committee on Decorum and Investigation (CoDi)
8. Customer Experience Committee (CX)
9. Domestic Branch Site Selection Committee (DBSSC)
10. Ethical Standards Committee (ESC)
11. Financial Crime Risk Review Committee (FCRRC)
12. Institutional Banking Sector Credit Committee (IBSCC)
13. IT Evaluation Committee (ITEC)
14. IT Project Prioritization Committee
15. Management Committee (ManCom)
16. Management Risk Committee (MRC)
17. Metro Manila Commercial Credit Committee
18. Occupational Safety, Health, and Family Welfare Committee
19. Operations Committee (OpCom)
20. Philippine Financial Reporting Standard (PFRS) 9 Committee
21. PNB Retirement Fund Board
22. PNB Service Excellence and Professional Development Awards Selection Committee
23. Procurement Committee
24. Products and Marketing Promotions Committee (PMPC)
25. Provincial Commercial Credit Committee (PCCC) For Luzon Accounts
26. Provincial Commercial Credit Committee (PCCC) For Visayas and Mindanao Accounts
27. Retail Banking Sector Credit Committee (RBSCC)
28. Retail Lending Group Credit Committee (RLGCC)
29. Senior Management Credit Committee (SMCC)
30. Technology Committee (TechCom)

COMPLIANCE

GRI 2-27

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

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

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

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

Corporate Governance

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

Financial Crime Risk

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

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

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

Regulatory Compliance Risk

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

Compliance Assurance

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

Compliance Operations

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

INTERNAL AND EXTERNAL AUDIT

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

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

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

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

The external auditor is expected to charge only reasonable audit fees. In determining reasonable fees, the following factors may be considered: (a) audit plan, methodology and timeline of the engagement; (b) reputation, industry expertise and global reach; (c) staffing and authority of team members and engagement partners; (d) effectiveness of consultation process, transparency, and communication; (e) use of technology and innovation and (f) quality of audit services.

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

RIGHTS OF SHAREHOLDERS

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

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

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

Stockholders' Meeting

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

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

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

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

To safeguard the health and ensure the safety of the stockholders and stakeholders of the Bank, the ASM was held virtually on April 30, 2024, pursuant to SEC Memorandum Circular No. 6, Series of 2020.

Before the ASM

On January 26, 2024, the Board of Directors approved the holding of the ASM on April 30, 2024, through remote communication and allowed voting *in absentia* to provide the stockholders a safer mode of attendance and participation in the Bank's ASM. The Notice of the ASM was disclosed to the PSE Edge on the same day.

The Notice was also published, in print and online format, from April 2, 2024, to April 3, 2024 in the BusinessWorld and the Philippine Daily Inquirer, and from April 14, 2024 to April 20, 2024 in the Philippine Daily Inquirer.

During the ASM

The Bank conducted its 2024 ASM via remote communication and implemented electronic voting *in absentia* to provide the Directors, Senior Management, shareholders, and other stakeholders a safer mode of attendance and participation in the ASM and to comply with the Revised Corporation Code of the Philippines and SEC Memorandum Circular No. 6, series of 2020.

All members of the Board, the Chairperson of the Board, the President, the Chairman of the BACC, the Corporate Secretary, the Chief Compliance Officer (CCO), the Investor Relations Officer, representatives of the external auditors, and other key officers attended the virtual ASM.

The Chairperson of the Board formally opened the 2024 ASM. The Corporate Secretary certified the existence of a quorum for a valid transaction of business at the meeting. Every shareholder qualified to vote was entitled to one vote for each share of stock standing in his or her name on the books of the Bank.

Shareholders voted on the following items in the Agenda: (a) approval of the Minutes of shareholders' meeting held the previous year; (b) approval of the Annual Report and the Audited Financial Statements (AFS); (c) approval of the Amendment to the By-Laws; (d) election of directors; and (e) appointment of the External Auditor. All legal acts, resolutions, and proceedings of the Board, including approvals on RPTs endorsed by the BORC, were included in the agenda of the ASM for ratification of all shareholders.

Shareholders are allowed to elect directors individually. Each resolution deals with only one item; there is no bundling of several items into the same resolution.

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

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

After the ASM

The results of the meeting were disclosed to the PSE Edge and on the Bank's website on April 30, 2024. The Minutes of the ASM were uploaded on the Bank's website on May 6, 2024. The Minutes contained the voting results including approving, dissenting, and abstaining votes for all resolutions/each agenda item, questions raised by shareholders, responses from the Board and officers, and attendance of the Board members, key officers, and shareholders.

DISCLOSURE AND TRANSPARENCY

PNB Website

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

Annual and Quarterly Reports

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

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

Press Releases and Media Briefings

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

In 2024, the Bank came out with fourteen (14) press releases. The Bank holds press briefings and interviews with journalists, as may be necessary. Further, PNB regularly shares economic views and insights from the Bank Economist to banking and finance beat reporters, as part of the Bank's contribution to their economic reports.

Investor Relations

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

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

The Investor Relations Program is anchored on three main principles:

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

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

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

Date of Analysts' and Investors' Briefing Hosted by LTG and PNB	Key Discussion Points / Subject
March 18, 2024	Virtual Analysts' Briefing on the LTG Companies' 2023 Full-Year Financial Results
May 13, 2024	Virtual Analysts' Briefing on the LTG Companies' 2024 Three-Month Financial Results
August 12, 2024	Virtual Analysts' Briefing on the LTG Companies' 2024 Six-Month Financial Results
November 12, 2024	Virtual Analysts' Briefing on the LTG Companies' 2024 Nine-Month Financial Results

GOVERNANCE POLICIES AND PRACTICES

Corporate Governance Manual

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

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

Corporate Governance Confirmation Statement

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

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

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

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

Code of Ethics for Directors

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

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

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

Code of Conduct for Employees

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

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

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

Whistleblowing Mechanism

GRI 2-26, FN-CB-510a.2

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

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

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

Anti-Bribery and Anti-Corruption

GRI 3-3, 205-1

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

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

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

Consumer Welfare

GRI 3-3

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

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

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

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

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

Creditors' Rights

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

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

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

Outsourcing and Vendor Management

GRI 2-6, 3-3

It has always been the objective of PNB to maintain an efficient and a harmonious relationship with its suppliers, vendors, and/or third-party service providers. This is being done thru the collaborative efforts of the Accreditation and Vendor Management Department (AVMD) of the Corporate Services Division (CSD) and Vendor Risk Monitoring Department (VRMD) of the Enterprise Risk Management Group (ERMG).

While continuously improving the processes of AVMD to streamline operations, heighten control procedures, and comply with recent BSP requirements, the Bank also started to incorporate its general policy on Sustainability with the guidance of the corporate sustainability team of the Bank in compliance with the government's mandate on the matter.

AVMD and VRMD continuously provide guidance to maintain the efficiency of monitoring and oversight activities of Outsourcing and Vendor Management. Among others, AVMD is currently using the Governance, Risk and Compliance (GRC) system of RMG in PNB's automation efforts for the Bank's third-party risk management while still exploring other options to improve the bank's automation and digitization directives.

Selection Process for Senior Management

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

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

Succession Management

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

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

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

1. Identification of key/critical positions.
2. Nomination of Candidates - based on the candidate's ability, engagement, and aspiration to assume higher role, subject to the initial evaluation of the Nominating Officer/Incumbents, the respective Sector or Group head nominates possible candidates who may be from within or outside of their respective Group/Sector.
3. Conduct of Talent Screening - the process of evaluating and assessing the shortlisted nominees' competencies based on tenure, rank, past and present performance and disciplinary record, competencies and readiness, subject to the approval of the President.
4. Learning and Development – An Individual Development Plan (IDP) shall be crafted by conducting a career dialogue with the accepted talent and the supervising head of office to discuss the identified competency, behavioral, and leadership skills / requirements, mobility, and other requirements (e.g., certifications and licenses) of the position for which he/she is being considered as a possible successor. To address the development needs of each talent, the Institute for Banking Excellence (IBE) of the Human Resource Group shall curate basic, core, advanced and specific training programs intended for the talents in the ETP.
5. Talent Review Process (TRP) – Talent's progress shall be monitored and evaluated based on the completed development plan, displayed competencies, and completed certifications/licenses, and readiness.
6. Engagement – strategies are employed to sustain the desired level of performance as well as the talent's commitment to the program.
7. Placement – the talent review process and the learning and development programs continue until the need or opportunity arises for the talent to assume a key/critical position within the organization.

In-House and External Training Program for Senior Management

GRI 3-3, 404-2

PNB's unwavering commitment to learning and development has solidified its position as a leader in driving professional growth, earning prestigious accolades such as the 2024 LinkedIn Talent Award for Learning Champion in the Philippines and the 2023 Gawad Maestro Award as Learning and Development Organization of the Year for the Private Sector from the Philippine Society for Talent Development (PTSD).

Through IBE, PNB delivers a dynamic mix of face-to-face (F2F) sessions and virtual instructor-led trainings (VILTs) via MS Teams, complemented by external training programs for specialized topics.

To enhance accessibility and flexibility, PNB has strengthened its digital learning strategy, leveraging LinkedIn Learning as its primary platform for on-demand, 24/7 courses. This included key regulatory programs such as the Anti-Money Laundering (AML) Home Study Program and Information Security Awareness Training (ISAT), along with curated Learning Paths for Senior Management focused on leadership, decision-making, people management, and strategic thinking. Beyond technical and leadership development, PNB prioritizes mental wellness, offering programs on team well-being, stress management, and inclusive leadership to equip Senior Management with the tools to navigate workplace challenges effectively.

The PNB B.L.O.O.M. (Building Leaders by Offering Opportunities through Mentoring) certification program further enhances this commitment by promoting modern mentoring practices within an Asian cultural context. Additionally, specialized training on Bank product awareness, risk management, internal audit, digital fluency, and economic outlook supports the Bank's sustainability goals.

Through these initiatives, Human Resource Group continues to deliver impactful learning experiences, empowering employees, strengthening leadership, and fostering a culture of continuous growth to ensure a future-ready workforce where people excel in their roles and lead with vision and resilience.

Remuneration Policy

GRI 2-19

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

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

Officers' Compensation and Benefits

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

- Monetary emoluments consisting of monthly compensation, guaranteed bonuses equivalent to four monthly basic salary, allowances for business-related expenses, official travel, annual clothing allowance, annual rice subsidy and other monetary allowances, and award upon reaching service milestones of at least 10 years and every five years thereafter; and
- Non-monetary benefits consisting of healthcare plan for the officer and two qualified primary dependents, group life insurance, group accident insurance, leave privileges, telecommuting work arrangement for eligible officers, car plan, and loan facilities such as general-purpose loan, motor vehicle loan, and housing loan.

Performance-Based Remuneration

GRI 2-20

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

Retirement

GRI 201-3

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

There are three modes of retirement, to wit:

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

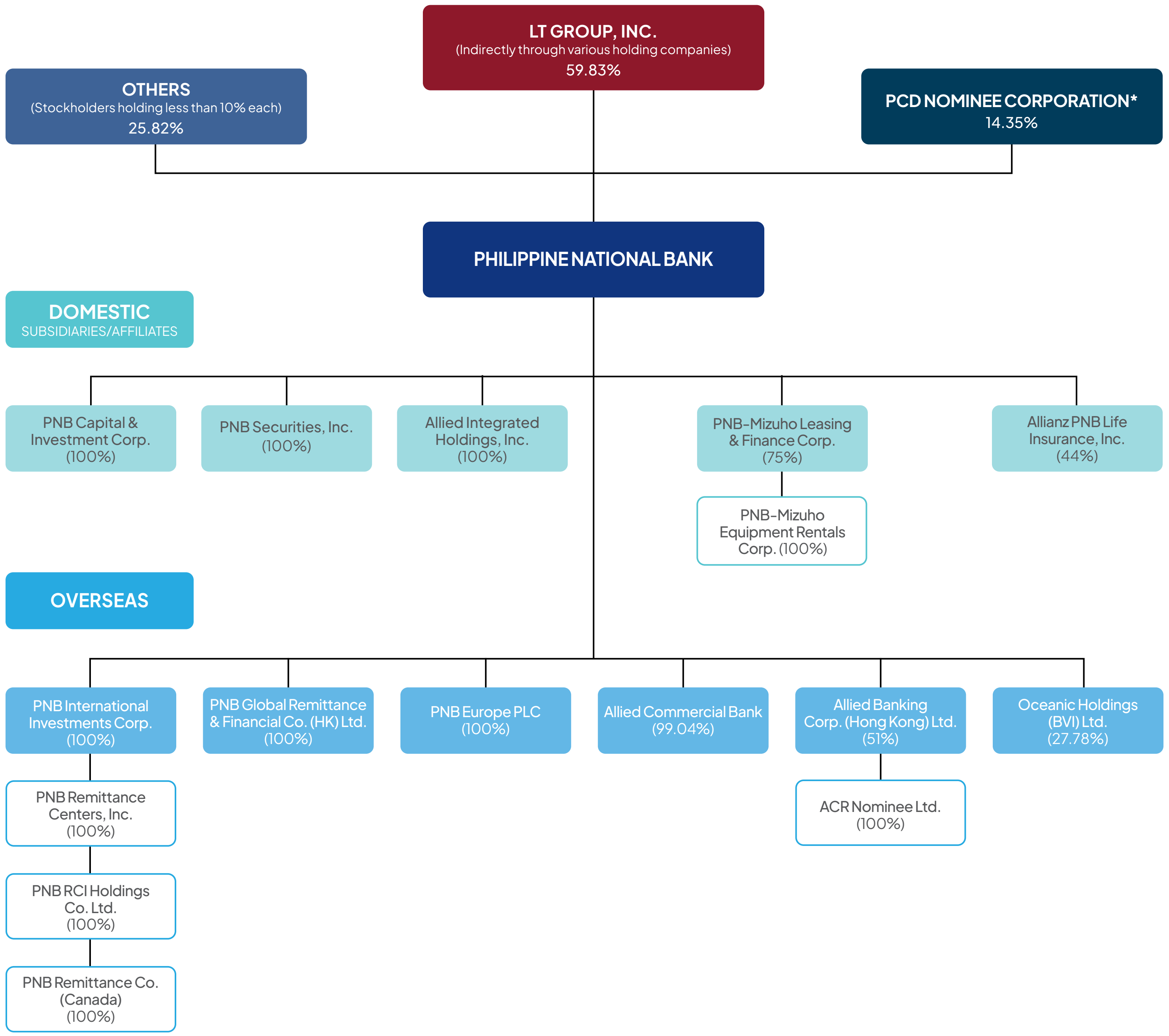
Employees who intend to resign from service but do not meet the prescribed eligibility requirements are not entitled to any separation pay.

PNB Shareholdings of Holding Companies Under LT Group, Inc.

NAME	DIRECT PNB SHARES	INDIRECT PNB SHARES	TOTAL DIRECT & INDIRECT PNB SHARES	PERCENT TO TOTAL PNB OUTSTANDING SHARES
All Seasons Realty Corp.	10,005,866	0	10,005,866	0.6557934534
Allmark Holdings Corp.	20,724,567	0	20,724,567	1.3583067535
Caravan Holdings Corp.	82,017,184	0	82,017,184	5.3754799765
Donfar Management Ltd.	30,747,898	0	30,747,898	2.0152448787
Dunmore Development Corp. (X-496)	15,140,723	0	15,140,723	0.9923365976
Dynaworld Holdings, Inc.	11,387,569	0	11,387,569	0.7463515102
Fast Return Enterprises, Ltd.	18,157,183	0	18,157,183	1.1900380979
Fil-Care Holdings, Inc.	25,450,962	0	25,450,962	1.6680789310
Fragile Touch Investment, Ltd.	22,696,137	0	22,696,137	1.4875252238
Ivory Holdings Inc.	20,761,731	0	20,761,731	1.3607425155
Kenrock Holdings Corp.	26,018,279	0	26,018,279	1.7052613973
Kentwood Development Corp.	17,237,017	0	17,237,017	1.1297295910
Key Landmark Investments, Ltd.	133,277,924	0	133,277,924	8.7351549618
La Vida Development Corp.	19,607,334	0	19,607,334	1.2850822982
Leadway Holdings. Inc.	65,310,444	0	65,310,444	4.2805052168
Mavelstone Int'l. Ltd.	29,575,168	0	29,575,168	1.9383831001
Merit Holdings & Equities, Inc.	17,385,520	0	17,385,520	1.1394626112
Multiple Star Holdings Corp.	30,798,151	0	30,798,151	2.0185385055
Pioneer Holdings Equities, Inc.	34,254,212	0	34,254,212	2.2450518506
Profound Holdings, Inc.	18,242,251	0	18,242,251	1.1956135311
Purple Crystal Holdings, Inc.	24,404,724	0	24,404,724	1.5995075519
Safeway Holdings & Equities, Inc.	12,048,843	0	12,048,843	0.7896920027
Society Holdings Corp.	17,298,825	0	17,298,825	1.1337805429
Solar Holdings Corp.	82,017,184	0	82,017,184	5.3754799765
Total Holdings Corporation	15,995,011	0	15,995,011	1.0483274012
True Success Profits Ltd.	82,017,184	0	82,017,184	5.3754799765
Uttermost Success, Ltd.	30,233,288	0	30,233,288	1.9815168766
TOTAL	**912,811,179**	**0**	**912,811,179**	**59.8264653298**

CONGLOMERATE MAP

As of December 31, 2024



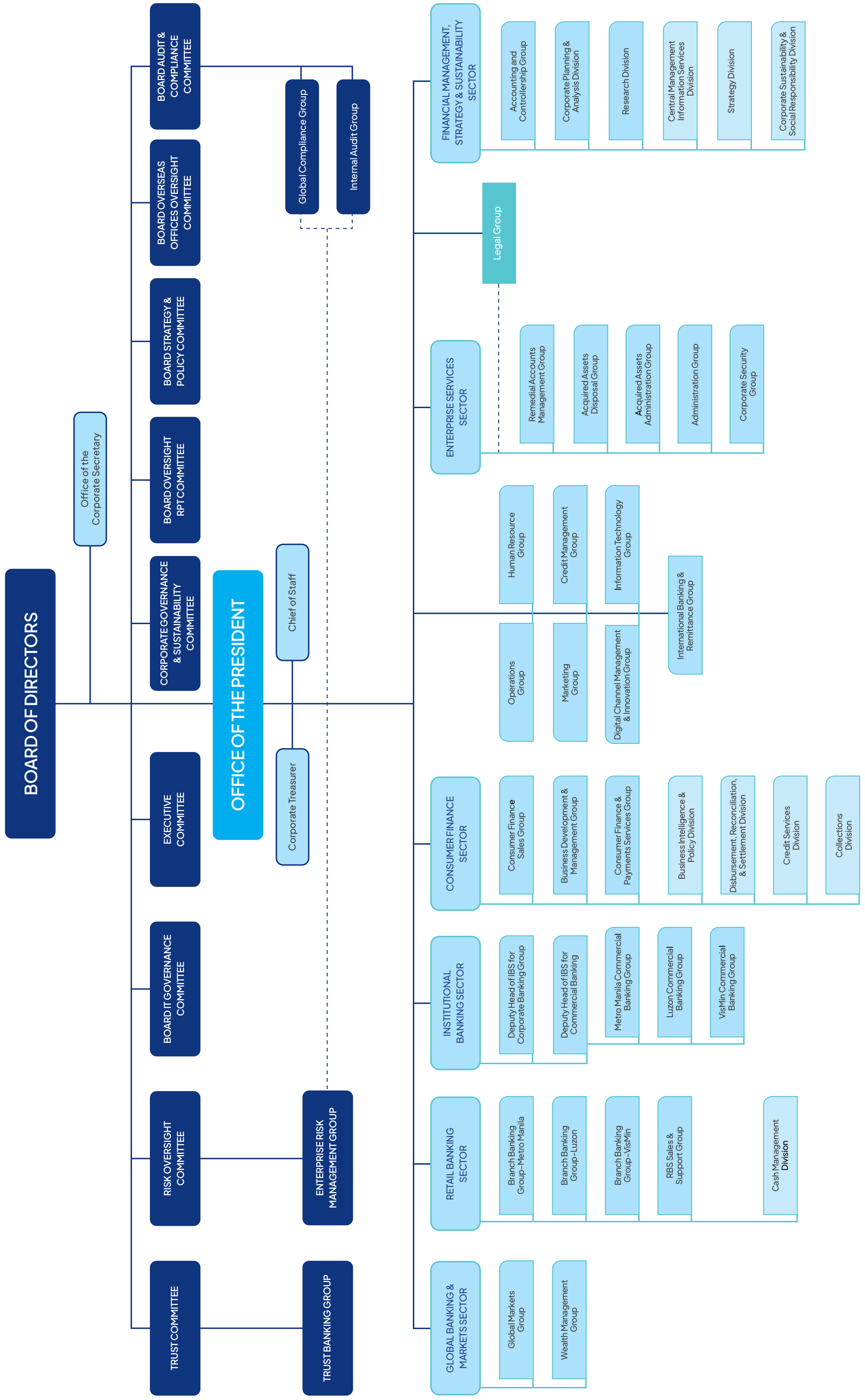
* PCD Nominee Corporation (PCDNC) acts as a trustee-nominee for all PNB shares lodged under the PCD System.

Note:

Dormant Overseas Subsidiary
1. PNB Corporation Guam

TABLE OF ORGANIZATION

GRI 2-1, 2-2
February 28, 2025



Pursuing Sustainability
EVERY STEP TOGETHER

Since the publication of its first Sustainability Report in 2018, the Bank has continuously strengthened its commitment to responsible banking, environmental stewardship, and inclusive economic growth. Guided by our Sustainability Framework, we integrate Environmental, Social, and Governance (ESG) principles into our operations, ensuring that our financial services create long-term value for our stakeholders while contributing to national and global sustainability goals.

This report highlights our progress, initiatives, and impact as we advance sustainable finance, protect the environment, and support communities in building a more resilient future.

Contents

About the Report

Reporting Coverage, Guidelines, and Standards

GRI 2-2, 2-3

Reporting Period

January 1, 2024 to December 31, 2024

Reporting Coverage

This report covers the performance of Philippine National Bank's domestic and international operations.

Financial statements were audited by SGV & Co. Non-financial data, though not externally assured, underwent through internal review and verification.

Guidelines and Standards

PNB adheres to the following international and domestic standards and frameworks:

- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- IFRS S1 General Requirements for *Disclosure of Sustainability-related Financial Information*
- IFRS S2 *Climate-related Disclosures*
- Bangko Sentral ng Pilipinas (BSP) Guidelines and Securities and Exchange Commission (SEC) Guidelines for *Annual and Sustainability Reporting*
- BSP Manual of Regulation for Banks (MORB)
- United Nations' Sustainable Development Goals (SDGs)

Our Reporting Process

1 Stakeholder Engagement

We begin by engaging with a wide range of stakeholders, including employees, customers, investors, regulators, and community partners. Through surveys, interviews, and consultations, we gather their views and expectations about the Bank's role in addressing ESG challenges.

2 Materiality Assessment

Using the insights from stakeholder engagement, we validated the material topics from our last assessment in 2022 to identify and prioritize the ESG issues that are most relevant to our stakeholders and have the greatest impact on our operations. This helps us focus our efforts on addressing the topics that matter most, aligning with both stakeholder interests and the Bank's strategic objectives.

3 Data Gathering and Reporting

We collect data from various departments and business units to measure our performance against key ESG indicators. This includes environmental metrics, social initiatives, and governance practices. The data is then analyzed and organized for the purpose of this report.

4 Management Review

The report undergoes a thorough review by senior management to ensure its accuracy, comprehensiveness, and alignment with the Bank's strategic goals. Feedback from leadership is incorporated to ensure the report reflects our commitment to sustainability and meets regulatory and stakeholder expectations.

2024 Sustainability Performance and Impact to SDGs

In 2024, Philippine National Bank made significant strides in embedding sustainability into our operations, driving measurable progress across key ESG pillars in line with our contributions to the SDGs.

63
communities served in select Metro Manila and Luzon areas by Bank on Wheels

Php 73.1 billion
Total portfolio supports agricultural production, food manufacturing, wholesale/ retail food selling, and food-related activities.

Php 4.6 billion
Total financing provided to agricultural and food security programs.

Php 1.96 billion
Total loan portfolio supports medical facilities and health programs

268 ambulance emergency runs

221 ambulance patients catered

100%
Total percentage of employees covered by the OHS management system

17,299,912
Total safe man-hours of employees

No reported incidents
of work-related injuries, fatalities, or death

932
Total employees adopted the alternative work arrangement (AWA), promoting work-life balance and helping to reduce the Bank's environmental footprint

56.31%
Total percentage of employees at management level are female

33%
Percentage of Board Members and Board Advisors are female

3 out of 9
Board committees are chaired by women

Php 3.1 billion
Total loan portfolio supports water collection and supply,and wastewater treatment and disposal

383.79 megaliters
Total water consumed and withdrawn

8,777
Total number of employees who underwent training

464,842
Total training hours of all employees

53
Average hours of training per employee

35
Decommissioned desktop computers and laptop donated to their target partners schools/universities

1,138
Teachers trained on subjects such as Math, Science, and English in 314 public schools.

Php 68.5 million
Amount of loans to businesses providing educational services

80
Schools provided with teacher support materials on Math, Science, and English

82
Students benefitted from the constructed school building for Chiang Kai Shek College Integrated School

5,507
Participants attended Financial Literacy/Wellness sessions

Php 92.5 billion
Total loan portfolio supports power transmission, generation and distribution

22,057,593.16
Total energy consumed in kWh

Approximately 990k
Total no. of OFWs served by PNB

Php 79.3 billion
Total direct economic value generated

17.28%
Percentage and number of employees promoted

Php 10.67 billion
Total spent in employee wages and benefits

8,816
Number of full-time employees

100%
Percentage of employee receive regular performance and career development review

Php 137.7 billion
Total loan portfolio supports operation of toll roads and bridges, telecommunications, logistics, and construction companies and construction-related activities

631
Total domestic branches nationwide

1,572 ATMs

143 CAMs

63 Corporate CAMs

6,152 POS Terminals

Php 2.4 billion
Total amount approved for project implementation

1,449,058
Total enrolled users in the PNB Digital

43,960
Total enrolled users in the PNB C@shnet Mobile App

Php 2.5 billion
Total 2024 CAPEX for IT-related projects

Php 89.2 million
Total investments in Digital App (Retail and Corporate) Innovations and Security

1,061.54 metric tons
Total non-hazardous wastes generated by domestic and overseas offices and branches in metric tons

Php 16.5 billion
The total loan portfolio supports green buildings, transportation, and projects of LGUs

839
Total accredited vendors/suppliers and third-party service providers

286.74 metric tons
Total paper used/consumed in metric tons

110,020 liters
Total fuel used in the operations in liters

100%
Percentage of compliance with the marketing and labeling guidelines of the Bank.

Zero incidents
No. of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship

15,861.37 tCO_2e
Total GHG emissions by PNB domestic and overseas branches and offices in tCO_2e

Php 2.4 billion
Total amount of loans to support responsible fishing

1,200
Seedlings of falcata tree (Paraserianthes falcataria) were planted by the Philnabankers in Brgy Mamuyao, Tanay, Rizal

1,375
Forest and fruit-bearing tree seedlings/saplings in the backyards and communities of Philnabankers through the PNB CommuniTree Program

Won Four Golden Arrow Award for 3rd straight year

Php 1.9 billion
Amount of loans offered to government agency bodies

CSR Partnerships and Collaborations

- Continued partnership and synergy with Tan Yan Kee Foundation, Inc. and LT Group, Inc. for various sustainability and CSR activities and initiatives of the Bank and the conglomerate
- Collaboration/partnership with national and multi-lateral agencies and organizations for sustainability and ESG-related programs and initiatives of the Bank

Sustainability at PNB

PNB's Sustainability Journey and Milestones

GRI 2-6

2018

- Corporate Social Responsibility (CSR) Unit was established
- ESG-Cognizant Lending implemented by Institutional Banking Sector
- PNB prepared its first Sustainability Report using GRI Reporting Standards (Global Compliance Group)

2019

- CSR was renamed Corporate Sustainability Unit (CSU) and placed under Public Affairs Group
- CSU launched Project P.L.A.N.E.T. (Protect, Love, and Nurture Environment Together)
- Became a member of Philippine Business Council for Women Empowerment (PBCWE) and underwent Economic Dividends for Gender Equality (EDGE) Certification. EDGE is a leading global assessment methodology and business certification standard for gender equality, working with nearly 200 organizations all over the world
- SEC Memorandum Circular No. 4, Series of 2019 (Sustainability Reporting Guidelines for PLCs)

2020

- Sustainability Technical Working Group (TWG) and SteerCom were formally established
- Received first level of Economic Dividends for Gender Equality (EDGE) Certification, a leading global assessment methodology and business certification standard for gender equality
- Submitted the Board-approved Sustainability Policy, 3-year sustainability transition plan and sustainable financing framework to BSP
- Best Bank for CSR in the Philippines and recognized as a Leader for Women in Asia by Asiamoney
- BSP Circular 1085: Sustainable Finance Framework

2021

- Roundtable Discussion for PNB Institutional Banking Clients on Sustainable Finance Framework (SFF) and Green Finance
- Updated Charter of the Bank's Corporate Governance and Sustainability (CorGov) Committee to align with the requirements of BSP Circular 1085 (Sustainable Finance Framework)
- PNB CommuniTree Launched
- Membership in Business for Sustainability Development (BSD)
- First local universal bank to sign the UN Women Empowerment Principles (WEPs) in the Philippines
- Champion for Transparency and Reporting, UN Women 2021 Philippines Women's Empowerment Principles (WEPs) Awards
- A.R.E.A 2021 Green Leadership Awardee
- Recognized as a Leader for Women in Asia by Asiamoney
- Best Company for Professionals to grow their careers by LinkedIn's 2021 Philippine Top Companies
- BSP Circular 1128: Environmental and Social Risk Management Framework

2022

- Development of Environmental and Social Risk Management System or ESRMS started (December 2022 to July 2023)
- Revisited its vision-mission statements, core values, and strategic objectives
- Revisited PNB's material sustainability topics/issues
- Updated charter of the Bank's Corporate Governance and Sustainability (CorGov) Committee to align with BSP Circulars 1128 and 1149
- Institutional Banking Sector (IBS) developed and launched the Green Ribbon Awards
- First Runner-Up for Transparency and Reporting, UN Women 2022 Philippines Women's Empowerment Principles (WEPs) Awards
- Asia's Most Influential Companies in 2022 by Asia Corporate Excellence and Sustainability Awards (ACES)
- BSP Circular 1149: Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks dated August 23, 2022
- BSP Memorandum No. M-2022-042: Guidance on the Implementation of the Environmental and Social Risk Management (ESRM) System dated September 29, 2022
- Adopted SASB and TCFD reporting standards for the PNB Sustainability Report (aside from GRI 2021)

2023

- Updated the charter of the Sustainability TWG and SteerComm
- Formally established the Sustainable Finance Working Group (SFWG)
- Submitted the Recalibrated Sustainability Transition Plan to BSP (May 2023 to Dec 2024)
- PNB Sustainability Training and E-Learning Program (STEP) was officially launched internally
- International Business Magazine's 2023 Best Bank for CSR in the Philippines
- 2023 Asian Responsible Enterprise Awards Winner for Corporate Sustainability Reporting and Corporate Governance
- Deadline of compliance of banks to BSP Circular 1085

2024

- Crafted the Corporate Sustainability and Social Responsibility Division to focus on Sustainable Finance, Sustainability Transition, CSR Program Development, ESG Research and Governance, and Sustainability Reporting
- Updated the charter of the Sustainability SteerCom, Sustainability Finance Working Group (SFWG), TWG, and added ESG Champions
- ASEAN Corporate Governance Scorecard (ACGS) 2024 Golden Arrow Awards - Four Golden Arrows
- Philippine Daily Inquirer and Statista's Philippines Best Employers 2025 - Listed as One of the Top Employers in the Philippines
- PNB successfully raised $300 Million from its maiden issuance of sustainability bonds. The offering was met with strong demand, as the final order book was more than 3.6x oversubscribed
- Suppliers, vendors, and third-party Service Providers' Training on ESG
- Quantified PNB's full value chain, GHG impact across all relevant Scope 3 categories, and conducted climate risk assessment (i.e. transition risk analysis and physical risk assessment)
- Conducted a Sustainability Thought Leadership Workshop which marked a crucial step forward as Board of Directors and Senior Management convened to strengthen PNB's commitment to sustainability. Partnered with the International Finance Corporation, S&P Global, the University of the Philippines Los Baños, and the World Wildlife Fund, to build sustainable growth that benefits everyone—stakeholders, the bank, communities served, and future generations
- Enhanced ESG screening checklist, scorecards and questionnaires to ensure that clients/borrowers and vendors comply with regulations and align with the updated and revised Sustainable Financing Framework and with the Social and Green Bond/Loan principles and the Sustainability Bond Guidelines
- Completely integrated ESG across the Bank's individual job descriptions ensuring that awareness and observance of sustainability principles become the concern of all
- Embedded Sustainability competence into Performance Appraisal process for 2025
- Continued to assess the GHG emissions of all the domestic and overseas branches and offices to establish the baseline data, and to determine and set the emission reduction targets and plan which the Bank plans to implement in 2025
- Used the acute physical and hazard risk assessment data on the branches and business and loan centers in conducting stress tests on the Bank's capital adequacy requirements
- Updated the Sustainability Financing Framework and received a Second Party Opinion from S&P Global
- Adopted the Philippine Sustainable Finance Taxonomy Guidelines in compliance with BSP Circular No. 1187 series of 2024

Integrating Sustainability into our Core

We are dedicated to conducting our business responsibly and contributing positively to the communities we serve. This commitment is anchored in adherence to both local and global standards and best practices, including, but not limited to the following:

- FATF International Standards on Anti-Money Laundering and Combating the Financing of Terrorism,
- ASEAN Corporate Governance Scorecard (ACGS),
- United Nations Sustainable Development Goals (SDGs),
- BSP Circulars and SEC Regulations, and the
- Philippine Business Coalition for Women Empowerment (PBCWE).

To further incorporate sustainable practices into our business DNA, we have articulated our approach to sustainability through a clear definition of what it means to us, a commitment to our stakeholders, and a comprehensive Sustainability Policy Statement. These principles guide our operations, actions, and initiatives today and into the future.

PNB's Sustainability Policy

Our Sustainability Policy Statement

GRI 2-23, 2-24

PNB is a private Filipino universal bank with global presence committed to provide relevant financial solutions to customers anywhere in the world committed to generate value through a strategy focused on safe and sustainable growth.

The capacity of the Bank to grow and sustain business is contingent upon the quality of its human capital, the condition of its physical resources, the viability of its businesses, and the Bank's relationship with its customers, employees, shareholders, regulators, suppliers/vendors, outsourced personnel, third-party service providers, and external communities.

The Bank believes that Sustainability starts from within by respecting human rights, cultivating an inclusive and collaborative work culture, and helping all employees — regardless of gender and background — gain equal access to relevant training and opportunities to develop skills and capabilities needed to succeed and improve their well-being. Through this Policy, the Bank commits to educate and engage its employees, leading them to align with PNB's thrust on Sustainability. The Bank aims for its employees to embrace sustainability principles not only at work but also in their own personal lives.

Our corporate governance framework supports this sustainability commitment which earned the Bank recognitions from the Institute of Corporate Directors (ICD) and the Securities and Exchange Commission (SEC) for good governance practices and initiatives.

Recognizing the Bank's essential role in helping shape the environment and the social landscape, we believe that our Bank's Sustainability footprint should also extend to our products and services as well as to supporting the businesses and activities of our customers. As such, the Bank commits to support projects and activities that will contribute to the achievement of the United Nations' Sustainable Development Goals (SDGs).

The Bank will not support or involve itself in any business or activity that is illegal, and which might cause harm, directly or indirectly, to people and the environment.

On the other hand, the Bank will subject to enhanced due diligence and close monitoring high-risk businesses and activities that are considered to have harmful effects or negative impact on society and the environment. The Bank will continue to support these businesses or activities provided they have the necessary government approvals and permits, have passed the ESG screening of the Bank and have submitted applicable technical validation report, in accordance with Bank's Sustainability Financing Policy.

In addition, the Bank expects its customers, vendors/suppliers, and third-party service providers to improve their business practices by identifying and managing their own environmental and social risks and impact, adopting good industry standards and practices, and contributing positively to the environment and society. The Bank commits to educate its customers, vendors/suppliers, and third-party service providers on PNB's Sustainability Policy.

To promote social inclusion and gender equality, the Bank will support and make available socially-inclusive and gender-sensitive financial solutions. The Bank will integrate social inclusion and gender lens in financing businesses; financing or refinancing projects that aim to improve social inclusion and gender equality; and by supporting CSR initiatives and activities that promote and improve social inclusion and gender equality.

Our economic, social, and environmental responsibility includes complying with all legal requirements.

The Bank's employees, outsourced personnel, vendors/suppliers, and third-party service providers shall uphold the principles under this policy to the fullest extent possible. Employees are encouraged to inform the Bank's management about potential barriers that might hinder the growth of the organization's people and its business.

This policy applies to all activities of PNB, including events, sponsorships, and engagements that the Bank supports.

What Sustainability Means to Us

- Ensuring that our employees are provided with the right competencies and learning opportunities as well as equal access to programs that can enhance productivity, leading to self-sufficiency and a better quality of life;
- Ensuring the longevity of our business by maintaining profitability, attracting and retaining the right talent, providing relevant financial solutions, managing our tangible and intangible resources, and upholding a culture of continuous improvement;
- Developing sustainable products and services, and financing businesses and activities that provide positive contribution to the environment and the society;
- Ensuring that our business and operations comply with all applicable laws, rules, and regulations; and are aligned with local and international best practices and standards;
- Ensuring that we consider and integrate social inclusion and gender equality factors in how we do our business and operate in our communities;
- Promoting the well-being of our stakeholders by keeping a healthy ecosystem of employees, outsourced personnel, third-party service providers, suppliers/vendors, customers, shareholders, regulators, and external communities.

Our Sustainability Pillars

The Bank's sustainability pillars integrate key material topics into our operations, addressing environmental, social, economic, and governance priorities. Aligned with the UN-SDGs, these pillars guide our efforts to create lasting value and drive responsible business practices. Details on how material topics were determined can be found in the next section.

Economic

Our economic efforts focus on driving revenue growth, profitability, and business continuity to create long-term value for all of us — our customers, employees, and shareholders. We engage in sustainable financing transactions to support projects with positive environmental and social impact while fostering our collective growth.

- Economic Performance (Profitability and Responsible Spending)
- Indirect Economic Impact
- Responsible Outsourcing and Supply Chain
- Digital Banking and Innovation
- Financial Inclusion and Literacy

Environmental

We are committed to using resources efficiently, reducing our environmental footprint, and supporting initiatives that benefit the planet. Thus, we work with our employees, customers, and partners to manage environmental risks and create positive impact for all.

- Emissions and Climate Change
- Efficient Resource Management (Water, Energy, Emissions, and Waste)
- Support for Environmental Initiatives

Social

Our social initiatives center on fostering an inclusive culture where we all have equal opportunities to grow and succeed. We strive to build capabilities, develop leaders, and promote financial inclusion, ensuring that we collectively contribute to the well-being of our communities and stakeholders.

- Safe, Secure, and Collaborative Work Environment
- Employment (Competitive Compensation, Employee Recognition and Rewards)
- Labor/Management Relations
- Learning and Development
- Gender Equality/Diversity and Inclusion
- Community Relations and Initiatives
- Human Rights
- Non-Discrimination
- Customer Engagement and Satisfaction
- Marketing and Labeling

Governance

We uphold governance standards by ensuring compliance with laws and regulations while embracing best practices. The Bank also promotes transparency, accountability, and ethical conduct through a unified ESRMS, aligning our operations with international standards for the greater good.

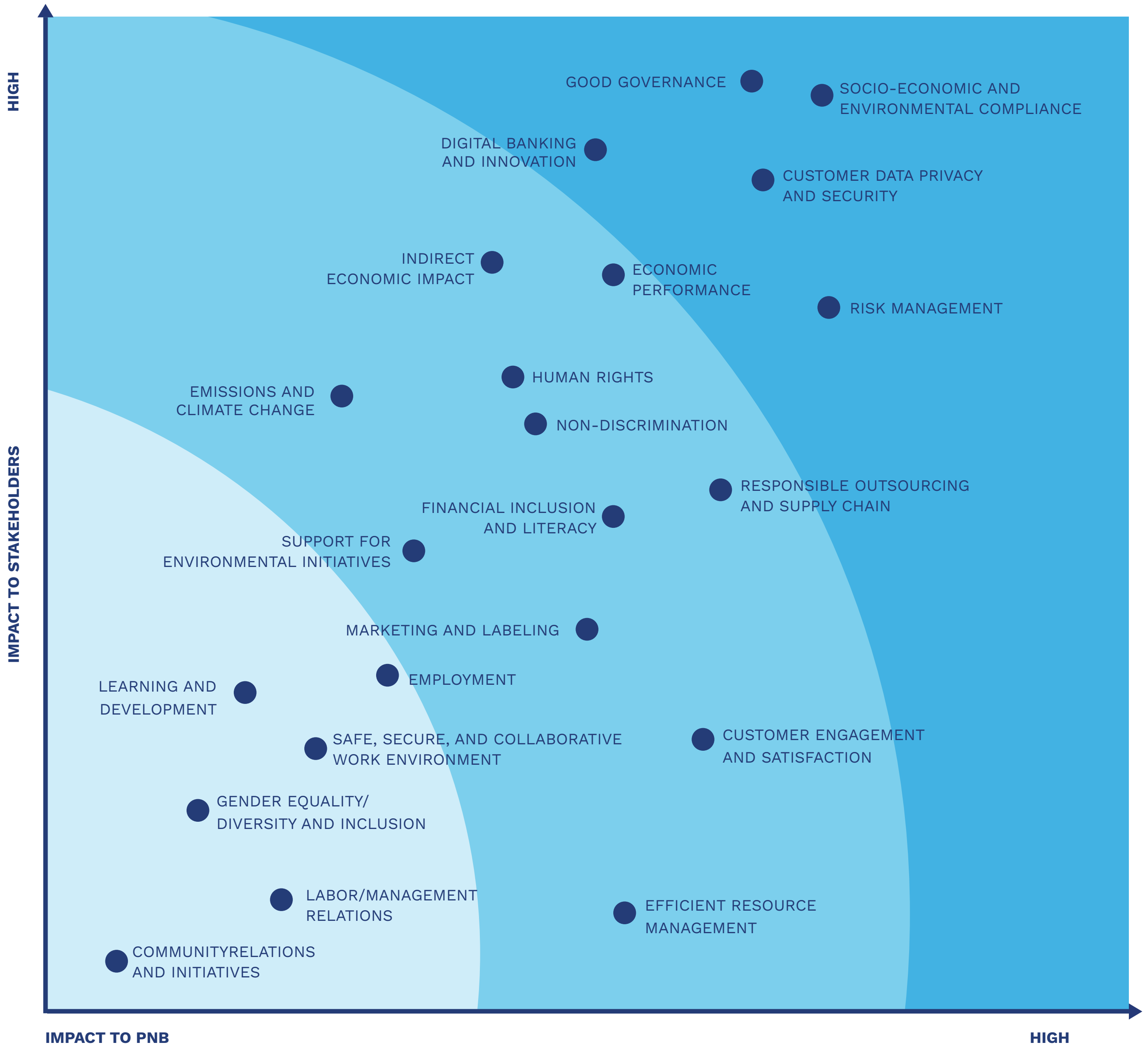
- Good Governance (Transparency and Accountability, Anti-Corruption/Anti-Bribery)
- Risk Management Environment
- Socio-Economic and Environmental Compliance
- Customer Data Privacy and Security

Materiality Process

GRI 3-1, 3-2

PNB follows a structured materiality assessment process guided by the GRI Standards, to identify and address the ESG topics most relevant to our stakeholders and operations.

This assessment is conducted every three years, with annual reviews to ensure topics remain current and reflective of evolving issues and commitments. Key stakeholders, including customers, employees, regulators, and communities, are actively engaged to provide insights that shape our priorities. Their insights, alongside global and local sustainability trends, drive the identification and prioritization of material topics. Each performance of the topics is disclosed in this report.

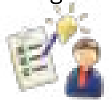


Topic	Definition
Economic Performance (Profitability and Responsible Spending)	Ensuring sustainable financial growth through prudent spending and investment strategies while delivering value to stakeholders.
Indirect Economic Impact	Contributing to economic development through business activities that generate jobs, boost local economies, and support industries indirectly linked to the Bank's operations.
Responsible Outsourcing and Supply Chain	Establishing ethical, transparent, and sustainable practices in procurement and supply chain management to uphold social and environmental standards.
Digital Banking and Innovation	Leveraging technology to provide innovative, secure, and accessible digital banking solutions that enhance customer experience and operational efficiency.
Financial Inclusion and Literacy	Expanding access to financial services and promoting financial education to empower underserved communities and improve overall financial well-being.
Emissions and Climate Change	Addressing greenhouse gas emissions and supporting initiatives that mitigate climate change impact.
Efficient Resource Management (Water, Energy, Emissions, Waste)	Optimizing resource consumption to minimize waste and reduce the environmental footprint across operations.
Support for Environmental Initiatives	Investing in and supporting projects and activities that promote environmental conservation and sustainable practices.
Safe, Secure, and Collaborative Work Environment	Fostering a workplace that prioritizes employee safety, security, and collaboration, enabling a supportive and productive atmosphere.
Employment (Competitive Compensation, Employee Recognition and Rewards)	Providing fair and competitive compensation while recognizing and rewarding employee contributions.
Labor/Management Relations	Maintaining open, constructive dialogue between employees and management to ensure fair treatment and shared goals.
Learning and Development	Offering opportunities for skill-building, leadership development, and continuous learning to enhance employee capabilities and career growth.
Gender Equality/Diversity and Inclusion	Promoting an inclusive culture that values diversity and ensures equal opportunities for all employees.
Community Relations and Initiatives	Engaging with communities through programs and initiatives that support local development and social well-being.
Human Rights	Upholding and respecting fundamental human rights in all aspects of the Bank's operations and relationships.
Non-Discrimination	Ensuring fairness by preventing discrimination in employment, services, and stakeholder engagement.
Customer Engagement and Satisfaction	Prioritizing customer needs and feedback to deliver exceptional service and maintain strong relationships.
Marketing and Labeling	Providing accurate, transparent, and ethical marketing and communication materials to build trust and integrity with stakeholders.
Good Governance (Transparency and Accountability, Anti-Corruption/Anti-Bribery)	Upholding ethical practices by ensuring transparency, accountability, and zero tolerance for corruption or bribery.
Risk Management	Establishing robust systems to identify, assess, and mitigate risks across all areas of the Bank's operations.
Socio-Economic and Environmental Compliance	Adhering to all legal, regulatory, and ethical standards related to socio-economic and environmental performance.
Customer Data Privacy and Security	Safeguarding customer information through strict privacy policies and robust cybersecurity measures.

Stakeholder Engagement

GRI 2-26, 2-29

PNB is cognizant that meaningful engagement with our stakeholders is essential to fostering trust, driving sustainable growth, and creating shared value. The table below highlights our stakeholder-centric approach, showcasing how PNB actively engages with diverse groups to address their unique perspectives and priorities to proactively respond to emerging challenges, build lasting partnerships, and drive meaningful, sustainable progress for all.

Stakeholder Group	Key Concerns	Mode of Engagement	Frequency	Outcome/Objective
Customers 	Service quality, digital banking access, data privacy, financial literacy	Customer satisfaction surveys, feedback channels, social media, consultations	As needed and periodic surveys	Enhance customer satisfaction and loyalty, address concerns, and improve services.
Employees 	Competitive compensation, career growth, workplace safety, inclusion	Town halls, training programs, employee surveys, internal communications	Ongoing and as needed	Foster a collaborative and inclusive culture, improve retention, and build morale.
Communities 	Economic opportunities, environmental sustainability, financial inclusion	Community programs, partnerships with NGOs, volunteering, forums	Periodic and project-based	Address community needs, contribute to socio-economic development, and build trust.
Suppliers 	Ethical sourcing, fair contracts, compliance with ESG practices	Supplier assessments, regular meetings, performance reviews	Annually and as needed	Strengthen supplier relationships and ensure ethical and sustainable procurement.
Government Agencies and Regulators 	Compliance, transparency, alignment with regulations	Regulatory submissions, consultations, participation in forums	Ongoing and as required	Ensure compliance, foster trust, and maintain operational integrity.
Investors 	Financial performance, governance, risk management, ESG integration	Annual general meetings, investor briefings, financial reports, direct communication	Quarterly, annually, and as needed	Maintain investor confidence, ensure transparency, and attract long-term investments.

Economic: Empowering Growth, Enabling Prosperity

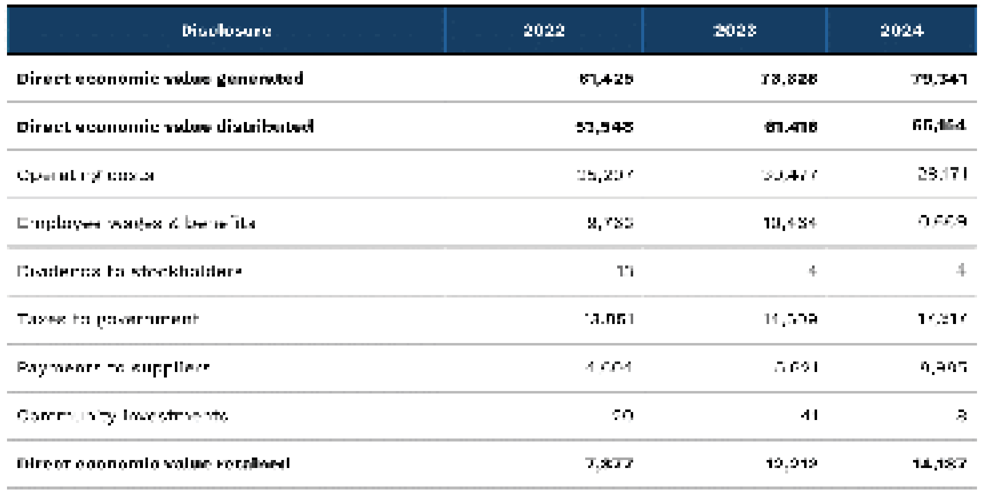
Our Economic Performance

GRI 3-3, 201-1, 204-1, SDG 8, 9, 11

PNB believes that sustainable economic growth is achieved by working hand-in-hand with all stakeholders, ensuring we move forward every step together. In 2024, our robust performance is seen through the numbers, reinforcing our commitment to fostering sustainable progress and shared prosperity.

This shared growth was achieved by generating and distributing value to our stakeholders through competitive employee compensation, timely vendor payments, tax contributions, and dividends for shareholders.

Economic Value Generated and Distributed (in Php millions)



Disclosure	2022	2023	2024
Direct economic value generated	61,425	73,828	79,341
Direct economic value distributed	53,548	61,418	65,154
Operating costs	25,207	30,477	29,171
Employee wages & benefits	8,783	10,434	[illegible]
Dividends to stockholders	11	4	4
Taxes to government	13,861	11,779	17,217
Payments to suppliers	[illegible]	[illegible]	9,305
Community investments	20	41	8
Direct economic value retained	7,877	12,919	14,187

Dividend Policy (as approved by the Board of Directors on February 28, 2025)

Dividends shall be paid out of the Bank's surplus profits at a payout ratio equivalent to 20% of the Bank's net income of the prior year or at an amount as may be determined by the Board of Directors, in accordance with the applicable provisions and regulations set out by the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission. Dividends may be paid out in cash, in shares of stock, or in property.

The Board of Directors regularly evaluates and determines the appropriate amount of capital that the Bank needs to achieve its strategic objectives. This is reflected in the Bank's capital management process, and dividend payout is considered in this process.

Building Value, Creating Shared Impact

GRI 3-3, 203-1, 203-2, SDGs 1, 2, 3, 6, 7, 8, 9, 11

Sustainability Financing Framework

At PNB, we recognize the pivotal role of financial institutions in driving sustainable development. Guided by our Board-approved Sustainability Financing Framework (SFF), we align our financing and investment activities with the UN-SDGs and other global sustainability and financial standards. The framework also embeds environmental and social (E&S) considerations aligned with our ESRMS into the Bank's investment due diligence and decision-making processes, evaluating factors such as emissions reduction, resource efficiency, labor rights, and community well-being. The framework excludes investments in industries with adverse ESG implications. More information on our ESG blacklist and graylist can be found in this report.

Under the SFF, PNB channels resources toward financing and refinancing eligible green and social projects that promote renewable energy, energy efficiency, green buildings, sustainable agriculture, clean water systems, and inclusive infrastructure.

The Bank's sustainability financing strategy is rooted in reorienting capital flows from carbon-intensive activities toward projects that support climate transition and social equity. By leveraging green and social finance instruments, such as sustainability bonds and loans, we provide investors with opportunities to directly participate in initiatives that create measurable positive impact. These instruments not only diversify our investor base but also broaden the sustainability dialogue with stakeholders.

In 2024, PNB's efforts resulted in the financing of Php 324.66 billion worth of loans that support SDG objectives, encompassing renewable energy, rural electrification, clean water systems, and green infrastructure. Through this framework, we bridge the gap between economic growth and sustainability, ensuring that our funding strategies contribute to a more inclusive and resilient future. More information on our SFF's process, inclusion and exclusion criteria, and more can be found on the PNB Website.

The Bank successfully issued a $300 million sustainability bond, reinforcing our commitment to responsible financing. The proceeds will support projects that drive positive environmental and social impact, aligned with our ESG priorities. This milestone reflects our dedication to sustainable growth while creating long-term value for stakeholders.

$300 million

Inaugural dollar-denominated sustainability bonds raised

Case Studies

Financing the Future of Renewable Energy

Our commitment to sustainable finance reflects our broader mission to drive inclusive economic growth while safeguarding the environment for future generations. PNB fully supports the country's transition to a low-carbon economy. Through our Sustainability Financing Framework, we channel capital into high-impact renewable energy projects, supporting the shift towards clean, reliable, and resilient energy systems. In 2024, the Bank has funded several solar power developments, battery energy storage systems (BESS), and strategic refinancing of renewable assets to empower businesses and communities to accelerate the adoption of sustainable energy solutions. PNB's financing portfolio in renewable energy includes:

797 MW
Powerplant Capacity

762 MWh
Energy Storage

- **Utility-Scale Solar Power** – Funding the development and construction of large-scale solar farms that generate sustainable electricity and reduce dependence on fossil fuels.
- **Battery Energy Storage Systems (BESS)** – Supporting advanced energy storage solutions that enhance grid reliability, optimize renewable energy use, and improve energy security.
- **Project Development & Refinancing** – Providing capital for new and existing renewable energy projects to ensure long-term operational sustainability and financial viability.

Approved Facility Amount and Outstanding Balance:
Approved Facility Amount: **Php 35.9 billion**
Outstanding Balance: **Php 22.3 billion**

Supporting Sustainable Water and Water Management

Access to clean water is a fundamental pillar of sustainable development, and the Bank is committed to supporting projects that ensure water security, efficiency, and resilience. Through our SFF, we provide funding for critical water and wastewater infrastructure, helping communities gain access to safe drinking water while promoting responsible water resource management. This reporting year, PNB's financing supports key water and wastewater management projects that enhance access to clean water and improve infrastructure efficiency:

- **Bulk Water Supply Systems** – Financing the construction and expansion of sustainable bulk water facilities to meet the growing demand for potable water in urban and rural communities.
- **Wastewater Treatment and Management** – Supporting infrastructure that enhances water quality, reduces pollution, and promotes the responsible treatment and reuse of water resources.
- **Bridge Financing for Critical Water Projects** – Enabling the development and timely completion of large-scale water supply initiatives that serve thousands of households.

Through these projects we were able to contribute to the delivery of **36.1 million liters per day** (MLD) of clean drinking water, benefiting an estimated **350,097 people.**

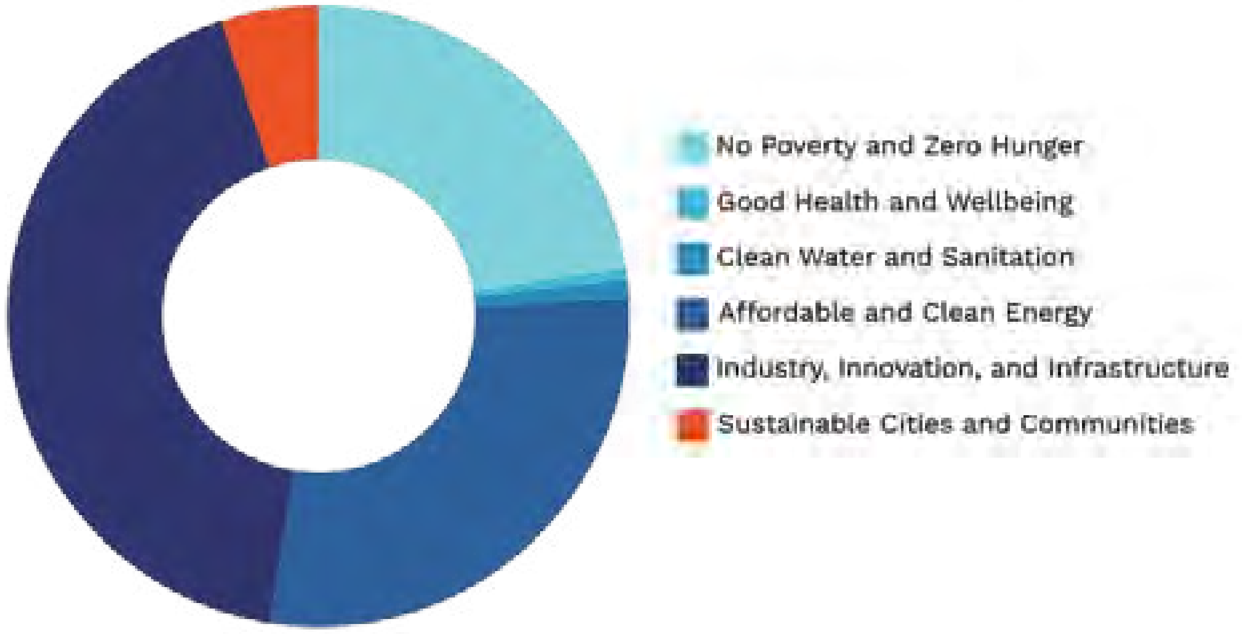
S&P Global's Second Party Opinion

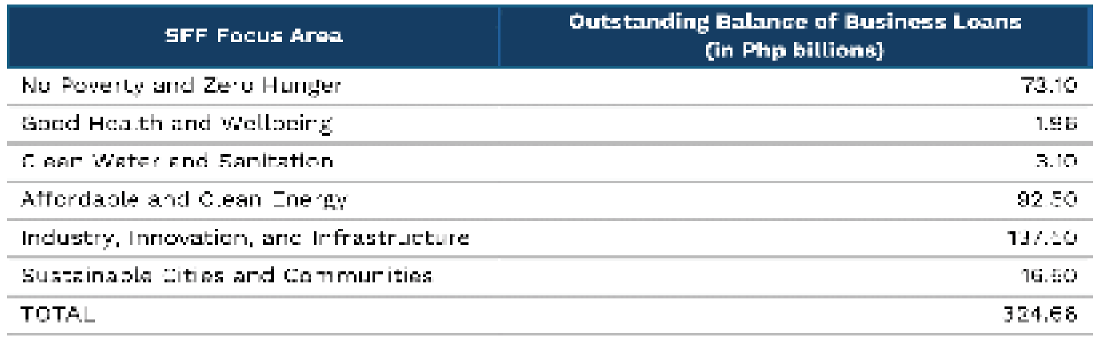
The Bank has received a favorable Second Party Opinion from S&P Global for confirming the PNB Sustainability Financing Framework alignment with the following global standards or principles:

- Social Bond Principles, ICMA, 2023
- Social Loan Principles, LMA/LSTA/APLMA, 2023
- Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- Green Loan Principles, LMA/LSTA/APLMA, 2023
- Sustainability Bond Guidelines ICMA, 2021

"Philippine National Bank (PNB) lending activities contribute to financial inclusion and economic empowerment in the Philippines. For example, eligible social categories aim to improve access to credit for underserved segments such as low-income individuals and women entrepreneurs. The Bank defines target populations based on official or government definitions, adding credibility to its projects screening."

More information about this can be found on the PNB website.





SFF Focus Area	Outstanding Balance of Business Loans (in Php billions)
No Poverty and Zero Hunger	73.10
Good Health and Wellbeing	1.96
Clean Water and Sanitation	3.10
Affordable and Clean Energy	92.50
Industry, Innovation, and Infrastructure	137.50
Sustainable Cities and Communities	16.50
TOTAL	324.66

Green Eligible Categories

- Renewable Energy
- Energy Efficiency
- Green Buildings
- Green Buildings - Data Centers
- Clean Transportation
- Pollution Prevention and Control
- Climate Change Adaptation
- Environmentally Sustainable Management of Living Natural Resources and Land use
- Sustainable Water and Wastewater Management
- Terrestrial and Aquatic Biodiversity Conservation
- Eco-efficient and/or Circular economy adapted products, Production Technologies, and Processes

Social Eligible Categories

- Affordable Basic Infrastructure
- Access to Essential Services
- Food Security
- Socioeconomic Advancement and Empowerment

Environmental and Social Risk Management System (ESRMS)

In line with industry best practices and regulatory requirements including, but not limited to, BSP Circulars 1128 and 1149, PNB's ESRMS is central to integrating environmental and social (E&S) considerations into our decision-making processes, ensuring that our business practices contribute positively to society and the environment. Moreover, the Bank has identified climate-related risks and opportunities to strategically manage environmental challenges and leverage on sustainable growth opportunities.

Key Components of ESRMS

1. **Integration of E&S Risks into Enterprise Risk Frameworks**
   We have enhanced our Enterprise Risk Framework and Risk Taxonomy to include E&S risks, such as climate-related physical risks (acute and chronic) and transition risks. These risks are assessed using tools like HazardHunterPH and Climate Central's Coastal Risk Screening Tool, providing data-driven insights for an informed decision-making process.

2. **Customer and Vendor Screening**
   E&S risk criteria are integrated into our Enhanced Centralized Watchlist System (ECWS) for screening customers and vendors. This ensures compliance with sustainability standards while mitigating risks associated with environmental crimes, human rights violations, and other ESG concerns.

3. **Credit Risk and Investment Management**
   Our revised ESG scorecard evaluates borrowers' and investees' sustainability practices and E&S risk management. These assessments are incorporated into borrower and facility risk ratings to safeguard against financial impacts from climate and environmental risks.

4. **Operational Resilience and Risk Management**
   PNB continuously assesses the physical risks of branches and cash centers in high-hazard areas, leveraging tools like HazardHunterPH. We integrate E&S criteria into our vendor management processes, ensuring sustainability in our supply chain and operational continuity.

5. **Capital Stress Testing and Scenario Analysis**
   In 2024, we conducted stress tests on capital adequacy requirements, incorporating data on acute physical risks to branches and business centers. These findings were included in our Internal Capital Adequacy Assessment Process (ICAAP).

Risk Management Process

- Comprehensive risk management framework
- Defined risk limits, guidelines, and parameters
- Clear delineation of roles and responsibilities
- Robust risk measurement system
- Effective internal controls and monitoring
- Comprehensive risk reporting process
- Adherence to regulatory standards and industry best practices

Managing our Environmental and Social (E&S) Risks and Impacts

Since 2020, PNB has been embedding sustainability principles and E&S risk factors into its credit risk and operational risk management processes. This integration ensures that sustainability considerations are at the core of our decision-making framework. We regularly communicate our sustainability policies and initiatives to internal and external stakeholders through emails and social messaging platforms, fostering collaboration and alignment on sustainability goals.

This ongoing effort underscores our dedication to advancing sustainability not only within our organization but also in our relationships with clients, partners, and the communities we serve.

Breakdown of Loan Exposure by Philippine Standard Industrial Classification

Industry	Amount (in Php thousands)	% to Total
Financial intermediaries	95,402,711	14.98
Wholesale and retail	110,724,538	17.39
Electricity, gas and water	100,473,285	15.78
Manufacturing	62,254,767	9.78
Transport, storage and communication	34,460,763	5.41
Agriculture, hunting and forestry	5,424,089	0.86
Public administration and defense	1,554,338	0.24
Government	1,656,282	0.26
Real estate, renting and business activities	105,531,826	16.57
Construction	37,948,520	5.96
Others *	81,385,386	12.78
TOTAL	636,619,625	100.00

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

Our ESG Blacklist and Gray List

FN-CB-410a.2

PNB's Sustainability Financing Framework ensures that our financing activities uphold the highest ethical, environmental, and social standards. We commit to refraining from supporting illegal businesses or activities that may directly or indirectly harm people and the environment, as outlined in our Board-approved ESG Negative List or Blacklist.

For businesses on our Enhanced Due Diligence List or Gray List, which carry high environmental and social risks, we will continue providing services while subjecting them to enhanced due diligence and close monitoring of their impact. Financing will be extended only if they have the necessary government approvals and permits, have passed the ESG screening of the Bank and have submitted applicable technical validation report.

Blacklist Industries/Activities

- Money laundering, terrorism, criminal and illegal activities
- Bribery including giving, offering, receiving or requesting bribes
- Child labor and any form of exploitation of children
- Forced labor
- Adult entertainment, prostitution, human trafficking
- Activities related to nuclear power generation and fuels, hazardous chemicals and radioactive substance
- Illegal mining
- Illegal gaming
- Violating rights of local communities or in location of significant social conflict
- Production or trade in wildlife regulated under The Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES) and United for Wildlife Financial Taskforce, any form of animal cruelty
- Illegal logging or uncontrolled fire – including transactions in which a client engages in illegal logging or uncontrolled use of fire for clearing forest lands, conversion of land for plantation use in primary tropical moist forests
- Land clearance by burning
- Production and movement of weapons and ammunitions for non-law enforcement, nonmilitary use which normal use violates basic humanitarian principles, and this includes anti-personnel mines, cluster, munitions and weapons of mass destruction
- Illegal internet gaming – transactions in connection with the participation of another person in a bet or a wager that involves the use of the internet and that is unlawful under law
- Fishing with the use of explosive or cyanide
- Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous people, without full documented consent of such peoples
- Finning and/or trading (wholesale or retail) or serving at eateries of shark fin or shark finning and deriving material revenue from such activities
- Natural resource extraction in UNESCO World Heritage sites – engaging in transactions focused on natural extraction within UNESCO World Heritage sites, unless there is prior consensus between UNESCO and the host country's governmental authorities that activities will not adversely affect the natural or cultural value of the site.

Graylist Industries/Activities

- Coal Fired Power Plants (CFPP) / power plants using fossil fuel
- Tobacco and alcohol – lending to be limited only to existing clients of the Bank
- Casino/Gaming/Integrated Tourism
- Mining
- Large hydropower plants (over 25MW)
- Biomass powerplants competing with food production
- Remittance companies, money service businesses, pawnshops and e-money institutions

Stronger, Better Together: Customers at the Heart of PNB

Our commitment to delivering value to our customers is rooted in the belief that every interaction is an opportunity to build meaningful connections. Together with our stakeholders, we create value that transcends transactions, fostering trust and building partnerships that stand the test of time. Stronger relationships, better outcomes — this is how we work hand-in-hand with our customers every step of the way.

Elevating the Customer Journey: Handling Complaints and Improving Customer Experience

We value our customers and as such, we ensure that feedback mechanisms and customer support channels are available for them to air out their concerns and opinions regarding the Bank's products and services.

Our customers are provided with various channels for inquiries, requests, and complaints, such as our 24/7 customer care hotline, email, Facetime, Facebook Messenger and all branches overseas and nationwide. In 2024, majority of our customer touchpoints is inquiries, followed by requests and complaints. To analyze the trends and effectiveness in resolving customer issues, all complaints are logged in the Bank's Case Logging Tool and Complaints Registry. These tools are used to consolidate all complaints into a centralized reporting mechanism. The Complaints Management Annual Report is presented to the Risk Oversight Committee every February.

Our Consumer Protection Policy includes the Consumer Assistance Mechanism where the Bank ensures that any reported complaint is recorded, monitored, and addressed in a timely manner. This information/guide is also provided to our customers through the Consumer Assistance Process which may be found in the Bank's official website. Every month, a report on Customer Engagement and Consolidated Complaints Report is submitted/presented to the Management Risk Committee and Board Risk Oversight Committee. On a quarterly basis, in accordance with the BSP requirement, the Bank submits the consolidated complaints report to the regulator.

We also continue to gather quantitative feedback from our customers at point of call through our "After Call Survey for 8573-8888", as well as through monthly email satisfaction surveys to help us further improve our service delivery.

Since 2023, as part of the Bank's sustainability initiatives, our Customer Experience Division (CED) included E&S risks categories in its Consolidated Complaints Report. These E&S risks could affect power, telecommunications, and systems and could cause service interruption and outages, as well as damage bank properties such as CAMs, ATMs, and branches. It may also cause data privacy breach, data loss, and theft, among others. Appropriate documentation of the processes and reporting mechanisms may be found in the Bank's Operational Policies and Procedures in Handling Customer Concerns using the Case Logging Tool and submission of the BSP-Supervised Financial Institutions Consolidated Complaints Report (BCCR).

Another Big Win for Customer Service Excellence

> ***"Our customers can rest assured that PNB Digital is committed to remain as their dependable financial partner – whenever and wherever they are."***
> *-Damasen Paul Cid, PNB's Head for Digital Channel Management & Innovation Group*

Our dedication to customer satisfaction and innovation is likewise reflected in the digital banking space. In 2024, PNB Digital, our mobile banking app, received the Highly Acclaimed: Excellence in Customer Service Innovation award at The Digital Banker's Digital CX Awards 2024, held at Marina Bay Sands, Singapore.

According to The Digital Banker, PNB Digital is notable for its personalized features and improved navigation, which ensured that users can swiftly and securely conduct desired transactions with the number of active users increasing by 42% year-on-year, proving the app's capability as an easy-to-use, intuitive, and convenient banking app.

Banking Built Around You: Supporting Customer Preferences

FN-CB-000.A, FN-CB-000.B

At PNB, banking is built around you — designed to be as dynamic, secure, and forward-thinking as the customers we serve. Whether at home or abroad, in-person or online, we are your trusted partner in financial growth and stability. The Bank acknowledges that every customer has unique financial needs and preferences. As of the current, we offer tailored financial products that align with different life stages and aspirations. Whether you are opening a savings account, expanding your business, investing in your dream home, or planning for retirement, our suite of banking solutions is designed to support your journey.

Cards

Our extensive card portfolio is designed for flexibility and convenience. In 2024, we have issued 115,381 credit cards that empower you to transact securely and access exclusive rewards. In addition, our Global Filipino Card, with 466,202 cards issued, is a testament to our commitment to serving Overseas Filipino Workers (OFWs) and their beneficiaries worldwide, ensuring that their lifestyle is supported no matter where they are.

115,381
Credit cards issued

Loans

PNB's loan offerings are crafted to help you achieve your financial goals. In 2024, our personal loan segment boasts 712 accounts with a total booking of Php 213,684,400, providing you with flexible financing for everyday needs and important investments. Complementing this, our Consumer Finance Sector has recorded new bookings for its flagship "Own a Philippine Home Loan" (OPHL), amounting to Php 608 million across 129 accounts. This dedicated product suite is designed for OFWs to bring their dream of homeownership closer to reality.

712 accounts
Php 213,684,400 total booked
Personal Loan

129 accounts
Php 608 million new bookings
Own a Philippine Home Loan

Investments

We offer a broad spectrum of investment opportunities to help you grow your wealth. Our investment solutions — from fixed-income securities to diversified portfolios — are tailored to match your risk appetite and long-term financial objectives. With expert guidance and innovative products, we ensure that every investment decision is aligned with your future aspirations.

Bancassurance Partnerships

Protecting what matters most is at the heart of our insurance offerings. We provide comprehensive life and non-life insurance products through our partnerships with Allianz and ABIC to safeguard you and your loved one's financial well-being. Designed to deliver peace of mind, our insurance products ensure that you are well-prepared for life's uncertainties.

Supporting the Global Filipino

In 2024, with a global footprint that includes over 1,518,927 OFW Savings Accounts and 466,202 Global Filipino Cards issued, PNB continues to extend its commitment to every Filipino — delivering a suite of financial services built around you.

1,518,927 OFW Savings Accounts
466,202 Global Filipino Card

Shaping the Future of Banking, Digitally

GRI 3-3

Providing a safe, reliable, and seamless digital experience for our customers drives our mission to deliver innovative financial solutions. Guided by a three-year digital strategy aligned with customer trends, technological advancements, and regulatory standards, we are shaping the future of banking to better serve Filipinos wherever they are.

Our digital transformation efforts are anchored on robust governance and collaboration across the Bank. From strategic approvals by the Board's IT Governance Committee to operational oversight by dedicated steering committees, every initiative is aligned with enterprise priorities and regulatory frameworks, including the BSP Digital Payment Transformation Roadmap. These initiatives ensure that PNB delivers secure, customer-focused, and forward-thinking digital solutions. In 2024, we have introduced a range of initiatives to elevate the customer experience. Highlights include:

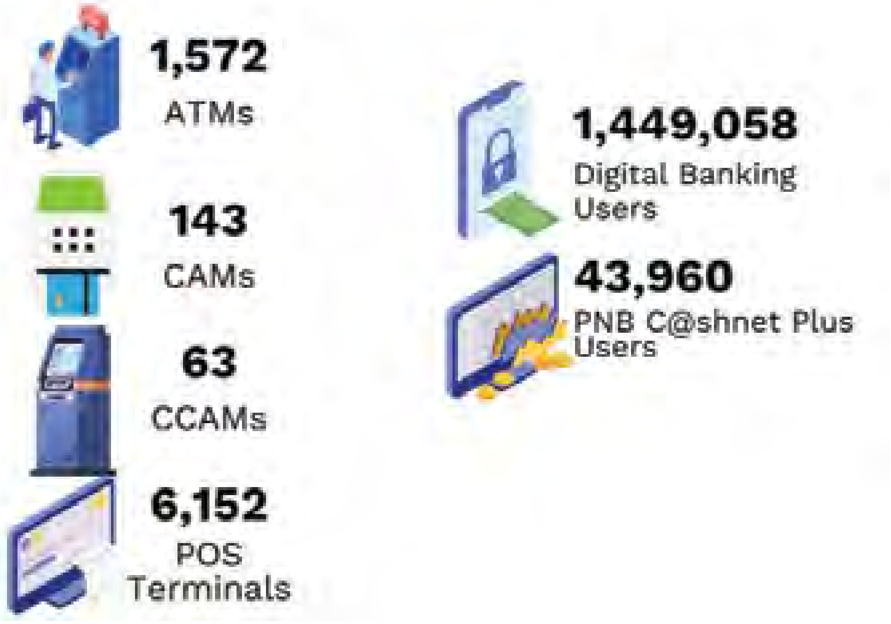
- **Enterprise Fraud Management System (EFMS):** Implemented in October 2024, EFMS is an automated and real-time fraud monitoring and detection systems that can identify and block suspicious or fraudulent online transactions.

- **Digital Account Opening:** Phase 1, enabling online CASA account opening, set to go live in January 2025, with Phase 2 (eKYC integration) in progress.
- **Bills Pay PH and QR PH (Point of Sale):** Launched in early 2024 to expand payment collection channels, offering more convenient options for customers.
- **In-App Push Notifications:** Implemented in November 2024 to enhance communication and improve customer engagement.
- **Mobile Remittance Applications:** Strengthened the security posture of the PNB Singapore Mobile Remittance App through Soft Token Authentication.

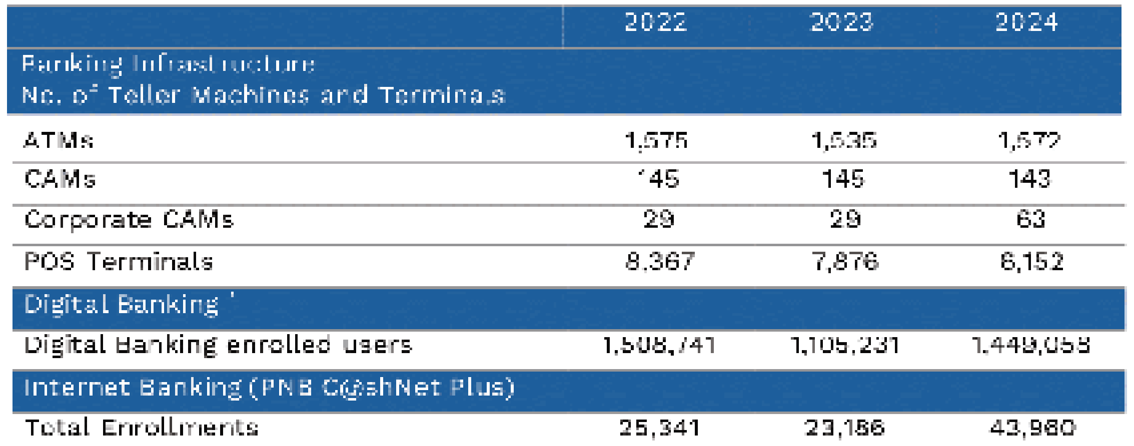
Total 2024 CAPEX Budget - Php 2.5 billion
Total Amount Approved for Project Implementation - Php 2.4 billion
Total investments in IT-related project
Php 89.2 million
Total investments in Digital platform (retail and corporate)
Innovations and Security

We have also continued automating processes, including e-Statements of Account (e-SOA) and loan origination systems, to shorten turnaround times and reduce the Bank's environmental footprint. Through continued investment in technology and innovation, with a total of Php 89.2 million allocated for initiatives this year, PNB remains steadfast in its commitment to redefining banking in the digital age, empowering Filipinos to achieve financial prosperity with ease and confidence.

For 2024, the total CAPEX budget for IT-related projects stood at Php 2.5 billion, with Php 2.4 billion already approved for project implementation as part of the Bank's total investments in ITG.



Comparative Data on Digital Banking Infrastructure, Digital Banking, and Corporate Internet Banking (PNB C@shNet Plus)

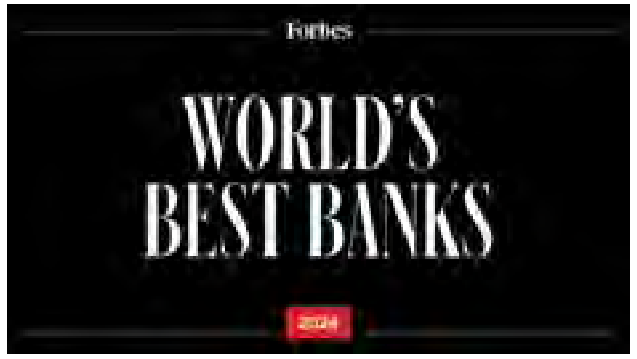


	2022	2023	2024
Banking Infrastructure No. of Teller Machines and Terminals			
ATMs	1,575	1,535	1,572
CAMs	145	145	143
Corporate CAMs	29	29	63
POS Terminals	8,367	7,876	6,152
Digital Banking[1]			
Digital Banking enrolled users	1,508,741	1,105,231	1,449,058
Internet Banking (PNB C@shNet Plus)			
Total Enrollments	25,341	23,186	43,980

[1] *Bank had Internet and Mobile Platforms in 2022 but there was a migration of PNB Digital Services from Internet Banking to the Mobile Platform in 2023, as part of the Bank's strategy to establish the mobile app as the primary channel for digital financial transactions of PNB clients.*

Global Recognition for Excellence in Banking and Innovation

Our digital transformation efforts have earned international acclaim. The PNB Singapore Mobile App was awarded "**Digital Experience of the Year**" at the 2024 Asian Experience Awards, celebrated for its secure, real-time remittance capabilities and user-friendly features.



Furthermore, PNB was named Best Bank in the Philippines by Forbes, rising to the top spot on the 2024 World's Best Banks list, after placing second in 2023 — a testament to our commitment to excellence in customer service, digital innovation, and financial trustworthiness.

PNB Digital Recognized for Excellence in Customer Service Innovation

PNB Digital, recently earned the Excellence in Customer Service Innovation award at The Digital Banker's Digital CX Awards 2024 at Marina Bay Sands, Singapore. PNB President Florido Casuela said the honor reinforces the Bank's commitment to providing the best customer experience, inspiring ongoing innovation in mobile banking. The Digital Banker highlighted the app's personalized features and enhanced navigation, which contributed to a 42% increase in active users year-on-year — underscoring its ease of use and reliability. The Digital CX Awards recognize innovation in digital customer experience across financial services. In 2023, PNB Digital was also named the Philippines' Digital Experience of the Year for Banking by the Asian Experience Awards, with registered users surpassing one million.

Safeguarding Customer Confidence

GRI 3-3, 418-1, FN-CB-230a.2, SDG 9, 16

Protecting customer data privacy and ensuring robust security measures remain central to our commitment to building trust. For this reporting year, the Bank is proud to confirm that there were zero data privacy breaches or customer data privacy-related complaints reported to the National Privacy Commission.

PNB's Enterprise Information Security Management System (ISMS) and Data Privacy Management System (DPMS) underpin our approach to safeguarding customer information.

These systems are fully compliant with the Data Privacy Act of 2012 (DPA), General Data Protection Regulation (GDPR), and Bangko Sentral ng Pilipinas (BSP) regulations. Our overseas branches follow similarly stringent standards, regularly updating operational manuals to meet local regulations with the support of the Office of the Chief Information Security Officer and Data Protection Officer.

Our controls span the entire data lifecycle — whether data is in transit, stored, or processed. Key security measures include encryption protocols, multi-factor authentication, and advanced access controls. Enhanced features on our digital platforms, such as one-time PINs (OTP), Touch ID, digital keys, and real-time alerts via SMS and email, ensure secure transactions for customers.

Our Customer Protection Policy

The Bank is committed to safeguarding the rights and interests of our customers through a robust Consumer Protection Policy that ensures transparency, fairness, and responsiveness in all our engagements. PNB provides a structured and efficient Consumer Assistance Mechanism to handle customer concerns promptly. All reported complaints are systematically recorded, monitored, and resolved in a timely manner. To ensure accountability and continuous improvement, a Customer Engagement and Consolidated Complaints Report is submitted monthly to the Management Committee and the Board Risk Oversight Committee for oversight and decision-making. In compliance with BSP regulations, the Bank submits a Consolidated Complaints Report on a quarterly basis.

To enhance customer experience and service quality, PNB actively gathers qualitative feedback through multiple channels such as: 1) After-Call Surveys for inquiries and concerns handled via our customer hotline (8573-8888); 2) Monthly satisfaction surveys covering both call and email engagements. These insights help us refine our products, services, policies, and customer engagement strategies.

Integration of Environmental & Social (E&S) Risk Considerations in our Policy

As part of our sustainability commitment, PNB continues to integrate Environmental & Social (E&S) risk factors into its customer service framework. The CED has updated its risk categories to recognize potential E&S risks, including:

- Service disruptions due to environmental events affecting power, telecommunications, and banking systems.
- Physical damage to banking infrastructure such as branches, ATMs, and CAMs (Cash Acceptance Machines) caused by climate-related incidents.
- Data security risks such as privacy breaches, data loss, and cyber threats arising from environmental disruptions.

To strengthen monitoring and response mechanisms, the Enhanced Customer Relationship Management (ECRM) System now includes E&S risk-related complaints related to the Bank's operations and services. These reports are also incorporated into the BSP-Supervised Financial Institutions Consolidated Complaints Report (BCCR) for regulatory compliance and risk management. Initial reporting of E&S risk-related complaints began in December 2023, and the Bank continues to enhance its processes in 2024.

Zero

Data Privacy Breaches and Complaints

Fraud Prevention and Control

PNB has intensified fraud prevention measures across all operations. Our branch-level processes include strict customer identification, enhanced due diligence, and regular audits to mitigate risks. Enhanced procedures for high-risk accounts, along with maker-checker functions and Risk and Control Seminars for branch personnel, reinforce our fraud prevention framework.

The EFMS, combined with improved web facility security and operational controls, ensures that fraud risks are addressed comprehensively. For hybrid work arrangements, security controls like device encryption, VPNs, and web security tools safeguard sensitive data, even in remote environments.

Customer Transparency and Regulatory Compliance

PNB consistently prioritizes transparent communication with customers. The PNB Data Privacy Statement, accessible on the Bank's website, outlines how we process and protect personal data. In 2024, the Bank continues its phishing and fraud awareness campaigns through personalized advisories sent via email, SMS, and social media to keep customers informed about emerging threats.

PNB's compliance extends to regular assessments, including Privacy Impact Assessments (PIAs) and Third-Party Information Security Risk Assessment (TPISRA) aligned with ISO 27001 standards. Risk management practices are overseen by the Risk Oversight Committee and reported to regulators as required.

Responsible Marketing and Labeling

GRI 3-3, 417-1, 417-2, 417-3

PNB's marketing and labeling practices prioritize accuracy, clarity, and relevance. All product and service information is designed to empower customers to make informed decisions, with clear descriptions, terms, and conditions provided. Our adherence to the BSP Consumer Protection Framework and internal policies (e.g. PNB Consumer Protection Policy) ensures compliance with all regulations governing marketing communications.

In 2024, there were no reported incidents of non-compliance with marketing and labeling requirements, nor any violations of regulations or voluntary codes related to advertising, promotion, and sponsorship.

Sustainability in Branding Practices

In alignment with the Bank's environmental thrusts, PNB has actively taken steps to reduce the use of non-recyclable and non-biodegradable materials in its marketing efforts. During the Christmas season, the Marketing Group eliminated plastic packaging in the distribution of branded eco-bags and will continue to explore sustainable alternatives, such as incorporating recycled plastic into product offerings like plastic cards (e.g. debit and credit cards).

Celebrating the Filipino Spirit in PNB's Rebranding Campaign

> ***"Every Step Together pays tribute to the traditional Filipino values of hard work, resilience, and love of family. It's about their struggles, about seeing their ambitions coming true, with PNB by their side — taking each step with them."***
> *-Jennifer Y. Ng, PNB Senior VP and Marketing Group Head*

PNB has turned its timeless brand promise, **"Every Step Together,"** into a powerhouse campaign that has captured hearts and earned local and international recognition. In 2024, the campaign clinched two prestigious awards: **"Best Branded Digital Ad"** at the Catholic Mass Media Awards (CMMA) and **"Rebranding Campaign of the Year"** at the Asian Banking and Finance Retail Banking Awards.

Launched in December 2023, the campaign pays homage to PNB's legacy of guiding Filipinos toward financial prosperity. Rooted in real-life stories, it resonates with the enduring Filipino values of resilience, hard work, and familial love. Distributed across print, TV, and digital platforms like Facebook, Instagram, and YouTube, the campaign forged an emotional connection with audiences by highlighting how PNB supports its customers in every stage of their journey.

Accessible Banking for Everyone

Promoting Financial Literacy and Inclusion

GRI 3-3, FN-CB-240a.4

At PNB, we believe that financial empowerment is a key driver of sustainable growth and inclusive prosperity. The Bank continues to leverage technology to bridge the gap in financial access. By the end of the year, 1,449,058 users — 50% of the eligible base — enrolled in the PNB Digital App, demonstrating our progress in empowering individuals with seamless digital banking solutions. Additionally, 43,960 corporate accounts (54% penetration rate) are now enrolled in PNB C@shNet Plus, enabling businesses to manage their finances efficiently.

These digital platforms not only enhance accessibility but also promote convenience and financial inclusion by reaching underserved and geographically dispersed communities.

In 2024, PNB expanded its financial literacy and wellness programs and cybersecurity awareness, reaching over 5,507 participants through a range of learning sessions, trainings, webinars, and roundtable discussions. These were conducted both locally and abroad via face-to-face and virtual platforms, including MS Teams, Zoom Meetings, and Facebook Live.

The topics covered practical and impactful areas, such as:

- Money Management and Saving Tips: Teaching participants how to budget effectively and set financial goals.
- Growing Money Through Investing: Introducing opportunities to build wealth and achieve long-term security.
- Economic and Market Forecasts: Providing individuals with insights to make informed financial decisions.

These initiatives targeted a diverse group of participants, including, but not limited to, depositors, borrowers, professionals, entrepreneurs, students, teachers, OFWs and their dependents, and even church and community organizations. PNB also partnered with key institutions such as BSP, DTI, Bureau of the Treasury, SEC, Pag-IBIG, The Philippine Bayanihan Society Singapore (PBSS), and the Philippine Chamber of Commerce in Singapore to amplify our financial inclusivity initiatives.

5,507

Participants in our 2024 Financial Literacy Programs

1,950

Underserved Demographics Reached in 2024

Our financial literacy and inclusion programs are not just about numbers — they are about transforming lives. By teaching individuals to save, invest, and plan for their future, we contribute to reducing economic disparities and fostering resilience in communities. These programs also serve as a platform to promote PNB's products and services, ensuring that every Filipino has access to financial tools that meet their unique needs.

Global Reach with Local Support: OFWs at the Heart of PNB

PNB recognizes the vital role of OFWs in driving the Philippine economy through their hard work and remittances. To support their unique needs, PNB offers tailored services, including the OFW Savings Account, which provides interest earnings and a PNB-PAL Mabuhay Miles OFW Savings Debit Mastercard. This card enables global access at millions of ATMs and merchants, while earning Mabuhay Miles points for added value.

With a robust international network of over 71 overseas branches, representative offices, remittance centers, and subsidiaries across Asia, Europe, the Middle East, and North America, PNB ensures seamless financial access for OFWs wherever they are. Our fast, secure, and reliable remittance services provide peace of mind, ensuring their hard-earned money reaches their loved ones promptly, bridging the distance and strengthening family bonds.

Approximately 990k

Served by PNB

Environment: Stewardship for a Sustainable Future

Summit for Sustainable Growth: Breaking Barriers, Enabling Pathways

PNB hosted the Sustainability Thought Leadership Workshop with the theme "Summit for Sustainable Growth — Enabling Pathways, Breaking Barriers" last November 2024. The event brought together PNB's Board and Senior Management with experts from IFC, S&P Global, UPLB, and WWF to drive sustainable banking.

"Sustainability is central to resilience," stated PNB Chairman Edgar Cua, stressing that businesses must embrace it to mitigate risks and seize opportunities. Discussions covered key ESG trends:

- WWF's Edgardo Tongson assessed Banks' ESG performance.
- IFC's Quyen Thuc Nguyen tackled global sustainability strategies.
- IFC's Paul Xavier Espinosa discussed climate risk integration.
- IFC's Oluwatoyin Alake highlighted financing for green projects.

A fireside chat featuring PNB leaders and S&P Global's Terrence Teoh explored how leadership can drive ESG transformation. On the other hand, UPLB's Bernadette Tongko-Magadia revisited the Bank's ESRMS and recommended decarbonization strategies followed by breakout sessions covering various topics such as sustainable financing for green projects, climate risk management, decarbonization and GHG reduction, and boosting sustainability awareness. The event ended with a symbolic gardening activity, reinforcing PNB's pledge to sustainability symbolizing the growth of the seeds in driving lasting ESG impact.

Going Beyond Compliance

Five

Number of Branches
with LEED Certification

The Bank ensures full compliance with local and international laws governing its operations, reinforcing its commitment to sustainability and responsible business practices. In 2024, we institutionalized processes for monitoring and addressing ESG-related non-compliance incidents, leveraging data to implement measures such as employee training, enhanced monitoring systems, and waste reduction initiatives.

PNB also integrates energy-efficient technologies, reduces paper consumption through automation, and collaborates with academic experts and NGOs to meet its annual greenhouse gas reduction targets, which will be further detailed in the Our Emissions section of the report.

Passed the Pre-Certification ISO Audit for PNB Readiness on ISO/IEC 27001:2022 ISMS for Office of the CISO/DPO in December 2024

ISO Certifications and Other Certifications

Climate-Related Risks and Opportunities

SDG 13

Governance

PNB recognizes the financial and operational challenges posed by climate-related risks, including physical risks, as well as the opportunities arising from addressing these issues. Oversight of these risks is integrated into the Bank's governance framework through regular reporting to the Risk Oversight Committee and Management Risk Committee. The Enterprise Business Continuity Plan (BCP) Manual and Crisis Management Plan are Board-approved to ensure strategic alignment in managing climate risks effectively.

Strategy

The Bank integrates climate considerations into its strategic planning by identifying short, medium, and long-term climate risks and opportunities. These include potential financial impacts from physical risks, such as damage to assets caused by extreme weather, and transition risks linked to shifting regulations and market dynamics. By raising awareness and implementing risk management measures, PNB ensures the resilience of its strategy while identifying opportunities for sustainable growth, such as financing projects aligned with climate adaptation and mitigation.

Risk Management

GRI 3-3, 201-2

Climate-related risks are systematically monitored through tools such as Risk and Control Self-Assessments (RCSA) and Business Continuity Risk Assessments (BCRA). These processes evaluate risks such as physical damage to assets, business disruptions, and environmental uncertainties. The Bank's Crisis Management Plan and Disaster Recovery Plan address operational disruptions, while insurance coverage protects against significant potential losses. In 2024, we identified several risks associated with our operations, largely influenced by the Philippines' vulnerability to natural disasters. Understanding these challenges enables us to strengthen our risk management strategies, ensuring the resilience of our operations while safeguarding the interests of our stakeholders.

Climate and Sustainability-Related Risks and Opportunities

Risk/Opportunity	Direct & Indirect Impacts	Potential Impact	Likelihood	Magnitude of Impact
Typhoon Tropical cyclone bringing strong winds and heavy rains	Transportation disruption, flooding, threat to health and safety, damage to properties	🏚 ⚙ 📉	🔴	🟨🟧
Storm Surges Abnormal rise of water generated by storms	Transportation disruption, flooding, damage to properties, and threat to health and safety	🏚 ⚙ 📉	🔴	🟨
Volcanic Eruption Spew of hot gases, ash, lava, and rock that are powerfully destructive	Threat to health, water contamination, air pollution, and damage to properties	🏚 ⚙ 📉	🟢	🟨
Drought Prolonged dry period in the natural climate cycle	Water scarcity, damage to agriculture, food shortage	📉	🟢	🟨
Tsunami Series of long waves caused by a large and sudden displacement of the ocean	Threat to health and safety, damage to properties, flooding	🏚 ⚙ 📉	🟢	🟨
Tornado Violently rotating column of air	Threat to health and safety, damage to properties	🏚 ⚙ 📉	🟢	🟨
Subsidence & Landslides Sliding down of a mass of land	Threat to health and safety, damage to properties	🏚 ⚙ 📉	🟢	🟨
Earthquake Shaking of Earth's surface with varying intensities	Threat to health and safety, damage to properties	🏚 ⚙ 📉	🔴	🟨🟧

Legend:

Potential Impact	Likelihood	Magnitude of Impact
🏚 Damage to physical assets	🔵 Low	🟨 Low
⚙ Business disruptions	🟢 Medium	🟨🟧 Medium
📉 Increased operational costs/financial losses	🔴 High	🟨🟧🟥 High

Metrics and Targets

PNB monitors and reports climate-related risks and opportunities using a range of metrics, including loss event reporting and risk assessments. Business units are required to submit monthly Loss Event Reports (LER) detailing disruptions and damages caused by natural disasters. To further integrate climate resilience, the Bank aims to complete risk assessments of environmental and social risks across all units.

Our Environmental Performance

Fuel and Power Consumption

GRI 3-3, 302-1, 302-4

PNB has adopted a range of measures to enhance energy efficiency. Across our corporate offices, branches, and overseas facilities, we have replaced conventional lighting fixtures with energy-efficient LED lights and upgraded to inverter-type air conditioning units. Employees are encouraged to power down non-essential equipment and lights during breaks and after office hours. Overseas branches, such as those in Hong Kong and Singapore, complement these efforts by leveraging centralized air conditioning and employing energy-saving practices specific to their operating environments.

35,200
energy-efficient LED Lights

22,000
energy-efficient LED Downlights

844,800
watts Saved

154,000
watts Saved

To minimize fuel consumption, PNB conducts quarterly preventive maintenance for its generators to ensure optimal performance and fuel efficiency. In domestic branches, site inspections and official travels are consolidated to reduce trips, with employees encouraged to adopt energy-efficient commuting practices, such as biking. Energy efficiency and environmental considerations are factored into decision-making when evaluating future property investments.

We continue to explore transitioning employee computers from desktops to energy-efficient laptops to further lower electricity consumption. Additionally, centralized air conditioning is switched off at head offices after business hours to save power.

While PNB does not currently apply for energy ratings or invest in renewable energy directly, we align with the sustainability goals set by host governments where applicable, such as in Hong Kong and Singapore. These efforts aim to meet local energy-reduction targets while maintaining compliance with relevant regulations.

As part of the Bank's commitment to sustainability, we closely monitor and manage fuel and power consumption across our domestic and overseas offices. In 2024, PNB's fuel consumption totaled 110,020.00 L, while electricity consumption reached 22,057,593.16 kWh.

Water Consumption

GRI 3-3, 303-1, 303-2

PNB recognizes the importance of managing water resources responsibly, even though water is not a material resource for its financial operations. In 2024, PNB consumed 383.79 megaliters of water. The Bank continued its efforts to enhance water efficiency and minimize consumption across its facilities. Water usage primarily supports cooling systems, sanitation, and general cleanliness within corporate offices and branches. At the PNB Financial Center, water is sourced from Maynilad and undergoes treatment at the Sewage Treatment Plant (STP) before being safely discharged into Manila Bay. This ensures compliance with national environmental standards.

While direct water recycling systems are not in place, the Bank continues to coordinate with building management and explore further opportunities to integrate sustainable water management practices.

Monitoring Our Emissions

GRI 3-3, 305-5

The Bank actively monitors its greenhouse gas (GHG) emissions across Scope 1 and Scope 2. Using an enterprise-wide GHG Accounting Emission Tool, we assess emissions annually, including fuel consumption for generator sets, electricity usage in offices and branches, and indirect emissions from employee commuting and office supply usage. In 2024, PNB accounted a total Scope 1 emissions of 269.77 metric tons CO_2e, primarily from fuel consumption in generator sets, and Scope 2 emissions of 15,591.61 metric tons CO_2e, stemming from electricity consumption across corporate offices and branches.

We aim to reduce GHG emissions annually. Key actions include upgrading to energy-efficient LED lighting, implementing digital workflows to minimize paper use, and optimizing travel plans to reduce fuel consumption. Our environmental management practices ensure compliance with national and international standards while fostering a culture of sustainability within the organization.

To further enhance our impact, we are preparing to engage with suppliers in 2025, driving them to align with PNB's sustainability goals by disclosing their own emissions data and adopting environmentally-responsible practices.

Material and Waste Management

GRI 3-3, 306-1, 306-2

At PNB, we recognize the importance of responsible material consumption and waste management in fostering sustainability across our operations. While paper remains a significant input, which consequently increased our consumption particularly in our domestic and overseas branches, we actively promote digitization, double-sided printing, and the use of electronic communication to reduce paper waste. Defective equipment, including furniture and fixtures, are repaired and reused to prolong their lifecycle, minimizing unnecessary disposal.

100%

Branches equipped with labeled bins for recyclable, non-recyclable, and biodegradable waste

100%

Of our branches is implementing digitization of most of their transaction to reduce paper consumption

30%

Minimum extended lifespan for furniture and fixtures through repair and reuse programs

30 Employees completed the PCO Training in 2024

10 Employees completed the Managing Head Training in 2024

200 Employees completed the PCO Training since 2018

95 Employees completed the Managing Head Training since 2018

Our waste management system includes proper segregation and recycling initiatives, ensuring biodegradable and non-biodegradable materials are handled responsibly. Solid waste disposal is managed by third-party providers, with Pollution Control Officers (PCOs) overseeing compliance with local and national regulations. We aim to transition towards a circular economy by integrating reusable materials, reducing packaging, and creating awareness among employees and stakeholders to further minimize waste generation. These efforts not only support environmental sustainability but also optimize operational efficiency and reduce costs.

Sustainable Sourcing and Supply Chain Management

Considering that sustainable sourcing and supply chain management are integral to our operations, we ensure that all procurement activities align with our ESG principles. The Bank follows a structured procurement process to uphold quality standards and adherence to policies.

PNB Procurement Process

1 Vendor/Supplier Accreditation

2 Sourcing from accredited vendors/suppliers and third-party service providers

3 Canvassing and bidding

4 Review / Assessment of bids

5 Awarding to vendors / suppliers through issuance of Purchase Orders or Letter of Awards

To support local economies and reduce transportation costs, we prioritize sourcing from local vendors for our provincial and overseas branches. Vendor accreditation and management are handled by the Accreditation and Vendor Management Department (AVMD), which has implemented enhanced processes for risk assessment and due diligence. Updates to vendor-related documentation now include ESG criteria such as gender diversity, compliance with environmental regulations, and adherence to labor and social standards.

95.59%
Of our suppliers are local

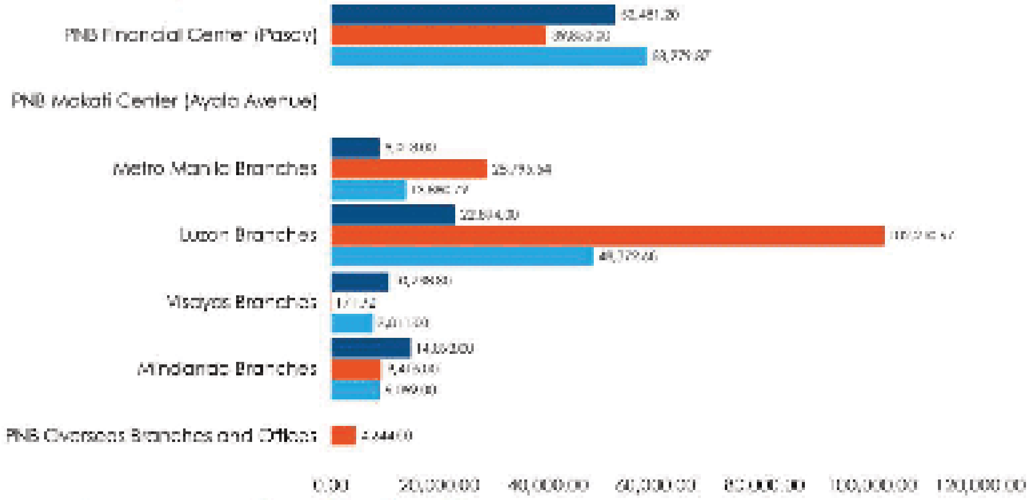
Php 8.9 billion
Payments Made to Suppliers

Zero
Recorded significant negative social impacts in Supply Chain for 2024

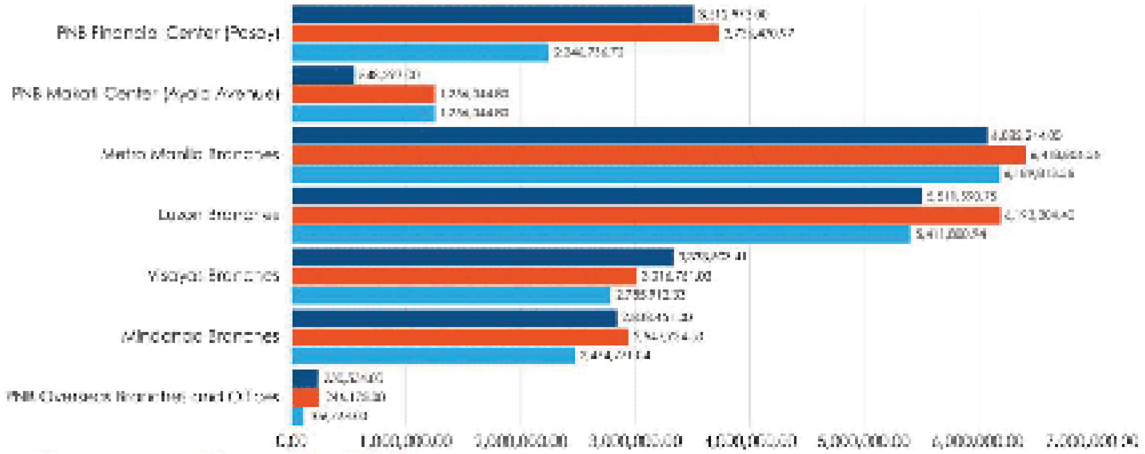
PNB Resource Consumption GRI 2-4

Legend: ■ 2024 ■ 2023 ■ 2022

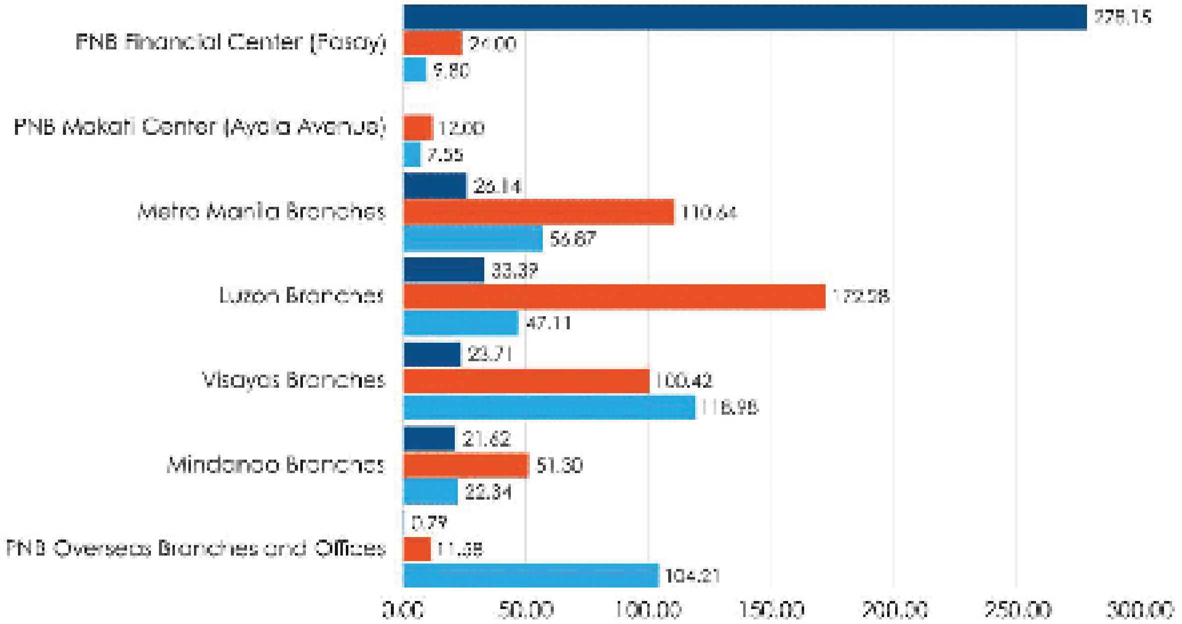
Fuel Consumption (in Liters) *Total Fuel Consumption (2024) is 110,020 L*



Power Consumption (in kWh) *Total Power Consumption (2024) is 22,057,593.16 kWh*



Water Consumption (in ML)* *Total Water Consumption (2024) is 383.79 ML*



*In 2024, 90% are onsite, while in 2023 only 60-70% are onsite.

Breakdown of the Bank's Fuel Usage in 2024 GRI 302-1

Facility/Site	Fuel Diesel (Liters)	Fuel Gasoline (Liters)	Bank Vehicles (Gasoline/Liters)	Bank Vehicles (Diesel/Liters)	Equivalent in Gigajoules
PNB Financial Center (Pasay)	14,011.53	0.00	23,109.08	15,200.08	1,385.57
PNB Makati Center (Ayala Venue)	0.00	0.00	0.00	0.00	0.00
Metro Manila Branches	5,629.00	3,195.00	0.00	0.00	350.60
Luzon	20,860.00	1,931.00	0.00	0.00	827.68
Visayas	10,738.00	2.00	0.00	0.00	410.60
Mindanao	10,795.00	1,090.00	0.00	0.00	604.44
Overseas	0.00	0.00	0.00	0.00	0.00
TOTAL	65,030.53	6,218.00	23,109.08	15,200.08	3,709.63

Energy Intensity

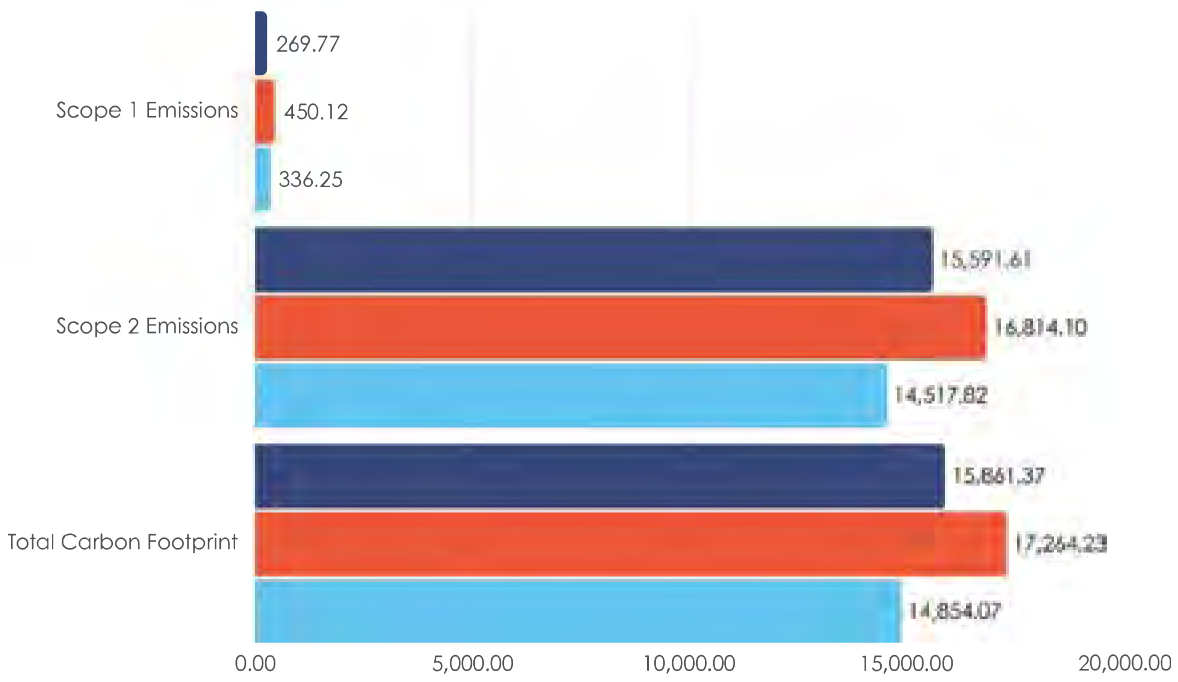
GRI 302-3

Facility/Site	Consumption	Floor Area	Energy Intensity (kWh/m²)
Metro Manila	6,082,244.00	47,620.05	127.72
Luzon	5,511,590.75	41,854.72	131.68
Visayas	3,338,502.41	30,908.89	107.88
Mindanao	2,829,461.00	19,048.57	148.55
		AVERAGE TOTAL	127.42

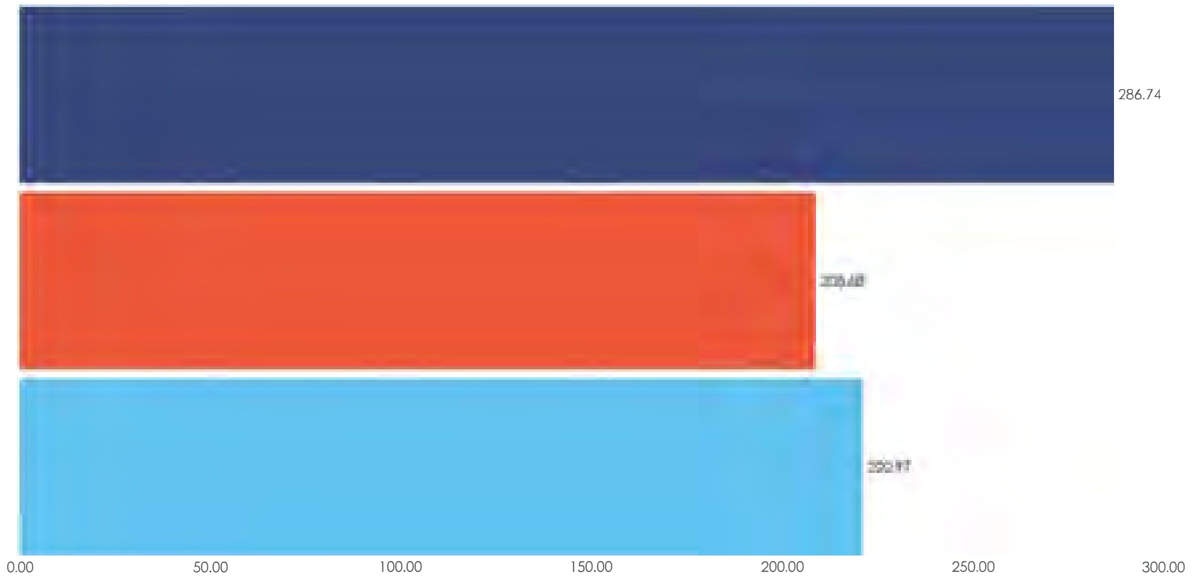
Water Withdrawn, Discharged, and Consumed (ML) GRI 303-3, 303-4, 303-5

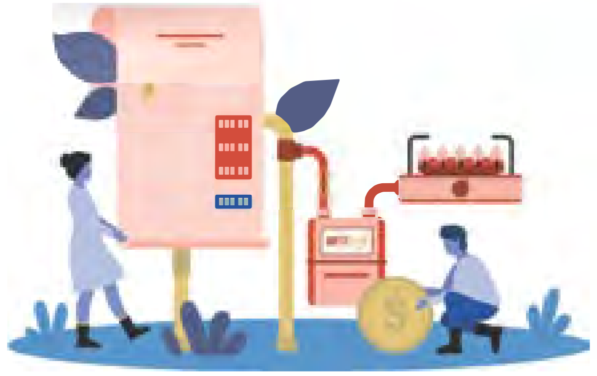
Facility/Site	Water withdrawn (in ML)	Water Discharged (in ML)
PNB Financial Center (Pasay)	278.15	278.15
PNB Makati Center (Ayala Avenue)	0.00	0.00
Metro Manila Branches	26.14	26.14
Luzon Branches	33.39	33.39
Visayas Branches	23.71	23.71
Mindanao Branches	21.62	21.62
PNB Overseas Branches and Offices	0.79	0.79
TOTAL	383.79	383.79

Emissions GRI 305-1, 305-2, 305-4

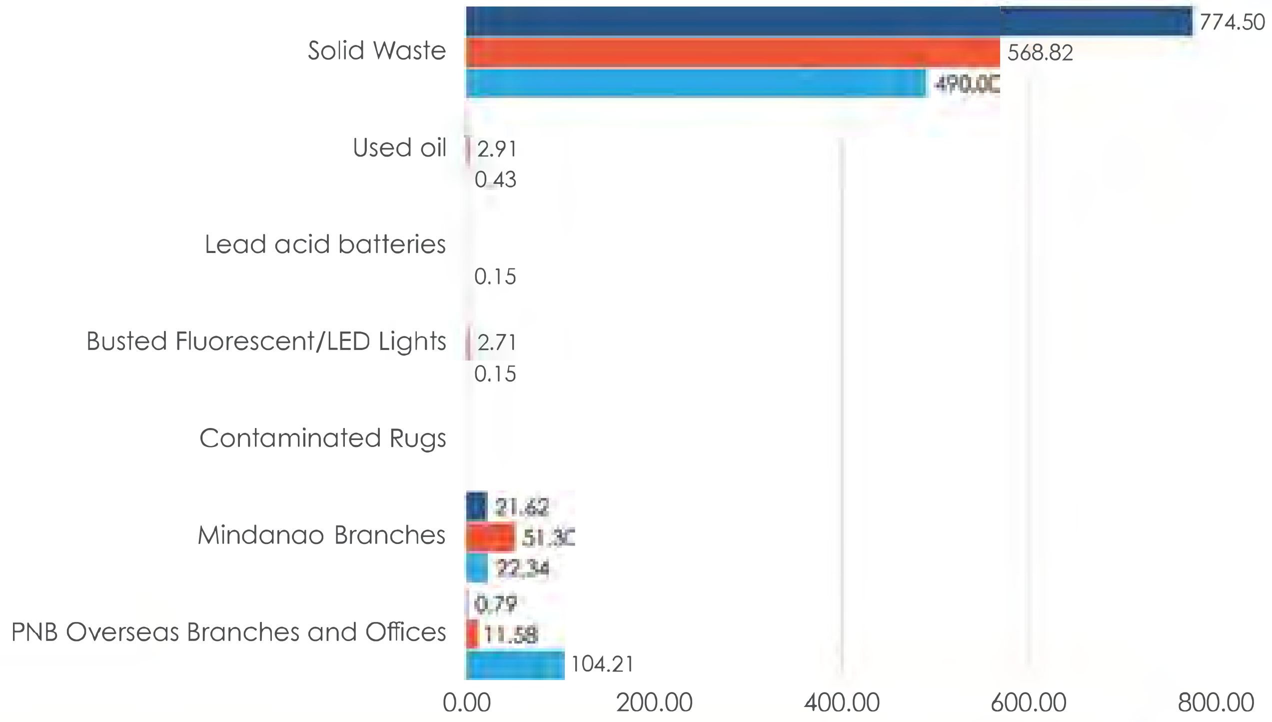


Paper Consumption (in MT)





Common types of wastes from the PNB Head Office (in MT)



GRI 306-3, 306-4, 306-5

Common Types of Wastes from the Branches (in MT)

	Metro Manila Branches			Luzon Branches			Visayas Branches			Mindanao Branches			Overseas Branches		
Waste Category	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**	**2022**	**2023**	**2024**
Solid Waste (i.e., paper wastes, construction debris, elevator parts, tree branch cuttings, etc.)	5,518.38	20.02	48.78	49.50	24.86	44.65	7.15	52.49	20.11	3.40	0.77	24.24	1.00	4.26[1]	149.36
Used oil (i.e, from gensets during power outages and weekly testing)	0.01	0.00	0.00	1.22	2.07	0.00	0.03	0.55	0.00	0.10	0.05	0.00	0.00	0.00	0.00
Lead Acid Batteries (from gen sets)	0.00	1.50	0.00	1.01	-0.75	0.00	0.01	2.83	0.00	0.41	0.01	0.00	0.00	0.00	0.00
Busted Fluorescent /LED Lights	821.39	0.37	0.00	0.00	2.58	0.00	0.05	0.12	0.00	0.17	1.04	0.00	0.00	0.00	0.00
Contaminated Rugs	0.00	0.00	0.00	2.24	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expired Paints	0.00	0.00	0.00	2.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ozone depleting substances (i.e., aerosol spray cans for disinfectants, air fresheners, etc.)	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Electronic Wastes (i.e, old defective machines, old/broken-IT-related equipment/peripherals, etc.)	0.00	0.16	0.33	2.08	1.98	1.34	0.00	0.00	0.37	0.00	0.00	0.36	1.00	0.00	0.00

[1] Data on solid wastes reported by IBRG was from PNB Tokyo, PNB Europe, and PNB Los Angeles.

Social: Together for Better

Caring for Our People

PNB supports employee participation in achieving corporate goals by encouraging shared responsibility and collaboration. The Bank's commitment to fair employment practices, including regularization and limiting outsourcing to non-core functions, ensures stability and equity within the workforce. Annual human capital risk assessments further demonstrate PNB's dedication to fostering a secure and productive workplace.

Our Employee Compensation and Benefits Package

GRI 3-3

At PNB, we prioritize fairness and non-discrimination in our employee compensation and benefits. Salaries are based on role, performance, experience, and tenure, ensuring equity across the organization. Our compensation packages are regularly reviewed to remain competitive and are aligned with labor laws, industry practices, and Collective Bargaining Agreement (CBA), with changes approved by the Corporate Governance and Sustainability Committee and the Board of Directors.

PNB offers a comprehensive range of benefits, including vacation, sick, and emergency leaves, as well as special leaves such as birthday leave, solo parent leave, and leaves for victims of violence under the Anti-Violence Against Women and their Children (VAWC) Act. Employees enjoy healthcare coverage, group life insurance, retirement plans, loyalty awards, rice subsidies, uniforms or clothing allowances, holiday pay, and allowances for team-building activities. Specific roles also receive hazard pay and fuel allowances.

In 2024, we continued to offer Flexible Leave Monetization for employees facing financial emergencies. Our support extends beyond employment. Healthcare coverage is available for dependents, while healthcare benefits of mandatory retirees can be extended for up to five years. Scholarships for qualified dependents may also be availed through a program in partnership with Tan Yan Kee Foundation, Inc. Beyond labor compliance, we also offer telecommuting options and loans for housing, vehicles, and other needs, underscoring our commitment to employee well-being and long-term satisfaction.

Benefits Breakdown in 2024 GRI 401-2

Benefits	# of women who availed	% of women who availed	# of men who availed	% of men who availed
SSS (Loan, Sickness, Maternity)	1,079	68%	490	32%
PhilHealth	443	82%	97	18%
PAG-IBIG	530	67%	258	33%
Parental Leave	312	78%	89	22%
Vacation Leave	5,230	66%	2,631	34%
Sick Leave	4,344	67%	2,258	33%
Housing assistance (aside from PAG-IBIG)	11	78%	3	21%
Retirement fund (aside from SSS)	231	62%	144	38%
Telecommuting	612	7%	320	4%
Flexible Working Hours	417	8%	254	3%

Parental Leave GRI 401-3

	Female	Male	Total
Total number of employees that were entitled to parental leave	323	95	410
No. of qualified employees who took parental leave	312	89	401
No. of qualified employees who took parental leave and returned after the leave expired	296	83	379
Return to work rate	94.87%	93.26%	94.51%
Among those who availed the parental leave in 2023 how many of them returned and are still with the Bank in 2024	280	83	363
Total number of employees that took parental leave in 2023	289	84	373
Retention Rate	96.89%	98.81%	97.32%

Solo Parental Leave GRI 401-3

	Female	Male	Total
Total number of employees that were entitled to parental leave	159	11	170
No. of qualified employees who took parental leave	157	11	168
No. of qualified employees who took parental leave and returned after the leave expired	152	9	161
Return to work rate	96.82%	81.82%	95.83%
Among those who availed the parental leave in 2023 how many of them returned and are still with the Bank in 2024	159	11	170
Total number of employees that took parental leave in 2023	163	11	174
Retention Rate	97.55%	100.00%	97.70%

Philnabankers in Service

GRI 3-3, 2-7, 2-8, 405-1, SDG 5, 8, 10

At PNB, our recruitment process is grounded in fairness and objectivity, focusing on candidates' skills, competencies, and potential. We employ reliable tools and unbiased methods to ensure a workforce that aligns with our values of diversity, equality, and inclusion.

As of December 31, 2024, PNB employed 8,816 full-time employees. To support work-life harmony, 932 or 11% of employees adopted alternative work arrangements (AWA) during the reporting period.

We encourage flexible career paths through employee movements across departments, ensuring talent retention, motivation, and optimal contributions. In 2024, we had 1,419 new hires comprising 16.10% of the total employee population. There are 966 (68.08%) female new hires while 453 (31.92%) are male new hires. Our hiring rate increased by 32.74% from the 1,069 new hires in 2023. We had more female new hires for the last four consecutive years. Majority of our new hires are from ages 30 years old and below (72.09% or 1,023). Additionally, the Bank engages consultants and outsourced personnel for specific projects to meet business needs.

PNB continues to nurture future talent through its On-the-Job Training (OJT) Program. In 2024, 906 students from 85 colleges and universities participated, gaining practical corporate exposure and forming a potential talent pipeline for the Bank to attract new talent, we emphasize our culture of work-life balance, hybrid work arrangements, and competitive benefits during recruitment. Strengthening academic partnerships, participating in career fairs, and leveraging social media broaden our talent pool. While challenges such as high salary expectations, limited qualified candidates for critical roles, and competitive hiring practices persist, we continuously refine our strategies to remain an employer of choice.

	Gender	No. of Employees	Percentage	TOTAL
2022	Female	5,523	66%	8,318
	Male	2,795	34%	
2023	Female	5,500	66%	8,327
	Male	2,827	34%	
2024	Female	5,853	66%	8,816
	Male	2,963	34%	

Employee Breakdown by Contract, Position, Gender, and Age for 2024

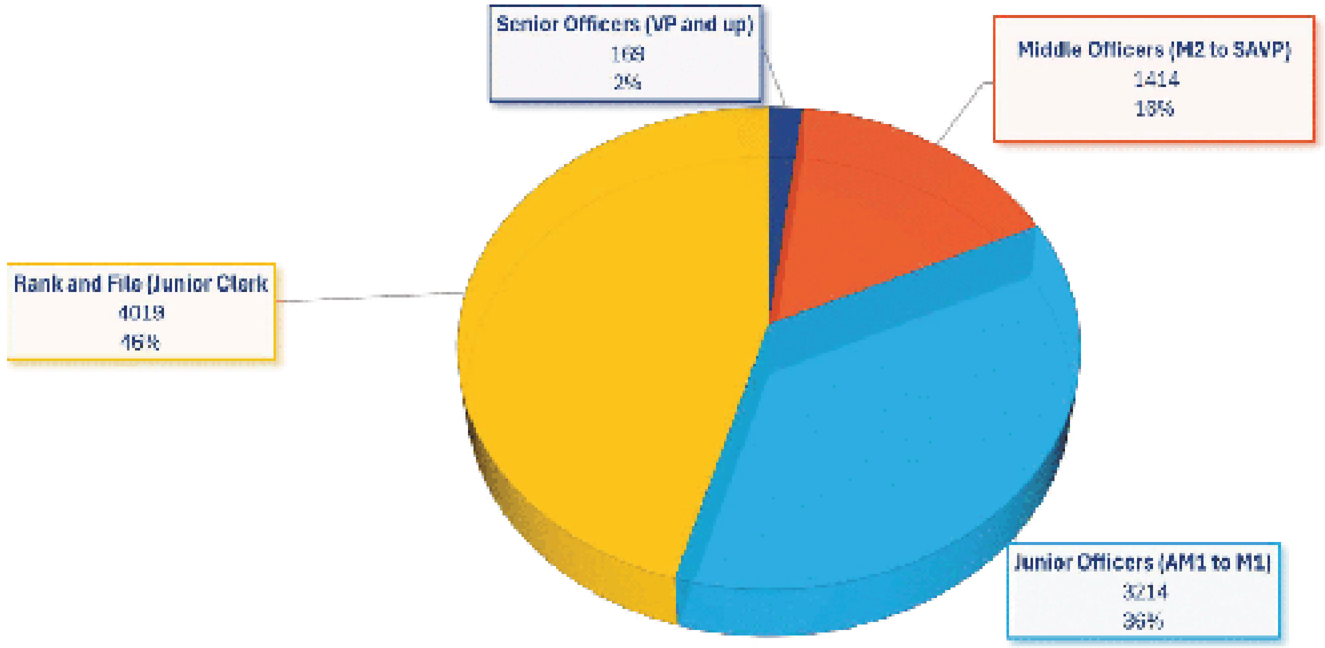
Category Contract	Male <30 yrs. old	Male 30-50 yrs. old	Male >50 yrs. old	Female <30 yrs. old	Female 30-50 yrs. old	Female >50 yrs. old	TOTAL
Regular	603	1,656	473	1,322	3,000	1,004	8,026
Probationary	126	81	2	403	84	3	731
Contractual/Fixed Term			22			37	59
Position							
Senior Officers (VP and up)	-	21	55	-	25	68	169
Middle Officers (M2 to SAVP)	5	321	207	10	433	438	1,414
Junior Officers (AM1 to M1)	105	633	151	317	1,670	338	3,214
Rank and File (Junior Clerk to Senior Specialist)	596	682	94	1,198	1,110	150	4,019
TOTAL	729	1,737	497	1,725	3,084	1,044	8,816

Employee Breakdown by Gender and Island Group for 2024

	Region	No. of Employees	TOTAL
Female	NCR	3,208	5,853
	Luzon	1,384	
	Visayas	724	
	Mindanao	532	
	Overseas*	5	
Male	NCR	1,800	2,963
	Luzon	519	
	Visayas	307	
	Mindanao	332	
	Overseas*	5	
TOTAL			8,816

**Overseas employees expatriates from head office sent to overseas offices*

Percentage Breakdown per Rank



Breakdown per Gender and Rank

Rank	2024 Female	 Male	 Total
President	0	1	1
Executive Vice President	0	3	3
First Senior Vice President	6	8	14
Senior Vice President	14	11	25
First Vice President	19	16	35
Vice President	54	37	91
Senior Asst. Vice President	86	49	135
Assistant Vice President	138	121	259
Senior Manager	252	174	426
Manager 2	401	193	594
Manager 1	701	324	1,025
Assistant Manager 2	854	407	1,261
Assistant Manager 1	570	358	928
Senior Specialist	218	138	356
Specialist	214	104	318
Senior Assistant	385	191	576
Assistant	716	315	1,031
Senior Clerk	1,225	513	1,738
Junior Clerk	0	0	0
TOTAL	5,853	2,963	8,816

Breakdown per Group

Group	2024		
	Female	Male	Total
Customer Finance Sector [1]	329	205	534
Office of the Corporate Secretary	17	9	28
Credit Management Group	114	141	255
Enterprise Services Sector	186	190	376
Financial Management, Strategy, and Sustainability Sector [2]	114	48	162
Global Banking and Markets Sector	59	42	101
Global Compliance Group	40	24	64
Human Resource Group	65	27	92
Information Technology Group	152	293	445
Institutional Banking Sector [3]	228	96	324
Internal Audit Group	96	55	151
International Banking & Remittance Group [4]	25	18	43
Marketing and Brand Management Sector	39	23	62
Office of the Corporate Treasurer	19	2	21
Office of the President	3	2	5
Operations Group	541	486	1,027
Retail Banking Sector	3,608	1,189	4,797
Enterprise Risk Management Group	65	37	102
Trainees (BOTP, JEDI, MTP)	89	45	134
Trust Banking Group	64	31	95
TOTAL	5,853	2,963	8,816

[1] *Consumer Finance Sector was created consolidating Cards and Payments Solutions Group (CPSH) and Retail Lending Group effective October 2023.*

[2] *Financial Management Sector (FMS) was renamed to Financial Management, Strategy, and Sustainability Sector (FMS-SS) to include the Corporate Sustainability and Social Responsibility Division (reclassified from Department to Division effective August 2024) which used to belong to the Public Affairs Group.*

[3] *Dissolution of International Transaction Banking Group (ITBG) and Structuring & Execution Division (SED) from Institutional Banking Sector effective June 2024.*

[4] *Transfer of supervision of International Banking & Remittance Group From Retail Banking Sector to the Office of President effective from June 2024.*

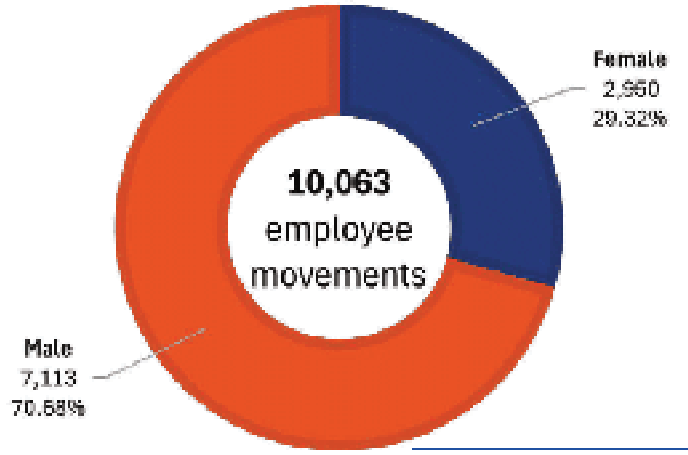
Breakdown of New Hires per Age and Gender GRI 401-1

Age Range of New Hires	2024			2023			2022		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years old	307	151	458	502	234	736	745	278	1,023
30-50 years old	120	78	198	183	131	314	201	160	361
>50 years old	9	9	18	9	10	19	20	15	35
TOTAL	436	238	674	694	375	1,069	966	453	1,419

Breakdown of New Hires for 2024

Age Range	2024		
	Female	Male	Total
<30 years old			
NCR	463	176	639
Luzon	121	31	152
Visayas	100	40	140
Mindanao	61	31	92
Subtotal	745	278	1,023
30-50 years old			
NCR	148	128	276
Luzon	24	15	39
Visayas	16	8	24
Mindanao	13	9	22
Subtotal	201	160	361
>50 years old			
NCR	17	9	26
Luzon	2	2	4
Visayas	1	2	3
Mindanao	0	2	2
Subtotal	20	15	35
TOTAL	966	453	1,419

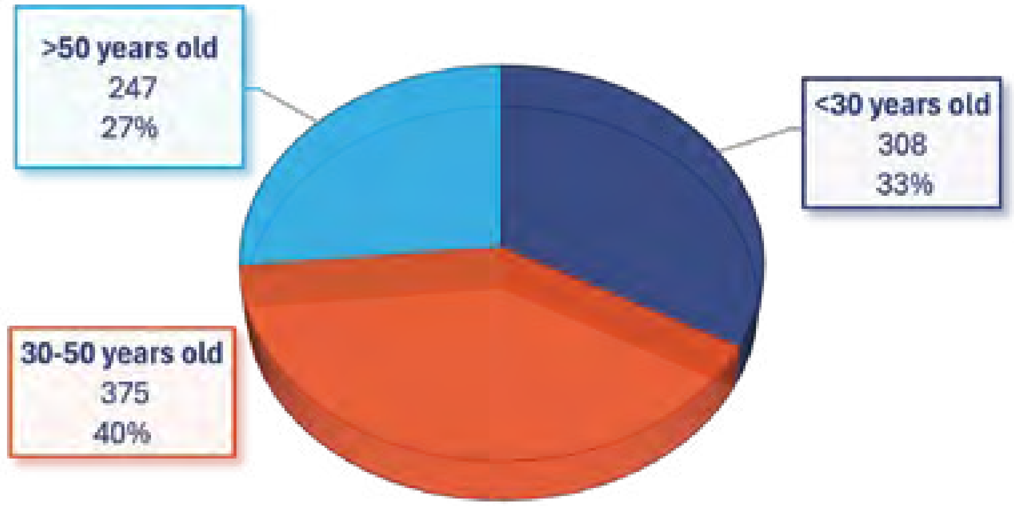
Total Employee Movements in 2024



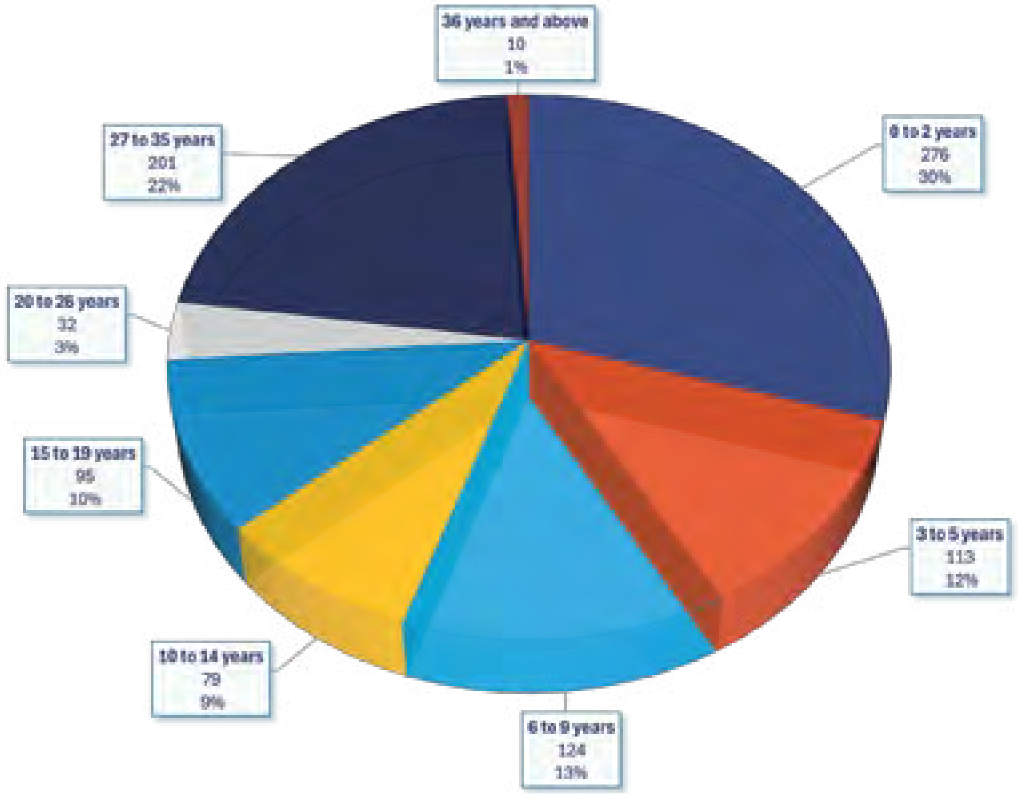
Breakdown of Separations per Gender and Position in 2024

Gender	Officer	Rank-and-File	No. of Separations	Attrition Rate
Female	270	340	610	65.59%
Male	169	151	320	34.41%
TOTAL	439	491	930	100.00%

Breakdown of Separations per Age Group in 2024



Breakdown of Separations per Tenure in 2024



Breakdown and Percentage of Promoted Employees per Gender

	2024	
Female	1,010	66.32%
Male	513	33.68%
TOTAL	1,523	100.00%

Breakdown of PNB Outsourced Personnel by Role, Age, and Location of Assignment

Type of Services Rendered	<30 years old	30 to 50 years old	>50 years old
NCR/Luzon			
Security	-	1499	-
Maintenance/Janitorial/Housekeeping	19	29	4
Clerical/Messengerial	134	82	26
Money Sorter	19	37	3
Drivers	-	29	10
IT	103	31	6
TOTAL	275	1706	49
Visayas			
Security	-	394	-
Maintenance/Janitorial/Housekeeping	23	75	17
Clerical/Messengerial	-	3	2
Money Sorter	9	15	1
Drivers	-	-	-
IT	4	7	-
TOTAL	36	494	20
Mindanao			
Security	-	336	-
Maintenance/Janitorial/Housekeeping	21	66	6
Clerical/Messengerial	-	-	-
Money Sorter	8	15	-
Drivers	-	-	-
IT	6	6	-
TOTAL	35	423	6
Overseas			
Security	1	1	-
Maintenance/Janitorial/Housekeeping	-	1	4
Clerical/Messengerial	-	-	-
Money Sorter	-	-	-
Drivers	-	-	-
IT	-	-	1
TOTAL	1	2	5

Employee Learning and Development

GRI 3-3, 404-2

The Bank emphasizes the importance of employee training and development to remain competitive in a rapidly evolving corporate landscape. In 2024, employees were equipped with skills and knowledge through programs on leadership, digital fluency, mental wellness, and agile mindsets, among others. On the other hand, core regulatory and compliance training addressed critical areas such as AML education, information security, and data privacy. Programs like "Signature Verification, Detection, and Prevention of Forgery" and "Occupational Safety and Health Training" ensure adherence to industry standards and heightened operational efficiency. Meanwhile, technical and specialized trainings, such as ITIL certifications and cybersecurity workshops, kept employees abreast of evolving technological demands. Additionally, out-of-house and officership development initiatives, including the "Management Training Program" and "Corporate Governance Seminars", emphasize leadership cultivation and strategic thinking.

1,878
Internal and External Trainings conducted in 2024

These initiatives enhance employee productivity, reduce errors, and foster a culture of continuous improvement, ultimately contributing to the Bank's operational efficiency and organizational success.

To address challenges in accessibility, PNB expanded its digital learning platforms, particularly LinkedIn Learning, offering on-demand training accessible anytime and anywhere. This shift enabled broader reach and flexibility, complemented by thematic learning journeys and compliance modules hosted on the platform. The Bank also resumed face-to-face sessions in a hybrid format, blending traditional and virtual learning while navigating logistical adjustments. As a result, PNB was named 'Learning Champion' at the 2024 LinkedIn Talent Awards.

PNB encourages a minimum of 32 hours of training annually for all employees, aligned with performance reviews. The Bank is also curating role-specific learning paths to support onboarding, career progression, and leadership development. Known as Officership Training Programs (OTPs), these leadership development programs aim to strengthen the competencies of identified high potential staff employees who are deemed ready to assume greater responsibilities in the organization, thereby strengthening the Bank's leadership bench and ultimately supporting the sustainability thrusts of the Bank.

464,842
Total Training Hours of all Employees

8,922
LinkedIn Online Learning Employee Activation

7,695
Completed LinkedIn Learning Modules/Courses

114
Mentors since 2022

607
Junior Executive Development Institute (JEDI)
Graduates since 2009

874
Management Training Program (MTP)
Graduates since 2004

1,804
Branch Operations Training Program (BOTP)
Graduates since 2010

135
Mentees since 2022

Breakdown of Participants in Asian Institute of Management - Management Development Program (AIM-MDP)

Rank	2019 to 2024		
	Female	Male	Total
Manager	3	0	3
Area Head	1	4	5
Section Head	1	1	2
Department Head	6	5	11
Division Head	12	4	16
Region Head	0	3	3
Group Head	1	0	1
TOTAL	24	17	41

Financial Literacy Programs

1,874 employees

Basic Financial Literacy topic with learning about Unit Investment Trust Fund (UITF) as well as the specific PNB UITFs in the market

Training Hours by Gender GRI 404-1

	2024		
	Female	Male	Total
No. of Employees	5,835	2,942	8,777
No. of Training Hours	325,024	139,819	464,842
Average No. of Training Hours per Employee	-	-	53
Average No. of Training Hours per Gender	55.70	47.53	-

Training Hours by Rank

	2024		
	Officers	Rank-and-file	Total
No. of Employees	4,628	4,149	8,777
No. of Training Hours	141,953	322,888	464,842

Ensuring the Safety, Security, Health, and Wellness of Our People

GRI 3-3, 403-1, 403-2, 403-3 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

PNB is steadfast in its commitment to maintaining a safe and healthy workplace for all employees. Guided by the Occupational Safety and Health Standards (OSHS) Act and related laws, the Bank implements a comprehensive Occupational Safety, Health, and Family Welfare (OSHFW) Program. The program is managed by the OSHFW Committee, which meets monthly to oversee compliance, assess risks, and recommend preventive measures. Key responsibilities include hazard identification, risk assessments, and the implementation of controls, guided by the Risk Assessment Matrix and Hazard Identification and Risk Assessment and Control (HIRAC) framework.

100%

Employees Covered in OSH

Zero

Recorded fatalities as a result of work-related injury

Zero

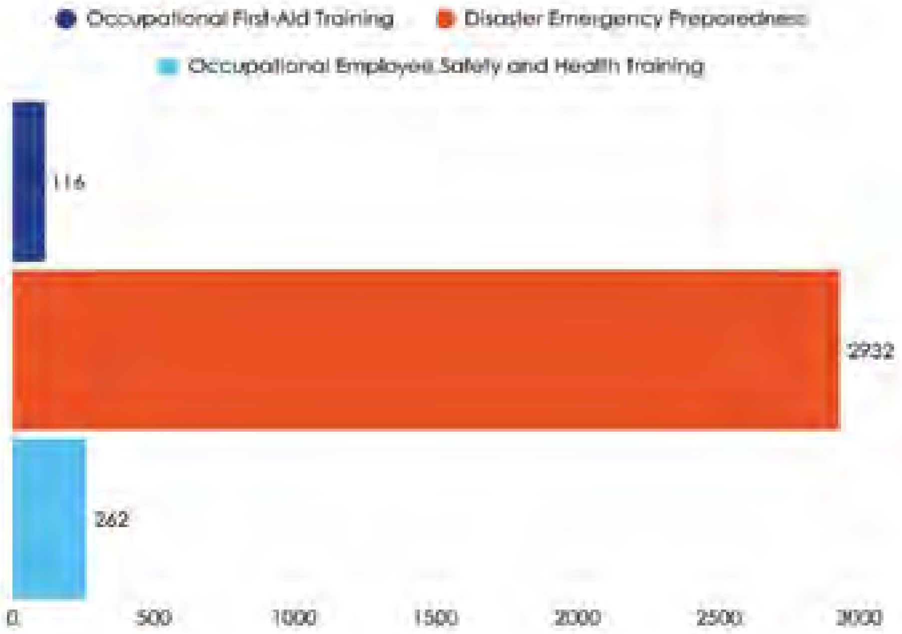
Number of fatalities and recorded cases as a result of work-related ill-health

To ensure employee safety, the Bank mandates training for Safety Officers and First Aiders, with participants attending accredited courses such as Basic Life Support/CPR and Disaster Preparedness Training. Emergency preparedness is a priority, with regular earthquake and fire evacuation drills conducted across branches. The Bank also adheres to a robust emergency management protocol, including notification procedures, evacuation guidelines, and crisis management plans outlined in its Business Continuity Plan. External audits by Department of Labor and Employment (DOLE) and internal reviews by the Internal Audit Group (IAG) ensure that safety measures meet regulatory and organizational standards. In addition to physical safety, PNB supports employee mental health through services like psychosocial support, teleconsultations, and awareness programs.

17,229,912
Safe man hours

OSH-Related Training participated in by Philnabankers in 2024

GRI 404-5



Labor-Management Relations

GRI 3-3, 2-30, 402-1

PNB upholds respect and fosters a collaborative relationship with worker unions by maintaining open communication through regular Labor-Management Council (LMC) meetings. These meetings provide a platform to address issues, align policies with the CBA provisions, and ensure transparency. Union officers also participate in key committees such as the Occupational Safety, Health and Family Welfare (OSHFW) Committee, further integrating their voices into decision-making processes.

Employee concerns are addressed through structured grievance mechanisms embedded in the CBA, Alternative Dispute Resolution (ADR) practices, and the Bank's Whistleblower Policy, which includes anti-retaliation provisions to protect employees. Counseling and open dialogue between Human Resources and the workforce ensure that issues are resolved amicably and efficiently, preventing escalation.

3,493
Employees under CBA

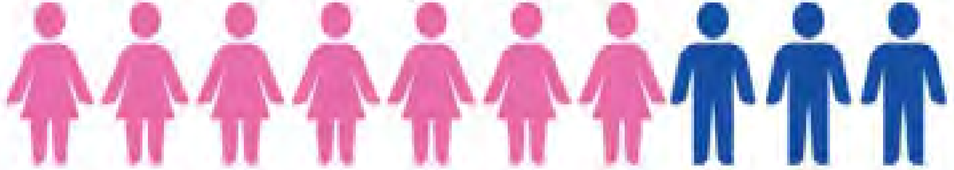
40%
% of Employees under CBA

Our Commitment to Diversity, Equality, and Inclusion

GRI 3-3, 406-1

Our policies on diversity, inclusion, gender equality, anti-sexual harassment, and whistleblowing create a safe and secure working environment. These include clear provisions on identifying and addressing harassment, anti-retaliation clauses, and extended coverage for external stakeholders such as outsourced personnel, vendors, and interns. Whistleblowing channels are in place to ensure accountability and protection for all employees. Our efforts go beyond compliance, as evidenced by our Inclusion and Diversity Visible in PNB (InDiVisible) program, a virtual instructor-led training launched in 2021. This initiative fosters personal transformation to create harmony and inclusivity in the workplace. Additionally, PNB offers curated DEI learning paths on LinkedIn Learning, accessible to all employees, through monthly themed journeys such as Cultivating Inclusion in the Workplace, Celebrating Women, and Collaborating in a Multigenerational Workplace.

66%
Female Employees in 2024



While specific gender ratio targets are not yet set, gender diversity remains a key consideration in our workforce demographics. This data is regularly reviewed and presented to management to support informed decision-making and to ensure equitable representation. Furthermore, PNB actively supports employees from vulnerable sectors, including those diagnosed with mental health conditions through comprehensive healthcare coverage, in-house psychosocial support, and specialized policies such as our Mental Health Policy.

Zero
Recorded cases of discrimination

PNB takes pride in its discrimination-free workplace, as evidenced by the absence of reported cases of employee discrimination in 2024.

Recognizing Excellence at Work

At PNB, we recognize the exceptional performance of our employees through regular performance reviews and structured recognition programs. Employees undergo semi-annual performance reviews for rank-and-file staff and annual evaluations for officers. These reviews assess strengths, areas for improvement, and career development opportunities.

To reward excellence, we offer promotions, performance-based salary adjustments, and semestral awards such as the Service Excellence Award and What Outstanding Work (WOW) Award, celebrating employees with exemplary achievements. Additionally, exceptional acts of service are highlighted in the Living Our Values Everyday bulletin, fostering a culture of appreciation and inspiration across the organization.

Promoting Wellness and Work-Life Harmony

Aligned with our key performance indicators (KPIs) from the LT Group, our parent company, PNB integrates mental health metrics into its wellness framework. This approach underscores our dedication to promoting work-life harmony and the holistic well-being of our employees.

The Bank has developed a range of initiatives designed to support employees' mental health and overall wellness. These include access to 24/7 mental health hotlines via KonsultaMD, in-house psychosocial support facilitated by trained responders, and regular webinars on topics such as stress management, resilience building, and mental health awareness. These programs aim to equip employees with tools to manage challenges, ensuring they thrive both personally and professionally.

Wellness is further reinforced through initiatives such as the Wellness and Sustainability Fair, which provides sessions on mental, physical, and financial health, alongside access to sustainable health products.

These efforts, complemented by ongoing communication and engagement, ensure that employees feel supported, valued, and empowered to maintain a balanced and fulfilling work life.

100%
Employees Who Can Avail of Mental Wellness Initiatives

1,117
Employees Who Participated in 2024 Mental Health Programs

Caring for Our Society

Upholding Human Rights

GRI 3-3, 410-1, FN-CB-510a.2

PNB prioritizes human rights as a foundation of our corporate culture, fostering a respectful, inclusive, and ethical workplace. Aligned with the Human Rights Policy Statement of our parent company, LTG, we are committed to integrating these principles into all operations. We have implemented policies to safeguard human rights, including:

- Code of Conduct: Prohibits harassment, bullying, and discrimination, with sanctions for violations.
- Non-Discrimination Policy: Promotes equal access to opportunities for all employees.
- Equal Employment Opportunity Policy: Ensures unbiased hiring and development practices.
- Whistleblower Policy: Includes anti-retaliation provisions to protect employees who report violations.
- Women Empowerment Principles: Upholds gender equality and diversity.

In 2024, we strengthened our policies, enhanced employee education, and conducted proactive risk assessments to maintain a safe, equitable, and inclusive workplace. Moreover, we apply human rights standards to main suppliers through a rigorous accreditation process, which was discussed in the Sustainable Sourcing and Supply Chain Management Section in this report.

Violations are investigated with due process by the designated disciplinary authorities (i.e. Ethical Standards Committee, Human Resource Group, Sector Head, or Group Head).

Driving Responsible Corporate Citizenship

We are upholding the title **'Best Bank for Corporate Social Responsibility in the Philippines'**, which was obtained in 2023 from the International Business Magazine Awards. The Bank continues to foster meaningful and lasting relationships with the communities it serves through impactful community programs and by actively encouraging employee volunteerism. To amplify the reach and effectiveness of these initiatives, the Bank collaborates with the LT Group Inc., the Tan Yan Kee Foundation, Inc., other LTGI subsidiaries, and external stakeholders.

PNB's community engagement strategy is guided by principles of open dialogue and proximity to the communities it serves. The Bank prioritizes areas where it operates to build trust, address specific local needs, and contribute meaningfully to community development. Engagement begins with outreach through emails and calls, followed by site visits to strengthen connections and assess needs. The Bank maintains these relationships through regular communication via virtual platforms, ensuring sustained support and progress monitoring. The Bank's programs focus on five key areas essential to community well-being and sustainable development:

- **Agriculture/Forestry:** Promoting sustainable farming practices and forest conservation.
- **Education:** Enhancing access to quality education through scholarships, school supplies, and infrastructure support.
- **Health:** Facilitating wellness programs, medical missions, and health education.
- **Livelihood:** Empowering communities with skills training and entrepreneurial opportunities.
- **Social and Community Aid:** Addressing social challenges and providing support to communities during disasters and aftermaths.

Encouraging Employee Participation in CSR Activities

The Bank, through its Corporate Sustainability and Social Responsibility Division (CSSRD) and Human Resource Group (HRG), develops programs that resonate with both employees and local communities. Employees are kept informed about upcoming initiatives through detailed email notices, which include registration links and activity guidelines. The Bank also provides logistical support, including free meals, shirts, and materials, to ensure a seamless and enjoyable experience for all participants. In addition to central programs, branches and area offices are empowered to organize their own outreach activities with the Bank's support, further extending the reach of these efforts.

To recognize and motivate employee participation, CSR and volunteerism activities are highlighted on the Bank's internal platform, PNB Engage, showcasing the impact of these programs and inspiring broader involvement.

Community Engagement

GRI 3-3, 203-2, 413-1

The succeeding part outlines the various activities done by the Bank as featured on PNB Engage. These activities supported the various pillars of community engagement.

Agriculture/Forestry

PNB CommuniTree Expands Its Green Footprint

On July 13, 2024, 58 Philnabankers came together to plant Falcata trees in Brgy. Mamuyao, Tanay, Rizal, reinforcing PNB's commitment to environmental sustainability. In partnership with Tan Yan Kee Foundation, Inc., the Bank sponsored the planting of 1,200 seedlings, furthering its efforts to create a greener future.

Now on its fourth year, the PNB CommuniTree Program has planted a total of 6,408 trees, a mix of forest and fruit-bearing trees nurtured in both communities and Philnabankers' backyards. By taking action today, PNB is cultivating a legacy of sustainability, one tree at a time.

6,408

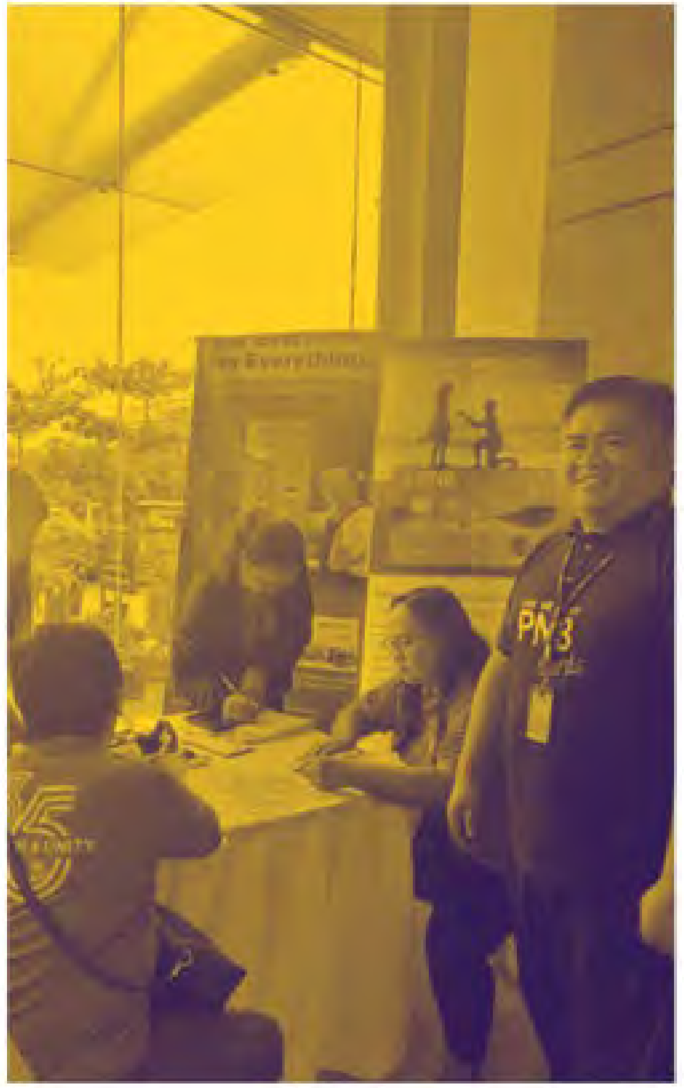
Trees planted through PNB CommuniTree since 2020

Education

PNB and F.U.S.E. Join Forces to Strengthen Cybersecurity Awareness Among Educators

On March 19, 2024, PNB, through its Enterprise Risk Management Group (ERMG), joined F.U.S.E. (Foundation for the Upgrading of Standard of Education), Inc., to promote cybersecurity awareness among educators.

PNB's Chief Information Security Officer (CISO) and Data Protection Officer (DPO), Ian Kristoffer Magalso, led a discussion on online scams, fraud detection, and protective measures to help educators stay ahead of evolving cyber threats. Attended by professors, teachers, and F.U.S.E. board members, the session emphasized the critical role of vigilance and awareness in digital security.



PNB Trust Banking Group Joins BSP's Economic and Financial Learning Program

PNB's Trust Banking Group (TBG) was honored to participate as an exhibitor in the Bangko Sentral ng Pilipinas (BSP) Economic and Financial Learning Program held at the BSP Head Office in Manila. With the theme "Investing Made Easy: Transform Your Finances with Smart Investments!," the event aimed to equip BSP employees with practical investment knowledge to help them make informed financial decisions. PNB-TBG, alongside other leading trust institutions, provided investment insights and guidance on enrolling in Unit Investment Trust Funds (UITFs) through PNB UITF Online via PNB Digital. The event was a success, drawing in 128 new PNB UITF Online enrollees, with total subscriptions reaching Php 3.1 million — a testament to the growing interest in smart and accessible investing.

Allianz PNB Life (AZPNBL) Champions Financial Literacy Through Futsal

AZPNBL, in partnership with The Henry V. Moran Foundation (THVMF), has launched Allianz Liga Eskwela Kaagapay, a grassroots program that blends technical sports training with financial literacy education for public schools under the Department of Education (DepEd).

The program trains Physical Education teachers in futsal coaching, officiating, and tournament organization, with competitions organized by the Moran Foundation in collaboration with the Philippine Football Federation (PFF). Beyond sports, it introduces financial values by integrating goal setting, savings, and budgeting into futsal drills — empowering students with both athletic and financial skills.

RAMG Spreads Kindness at Chosen Children Village

The Remedial Accounts Management Group (RAMG) extended its commitment to care and community support through an outreach program at Chosen Children Village Foundation in Silang, Cavite last August 2024. The team donated food items, hygiene kits, kitchen appliances, and other essentials to help improve the lives of the children under the foundation's care. RAMG members also participated in the opening of the foundation's thrift shop, purchasing items in support of its advocacy. Chosen Children Village Founder Lita Fullerton expressed gratitude, highlighting the role of donors in sustaining the foundation, which serves 69 individuals, including seven children with Amyotrophic Lateral Sclerosis (ALS).

Health

2024 Wellness & Sustainability Fair

With the theme "Together as One in Achieving Holistic Wellness and Sustainability," PNB's Human Resources Group (HRG) and Corporate Sustainability and Social Responsibility Division (CSSRD) hosted the Wellness & Sustainability Fair 2024 from November 18 to 22 at the ATM Lobby.

The fair featured a diverse selection of local and well-known brands, offering exclusive discounts on products that promote health, wellness, and sustainability. Among the highlights was Reduce, Reuse, Resale, where pre-loved items from employees were sold, with 10% of proceeds donated to *Pagtutulungan ng Bayan.*

AZPNBL & KonsultaMD Partner for 24/7 Teleconsultations

AZPNBL has partnered with KonsultaMD to provide Filipinos with free, 24/7 medical teleconsultations. This collaboration promotes the value of teleconsultation and health insurance, ensuring more Filipinos can access professional medical advice anytime, anywhere. Through KonsultaMD's innovative telemedicine service, AZPNBL continues to enhance accessible and convenient healthcare solutions for modern customers.

PNB Empowers Employees with Life-Saving Skills Through Red Cross Training

PNB, through the HRG, and the OSHFW Committee, certified 24 Philnabankers in Occupational First Aid and Basic Life Support, in partnership with the Philippine Red Cross. Held on July 15-16, 2024 at the PNB Financial Center, this marks the first post-pandemic First Aid certification for Head Office employees.

Participants underwent intensive training on injury assessment, bandaging, CPR with Automatic Extended Defibrillator (AED) use, and emergency response, ensuring compliance with workplace safety regulations in accordance with R.A. 11058 or Occupational Safety and Health Standards (OSHS) Act while reinforcing a culture of preparedness and care within the Bank.

Livelihood

IBRG Honors Seafarers on Their Special Day

IBRG, in collaboration with PNB branches nationwide, proudly joined the nation in celebrating the Day of the Seafarer on June 25, 2024, at Midas Hotel, Pasay City. This year's theme, "Navigating the Future: Safety First," emphasized the critical role seafarers play in ensuring maritime safety and security.

As a steadfast partner of the seafaring community, PNB remains dedicated to supporting seafarers in their personal and professional journeys. The event provided an opportunity to highlight PNB's financial solutions, designed to meet the unique needs of maritime workers.

Honoring Our Modern-Day Heroes: PNB Joins Department of Migrant Workers (DMW) in Celebrating the 29th National Migrant Workers' Day

PNB proudly partnered with the DMW in celebrating the 29th National Migrant Workers' Day from June 3 to 7, 2024. The week-long festivities honored the unwavering dedication and sacrifices of OFWs reinforcing their vital role in shaping the nation's progress. In line with its commitment to promoting financial prosperity, PNB hosted a financial literacy seminar on the second day of the event. Expert speakers from PNB shared valuable insights on budgeting, savings, remittances, and investment strategies, providing OFWs and their families with the tools to achieve financial security.

The festivities concluded with a raffle draw, where lucky OFWs won exciting prizes, including household appliances, travel essentials, and a grand prize gadget. Beyond the giveaways, the event served as a heartfelt tribute to the resilience and sacrifices of Filipino migrant workers.

Bringing Personalized Banking Services to Filipinos Abroad

This initiative, organized by Philippine Consulate General-Los Angeles (PCGLA), provided PNB Los Angeles (PNBLA) with the opportunity to connect with Filipinos in Arizona on a personalized level. GM Edith Manalad and Operations Head Raquel Rabang engaged attendees in financial education, introducing banking solutions tailored for retirees and potential investors in the Philippines.

"Our mission is to connect with Filipinos and bring PNB's services closer to them," said GM Edith Manalad. "It is PNBLA's purpose to be a reliable partner in every step of their banking journey." PNBLA has been a longstanding partner of PCGLA and SSS, extending its services beyond California to key areas like Arizona, Nevada, San Diego, Palm Springs, and Bakers Field.

Social and Community Aid

DCMIG's Digital Services Division Champions Care and Compassion

The Digital Services Division (DSD) of PNB's Digital Channel Management and Innovation Group (DCMIG) turned its team-building activity into an outreach program on August 20, 2024, at Mother Teresa Spinelli's Treasures Orphanage in Tagaytay.

Guided by PNB's core values of Care (Aruga) and Passion (Alab ng Damdamin), the DSD team donated food, clothes, and school supplies to support the children. The team engaged in meaningful interactions, creating a positive and memorable experience for both the children and volunteers.

Strengthening PNB's ties with partners, the initiative was further supported by Aguila Gourmet Meats and Cabalen Group, amplifying the impact of the donations. The outreach event highlighted the importance of choosing to invest in a cause beyond the usual team building activities, proving that business success and social responsibility go hand-in-hand.

PNB's 108th Anniversary: A Celebration for a Cause

Marking 108 years of excellence, resilience, and unity, PNB celebrated its week-long anniversary from July 22 to 26 in a way that honored both its achievements and its commitment to service.

The celebration began with a mass at the PNB Chapel, presided over by Father Jason Laguerta and attended by PNB President Doy Casuela, alongside Philnabankers from various business units. Each team brought their mission closer to the PNB community through engaging activities and initiatives. In light of the devastation caused by Typhoon Carina, PNB also turned its festivities into a fundraising effort to support those affected, demonstrating that its legacy goes beyond banking; it is about standing together in times of need.

Mas Masaya Kapag Sama-Sama: PNB's Anniversary Becomes a Celebration of Solidarity

When Typhoon Carina left devastation in its wake, PNB turned its annual anniversary party into a fundraising event on July 22, proving that true celebration lies in unity and compassion. From the Banking Hall to the Buendia Lobby, Philnabankers embraced a simpler yet more meaningful gathering, where togetherness took center stage. PNB President Doy Casuela kicked off the event, urging everyone to "THINK AS ONE and DO AS ONE" in pursuit of the Bank's goals. EVP Francis Albalate, event chairman, emphasized that this year's celebration stood apart — dedicated to supporting Typhoon Carina victims.

Sama-sama sa Pagtutulungan: PNB Unites for Typhoon Carina Relief

As part of PNB's 108th Anniversary, the Bank strengthened its CSR by extending immediate assistance to families affected by Typhoon Carina. On the ground, 34 Philnabankers came together to distribute 1,000 hot meals to residents of Malibay, Pasay, joined by Pasay City Mayor Emi Calixto-Rubiano and MacroAsia Corporation employees.

To further rally support, PNB's Anniversary Teams launched the "TEAM CASH FUNDRAISING CONTEST," offering 53,000 Mabuhay Miles to the team with the highest donation. Through this initiative, Philnabankers raised more than Php 560,000 to aid affected communities. A Donation Dropbox was also set up, encouraging employees to contribute clothing, toiletries, and non-perishable food items.

1000
Hot meals distributed

more than Php 560,000
Amount donated to typhoon victims

Clothing, toiletries, and non-perishable food items
Distributed to typhoon victims

Delivering Hope and Support in the Visayas Region

The Visayas 4 Area team upheld its tradition of community outreach by extending aid to evacuees of the Mt. Kanlaon eruption on December 14, 2024. The disaster displaced over 2,000 individuals in La Castellana, Bago City, and La Carlota City, prompting Area Head Russel Lau and the team to act swiftly in response to a call for assistance from the Parish of St. Vincent Ferrer Shrine-La Castellana.

Through collective efforts, the team raised more than Php 100,000, including a Php 50,000 donation from a valued PNB client, and secured donations from Asia Brewery (80 boxes of bottled water) and Tanduay Distillers, Inc. (500 plates and bowls). Essential goods such as rice, canned goods, milk, coffee, and face masks were procured, while a generous client lent a 10-wheeler truck to transport the supplies. With 16 personnel, the team traveled 65 kilometers from Bacolod City to personally deliver the aid. Welcomed by the parish pastoral council, they provided relief to affected families, particularly farmers who lost their crops and livestock.

Php 100,000
Amount donated among other goods provided

Governance: Integrity in Leadership

Promoting Lawful and Ethical Behavior

GRI 2-25, 2-26, 3-3, 205-1, 205-2, 205-3, FN-CB-510a.2, SDG 16

PNB is committed to upholding the highest standards of corporate governance and ethical conduct. Through policies like the Code of Conduct, Anti-Bribery and Corruption (ABC) Policy, and Whistleblower Policy, we ensure all employees, officers, and directors adhere to lawful and ethical behavior. Our ABC Policy prohibits bribery and corruption, while our Whistleblower Policy enables confidential reporting of violations with protection against retaliation. Policies are accessible via the intranet and discussed during onboarding and the New Employees Orientation (NEO).

327
Training Sessions Conducted for Anti-Bribery and Corruption and Ethical Practices Awareness

Whistleblower reports are handled confidentially and investigated by the Ethical Standards Committee (ESC) or the Committee on Decorum and Investigation (CoDI) for harassment cases. Violations are met with strict disciplinary actions aligned with the Code of Conduct.

In 2024, 100% of operations were assessed for bribery and corruption risks, focusing on gifts, vendor management, and SOP compliance. Significant risks were mitigated through enhanced controls. In 2024, there were no reported incidents of bribery or corruption. We continuously review and update our policies to align with best practices, ensuring a culture of integrity and accountability across the organization.

Zero
Confirmed Cases of Corruption in 2024

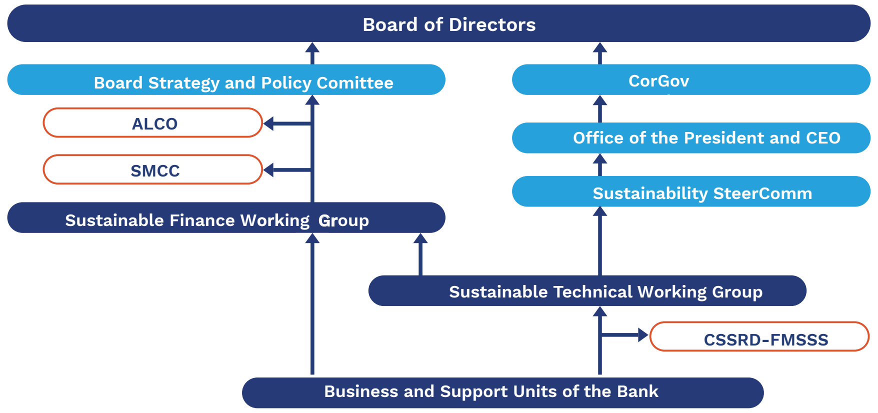
Sustainability Governance

In 2024, we focused on refining the integration of ESG principles across all business functions, ensuring that our governance framework not only complies with regulatory standards but also sets the foundation for a sustainable future. Our sustainability governance operates seamlessly from top-to-bottom, with the Board of Directors providing strategic oversight and our dedicated sustainability teams driving initiatives across all levels of the organization to integrate ESG principles into every facet of our business.

At the Board level, they undergo annual training on sustainability and ESG-related topics, including corporate governance seminars and industry-specific courses. The Board also participates in self-assessment exercises to evaluate adherence to governance practices, including sustainability oversight.

Moreover, we formed a Sustainability Steering Committee (SteerCom) backed up by a Technical Working Group (TWG) composed of the following businesses and functions with the objective of providing technical assistance, guidance, and direction to the Bank's sustainability endeavors:

- **Corporate Sustainability and Social Responsibility Division (CSSRD):** Formed in 2020 as the Corporate Sustainability Unit (CSU), the CSSRD was strengthened in 2024 to include two departments focused on Sustainable Finance and Transition, ESG Research and Governance, and Sustainability Reporting.
- **Corporate Governance and Sustainability Committee (CorGov):** At the Board level, this committee promotes sustainability advocacies, oversees ESG initiatives, and ensures alignment with regulatory requirements.
- **Sustainability Steering Committee (SteerCom):** Comprising senior executives, the SteerCom provides strategic guidance and oversight for sustainability initiatives and activities.
- **Sustainability Technical Working Group (TWG):** As the operational arm, the TWG drives implementation, monitors the progress of the Sustainability Transition Plan, and ensures alignment with Board-approved directives.
- **Sustainable Finance Working Group (SFWG):** Provides guidance on ESG-related matters concerning the Bank's lending and investment activities and recommends initiatives to improve the implementation of the Bank's Sustainable Finance and Investment frameworks.



Our Sustainability Leadership Structure

GRI 2-9, 2-11, 2-12, 2-13, 2-14, 2-24

PNB's sustainability leadership structure ensures a cohesive approach to integrating sustainability principles across all levels of the organization. The governance framework is led by the Corporate Governance and Sustainability (CorGov) at the Board level and operationalized through the Sustainability Steering Committee and Technical Working Group.

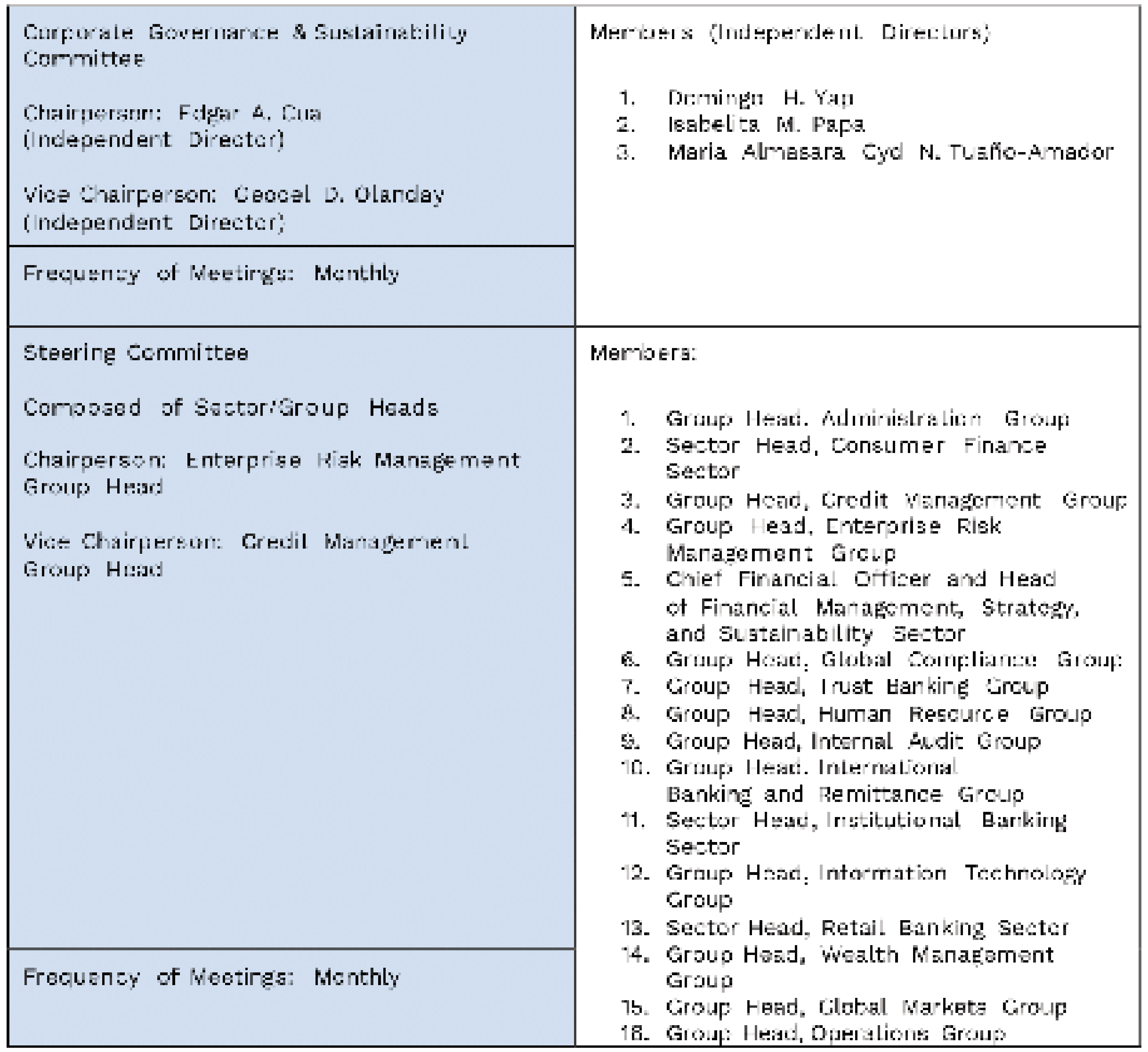
Corporate Governance and Sustainability Committee

CorGov provides strategic oversight on all sustainability initiatives and activities of the Bank. Its roles and responsibilities include:

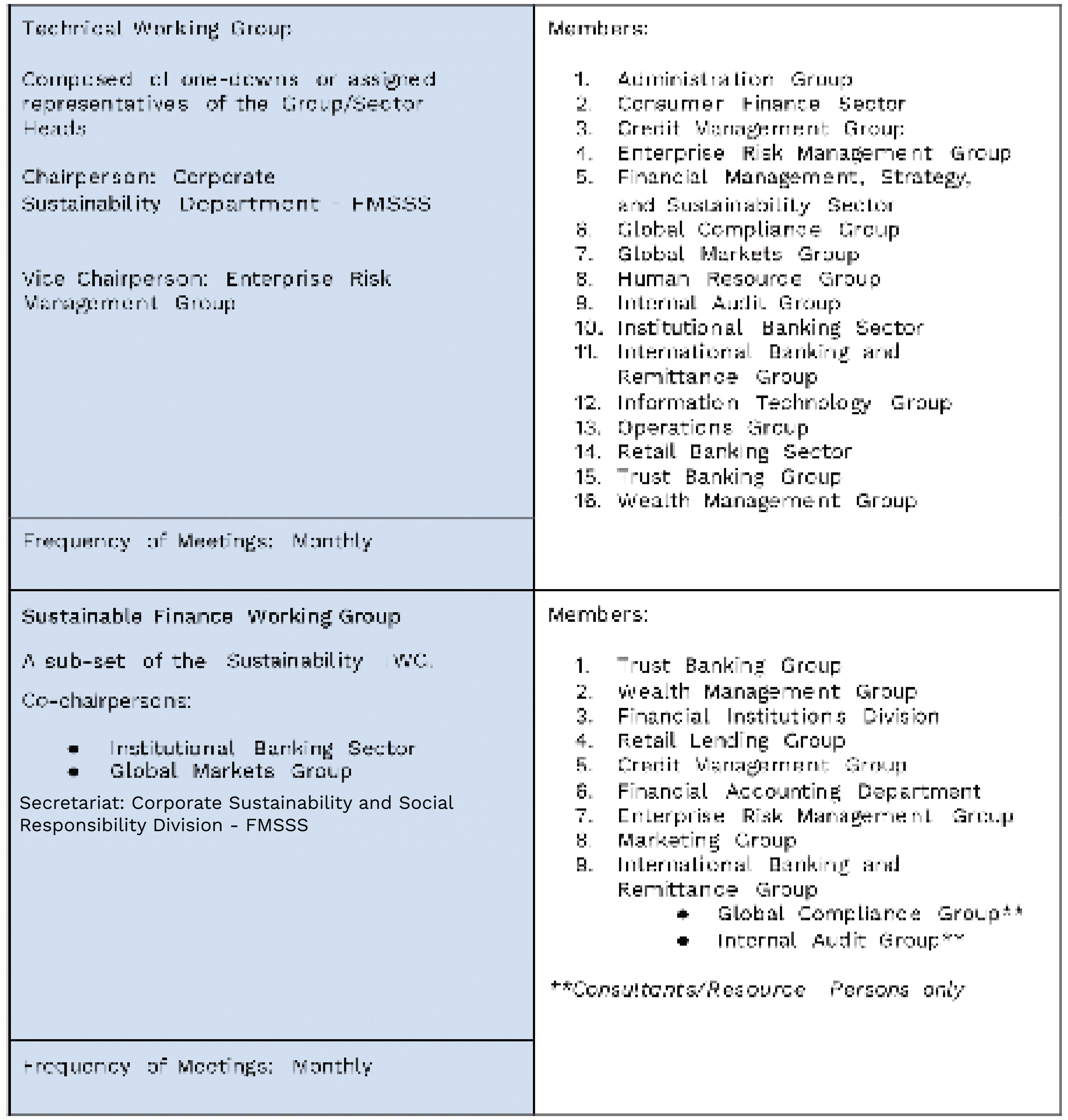
1. **Institutionalizing Sustainability Principles**
   Setting the Bank's sustainability goals, objectives, and targets to integrate ESG principles into business and operations.
2. **Monitoring Sustainability Performance**
   Assessing the Bank's economic, social, and environmental performance against established benchmarks.
3. **Stakeholder Communication**
   Ensuring sustainability objectives and policies are effectively communicated to investors, clients, employees, and other stakeholders.
4. **Promoting a Responsible Business Culture**
   Encouraging environmentally and socially responsible decision-making throughout the organization.
5. **Capacity Building**
   Establishing training programs for the Board, management, and staff on key sustainability topics to enhance their knowledge and expertise.
6. **Resource Allocation**
   Ensuring the availability of resources necessary to achieve the Bank's sustainability goals.
7. **Non-Financial Disclosures**
   Developing a clear policy on disclosing material non-financial information, particularly regarding EESG issues, in compliance with BSP Circular 1085.
8. **Adherence to International Standards**
   Ensuring alignment with globally recognized sustainability reporting frameworks, such as the Global Reporting Initiative (GRI), to measure and monitor the Bank's sustainability contributions.
9. **Organizational Oversight**
   Supporting the Board in adopting an effective structure to sustain and advance the Bank's sustainability objectives.

Operational Teams

- **Sustainability Steering Committee:** Provides guidance to the Technical Working Group and ensures that sustainability strategies are effectively implemented.
- **Sustainability Technical Working Group:** Comprises representatives from various business and support units, serving as the operational backbone to execute the Bank's sustainability initiatives and ESG directives.



Corporate Governance & Sustainability Committee Chairperson: Edgar A. Cua (Independent Director) Vice Chairperson: Ceocel D. Olanday (Independent Director)	Members (Independent Directors) 1. Domingo H. Yap 2. Isabelita M. Papa 3. Maria Almasara Cyd N. Tuaño-Amador
Frequency of Meetings: Monthly	
Steering Committee Composed of Sector/Group Heads Chairperson: Enterprise Risk Management Group Head Vice Chairperson: Credit Management Group Head	Members: 1. Group Head, Administration Group 2. Sector Head, Consumer Finance Sector 3. Group Head, Credit Management Group 4. Group Head, Enterprise Risk Management Group 5. Chief Financial Officer and Head of Financial Management, Strategy, and Sustainability Sector 6. Group Head, Global Compliance Group 7. Group Head, Trust Banking Group 8. Group Head, Human Resource Group 9. Group Head, Internal Audit Group 10. Group Head, International Banking and Remittance Group 11. Sector Head, Institutional Banking Sector 12. Group Head, Information Technology Group 13. Sector Head, Retail Banking Sector 14. Group Head, Wealth Management Group 15. Group Head, Global Markets Group 16. Group Head, Operations Group
Frequency of Meetings: Monthly	



Technical Working Group Composed of one-downs or assigned representatives of the Group/Sector Heads Chairperson: Corporate Sustainability Department - FMSSS Vice Chairperson: Enterprise Risk Management Group	Members: 1. Administration Group 2. Consumer Finance Sector 3. Credit Management Group 4. Enterprise Risk Management Group 5. Financial Management, Strategy, and Sustainability Sector 6. Global Compliance Group 7. Global Markets Group 8. Human Resource Group 9. Internal Audit Group 10. Institutional Banking Sector 11. International Banking and Remittance Group 12. Information Technology Group 13. Operations Group 14. Retail Banking Sector 15. Trust Banking Group 16. Wealth Management Group
Frequency of Meetings: Monthly	
Sustainable Finance Working Group A sub-set of the Sustainability TWC. Co-chairpersons: • Institutional Banking Sector • Global Markets Group Secretariat: Corporate Sustainability and Social Responsibility Division - FMSSS	Members: 1. Trust Banking Group 2. Wealth Management Group 3. Financial Institutions Division 4. Retail Lending Group 5. Credit Management Group 6. Financial Accounting Department 7. Enterprise Risk Management Group 8. Marketing Group 9. International Banking and Remittance Group • Global Compliance Group** • Internal Audit Group** ***Consultants/Resource Persons only*
Frequency of Meetings: Monthly	

Organization and Individual Memberships and Associations

GRI 2-28

- ACI Philippines, The Financial Markets Association Inc.
- Analytics and Artificial Intelligence Association of the Philippines (AAIAP)
- Asian Bankers Association (ABA)
- Association of Bank Remittance Officers (ABROI)
- Association of Bank Compliance Officers (ABCOMP)
- Association of Certified Anti-Money Laundering Specialists (ACAMS)
- Association of Certified Fraud Examiners (ACFE)
- Association of Certified Public Accountants in Commerce & Industry (ACPACI)
- Association of Philippine Correspondent Bank Officers, Inc. (APCBOI)
- Bank Marketing Association of the Philippines (BMAP)
- Bank Security & Management Association Inc. (BSMA)
- Bankers Association of the Philippines (BAP)
- Bankers Institute of the Philippines (BAIPHIL)
- BAP Credit Bureau, Inc (BAPCBI)
- BAP Data Exchange, Inc. (BAPDEX)
- British Chamber of Commerce Philippines (BCCP)
- Business Continuity Managers Association of the Philippines (BCMAP)
- Business for Sustainable Development
- Butuan City Bankers Club
- Cebu Chamber of Commerce & Industry, Inc.
- Chamber of Commerce of the Philippine Islands (CCPI)
- CFA Institute
- Clearing Officers Club Inc. (COCI)
- Credit Card Association of the Philippines (CCAP)
- Credit Management Association of the Phils, Inc. (CMAP)
- Employers Confederation of the Philippines (ECOP)
- European Chamber of Commerce of the Philippines (ECCP)
- Federation of Philippine Industries, Inc. (FPII)
- Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. (FFCCCII)
- Financial Executives Institute of the Philippines (FINEX)
- Fintech Alliance Ph
- Fund Managers Association of the Philippines (FMAP)
- Good Governance Advocates and Practitioners of the Philippines (GGAPP)
- IAG's various membership organizations
- Information Systems Audit and Control Association (ISACA)
- Institute of Corporate Directors (ICD)
- Institute of Internal Auditors of the Philippines (IIA)
- Integrated Bar of the Philippines (IBP)
- International Association of Privacy Professionals (IAPP)
- Japanese Chamber of Commerce & Industry of the Philippines, Inc. (JCCIP)
- Malaybalay Banker's Association
- Management Association of the Philippines (MAP)
- Money Market Association of the Philippines (MART)
- National Association of Securities Broker Salesmen, Inc. (NASBI)
- People Management Association of the Philippines, Inc. (PMAP)
- Philippine Association of National Advertisers, Inc. (PANA)
- Philippine Business Coalition for Women Empowerment (PBCWE)
- Philippine Chamber of Commerce & Industry (PCCI)
- Philippine Dealing & Exchange Corporation (PDEX)
- Philippine Payments Management, Inc. (PPMI)
- Pampanga Chamber of Commerce
- Southern Bukidnon Bankers Association
- Tax Management Association of the Philippines (TMAP)
- Trust Officers Association of the Philippines (TOAP)

BOARD OF DIRECTORS

LUCIO C. TAN
Chairman Emeritus

EDGAR A. CUA
Chairman
Independent Director

LUCIO C. TAN III
Vice Chairman

ESTELITO P. MENDOZA[+]
Director

GEOCEL D. OLANDAY
Independent Director

ISABELITA M. PAPA
Independent Director

FLORIDO P. CASUELA
Executive Director
President

FELIX ENRICO R. ALFILER
Director

CHESTER Y. LUY
Director

SHEILA T. PASCUAL
Director

WILFRIDO E. SANCHEZ
Director

EUSEBIO V. TAN
Director

[+] Departed on March 25, 2025

BOARD OF DIRECTORS

MICHAEL G. TAN
Director

VIVIENNE K. TAN
Director

MARIA ALMASARA CYD N. TUAÑO-AMADOR
Independent Director

DOMINGO H. YAP
Independent Director

BOARD ADVISORS

LEONILO G. CORONEL
Board Advisor

WILLIAM T. LIM
Board Advisor

FEDERICO C. PASCUAL
Board Advisor

LOURDES A. SALAZAR
Board Advisor

CARMEN K. TAN
Board Advisor

FLORENCIA G. TARRIELA
Board Advisor

RUTH PAMELA E. TANGHAL
Corporate Secretary

LUCIO C. TAN

Current Position in the Bank:
Chairman Emeritus

Age: 90
Nationality: Filipino
Education:
- Bachelor of Science in Chemical Engineering degree from Far Eastern University
- Doctor of Philosophy, Major in Commerce, from University of Sto. Tomas

Date of First Appointment:
- December 8, 1999 (Director)
- September 22, 2023 (Chairman Emeritus)

Directorship in Other Listed Companies:
- Chairman and CEO of LT Group, Inc., PAL Holdings, Inc. and MacroAsia Corporation

Other Current Positions:
- Chairman and CEO of Philippine Airlines,Inc., Asia Brewery, Inc., and Basic Holdings Corporation
- Chairman and President of Tangent Holdings Corporation, Trustmark Holdings Corporation, Buona Sorte Holdings, Inc., Asian Alcohol Corporation, Himmel Industries, Inc., Charter House, Incorporated, Foremost Farms, Inc., Progressive Farms, Inc., and Zuma Holdings and Management Corporation
- Chairman: Allied Commercial Bank Xiamen, Allied Banking Corporation (Hong Kong) Limited, Allianz PNB Life Insurance, Inc., Eton Properties Philippines, Inc., Fortune Tobacco Corporation, PNB Holdings Corporation, Tanduay Distillers, Inc., Alliedbankers Insurance Corporation, Air Philippines Corporation, PMFTC, Inc., Grandspan Development Corporation, and University of the East
- Chairman Emeritus of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc.
- Founder and Vice Chairman of the Foundation for Upgrading the Standard of Education, Inc.
- Founded the Tan Yan Kee Foundation, Inc., of which he is the Chairman and President

Other Previous Positions:
- Chairman of Allied Banking Corporation, PNB Life Insurance, Inc., PNB Savings Bank, and Allied Leasing and Finance Corporation
- Director of Philippine National Bank

Awards/Citations:
- Honorary degrees from various universities
- Lifetime Achievement Awardee by the Dr. Jose P. Rizal Awards for Excellence
- Adopted to the Ancient Order of the Chamorri and designated Ambassador-at-Large of the U.S. Island-territory of Guam
- Diploma of Merit by the Socialist Republic of Vietnam
- Outstanding Manilan for the year 2000
- UST Medal of Excellence in 1999
- Most Distinguished Bicolano Business Icon in 2005
- 2003 Most Outstanding Member Award by the Philippine Chamber of Commerce and Industry (PCCI)
- Award of Distinction by the Cebu Chamber of Commerce and Industry
- Award for Exemplary Civilian Service of the Philippine Medical Association
- Honorary Mayor and Adopted Son of Bacolod City; Adopted Son of Cauayan City, Isabela and Entrepreneurial Son of Zamboanga
- Distinguished Fellow during the 25th Conference of the ASEAN Federation of Engineering Association
- 2008 Achievement Award for service to the chemistry profession during the 10th Eurasia Conference on Chemical Sciences

EDGAR A. CUA

Current Position in the Bank:
Chairman/Independent Director

Age: 69
Nationality: Filipino
Education:
- Bachelor of Arts in Economics degree (Honors Program) from the Ateneo de Manila University
- Master of Arts in Economics degree from the University of Southern California
- Master of Planning Urban and Regional Environment degree from the University of Southern California
- Advanced Chinese from the Beijing Language and Culture University
- Sustainable Development Training Program, Cambridge University

Date of First Appointment:
- May 31, 2016 (as Independent Director)
- April 25, 2023 (as Chairman of the Board)

Number of Years Served as a Director of the Bank:
- 8 years, 7 months (as Independent Director)
- 1 year, 8 months (as Chairman of the Board)

Directorship in Other Listed Companies: None
Other Current Positions:
- Chairman/Independent Director of Allied Integrated Holdings, Inc. (formerly PNB Savings Bank)
- Vice Chairman/Independent Director of PNB Capital and Investment Corporation
- Independent Director of PNB-Mizuho Leasing and Finance Corp., PNB-Mizuho Equipment Rentals Corporation, PNB International Investments Corporation, and PNB Remittance Company (Canada)
- Director of Davao Unicar Corporation
- Advisor of Peking University Alumni Association of the Philippines, Inc.

Previous Positions:
- Independent Director of Allied Commercial Bank, Xiamen
- Vice Chairman/Director of PNB Savings Bank
- Held various managerial and staff positions at the Asian Development Bank (ADB) during a 30-year professional career.
- Retired in 2015 as Senior Advisor, East Asia Department of the Asian Development Bank (ADB), based in ADB's Resident Mission in Beijing, People's Republic of China (PRC). Other managerial positions in ADB included Deputy Director General, East Asia Department, Country Director, ADB Resident Mission in Indonesia and Deputy Country Director, ADB Resident Mission in PRC.
- Staff Consultant, SGV & Co.

LUCIO C. TAN III

Current Position in the Bank:
Director

Age: 32
Nationality: Filipino
Education:
- Bachelor of Science in Electrical Engineering, Stanford University
- Master of Science, Major in Computer Science, Stanford University

Date of First Appointment:
- April 27, 2021 (as Director)
- April 30, 2024 (as Vice Chairman)

Number of Years Served as a Director of the Bank:
- 3 years, 8 months (as Director)
- 8 months (as Vice Chairman)

Directorship in Other Listed Companies:
- President and Chief Operating Officer of LT Group, Inc.
- President and Chief Operating Officer of PAL Holdings, Inc.
- Director of MacroAsia Corporation

Other Current Positions:
- Director of PNB Holdings Corporation, Philippine Airlines, Inc., Air Philippines Corporation, Lufthansa Technik Philippines, MacroAsia Airport Services Corporation, MacroAsia Catering Services Inc., MacroAsia SATS Food Industries, MacroAsia SATS Inflight Services Corporation, Prior Holdings Corporation, Belton Communities, Inc., Eton City, Inc., First Homes, Inc., ALI Eton Property Development Corporation, Dominium Realty and Construction Corporation, Fortune Tobacco Corporation, REM Development Corp., Shareholdings, Inc., Sipalay Trading Corporation, Qualisure Holdings, Inc., Asia's Merging Dragon Corporation, PMFTC, Inc., and Fortune Landequities and Resources, Inc.
- Director and President of Dunman Holdings Corporation, Tanduay Brands International, Inc., and Sabre Travel Network (Philippines) Inc.
- Director and President of Tanduay Distillers, Inc.
- Director of Dunmore Development Corporation
- Member of Stanford Tau Beta Pi Engineering Honor Society

Other Previous Positions:
- Vice Chairman/Director/COO of LT Group, Inc.
- Director of Victorias Milling Company, Inc., Allied Club, Inc., Asia Cancer Center, Inc., Kaizer Chemical Industries, Inc., and Silangan Holdings, Incorporated
- Director/Vice President of PAL Holdings, Inc.
- President and COO of Tanduay Distillers, Inc.

Awards/Citations:
- Stanford University Frederick E. Terman Award (2015), award given to engineering seniors who are at the top 5% of their class
- Stanford University Tau Beta Pi Engineering Honor Society (2013), honor given to engineering juniors/seniors who are at the top 1/8 of their class
- Stanford University President's Award for Academic Excellence Freshmen Year (2012), award given to freshmen who are at the top 3% of their class
- Young Presidents' Organization (Local and International Chapters)

FLORIDO P. CASUELA

Current Position in the Bank:
President/Executive Director

Age: 83
Nationality: Filipino
Education:
- Bachelor of Science in Business Administration, Major in Accounting from the University of the Philippines
- Masters in Business Administration from the University of the Philippines
- Advanced Management Program for Overseas Bankers from the Philadelphia National Bank in conjunction with Wharton School of the University of Pennsylvania
- Study Tour (Micro Finance Program and Cooperatives), under the Auspices of the United States Agency for International Development

Government Civil Service Eligibilities: Certified Public Accountant, Economist, Commercial Attaché
Date of First Appointment:
- May 30, 2006 (as Director)
- July 5, 2022 (as Acting President)
- April 25, 2023 (as President)

Number of Years Served as a Director of the Bank:
- 18 years, 7 months (as Director)
- 9 months (as Acting President)
- 1 year, 8 months (as President)

Directorship in Other Listed Companies: None
Other Current Positions:
- Chairman of PNB Securities, Inc.
- Director of PNB International Investments Corporation
- Director of PNB RCI Holding Co., Ltd.
- Director of PNB Remittance Company (Canada)
- Director of Allianz PNB Life Insurance, Inc.
- Director of BancNet, Inc.
- Board Member of Fertilizer and Pesticide Authority (Note: Being represented in the FPA Board by FVP Jonathan Uy)

Other Previous Positions:
- Director and President of Genbancor Condominium Corporation
- President and Vice Chairman of Land Bank of the Philippines
- President and Vice Chairman of PNB Republic Bank (now Maybank Philippines, Inc.)
- President of Surigao Micro Credit Corporation
- Vice Chairman of PNB Savings Bank (now Allied Integrated Holdings, Inc.)
- Chairman of Casuela Equity Ventures, Inc.
- Director of Surigao Micro Credit Corporation
- Director of PNB Life Insurance, Inc.
- Director of Manila Electric Corporation
- Director of Asean Finance Corporation Ltd. (Singapore)
- Trustee of Land Bank of the Philippines Countryside Development Foundation, Inc.
- Senior Adviser of the Bank of Makati (a Savings Bank), Inc.
- Senior Adviser in the Bangko Sentral ng Pilipinas
- Senior Executive Vice President of United Overseas Bank (Westmont Bank)
- Executive Vice President of PDCP (Producers Bank)
- Senior Vice President of Philippine National Bank
- Special Assistant to the Chairman of the National Power Corporation
- First Vice President of Bank of Commerce
- Vice President of Metropolitan Bank & Trust Co.
- Staff Officer, BSP
- Audit Staff of Joaquin Cunanan, CPAs (Isla Lipana & Co.)

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

FELIX ENRICO R. ALFILER

Current Position in the Bank:
Director

Age: 75
Nationality: Filipino
Education: Bachelor of Science and Masters in Statistics from the University of the Philippines
Date of First Appointment:
- January 1, 2012 (as Independent Director)
- April 27, 2021 (as Board Advisor)
- December 29, 2022 (as Director)

Number of Years Served as a Director of the Bank:
- 8 years, 4 months (as Independent Director)
- 1 year, 8 months (as Board Advisor)
- 2 years (as Director)

Directorship in Other Listed Companies: None

Other Current Positions:
- Chairman/Director of PNB RCI Holding Co., Ltd., PNB International Investments Corporation and PNB Capital and Investment Corporation
- Director of PNB Remittance Company (Canada)

Other Previous Positions:
- Chairman/Independent Director of PNB General Insurers Co., Inc., PNB Forex, Inc., PNB Global Remittance and Financial Co., HK, Ltd., PNB Remittance Center, Inc., PNB RCI Holding Company, Ltd., and Summit General Insurance Corporation
- Independent Director of Philippine National Bank, PNB Global Remittance and Financial Co., HK, Ltd., PNB Forex, Inc., PNB Holdings Corporation, PNB International Investments Corporation, PNB Remittance Company Canada, Japan-PNB Equipment Rentals, PNB-IBJL Leasing and Finance Corporation and PNB Savings Bank
- Senior Advisor to the World Bank Group Executive Board in Washington, D.C.
- Special Assistant to the Philippine Secretary of Finance for International Operations and Privatization
- Director of the BSP
- Assistant to the Governor of the Central Bank of the Philippines
- Advisor to the Executive Director at the International Monetary Fund
- Associate Director at the Central Bank
- Head of the Technical Group of the CB Open Market Committee
- Monetary Policy Expert in the Economics Sub-Committee of the 1985–1986 Philippine Debt Negotiating Team which negotiated with over 400 private international creditors for the rescheduling of the Philippines' medium- and long-term foreign debts
- Advisor at Lazaro Bernardo Tiu and Associates, Inc.
- President of Pilgrims (Asia Pacific) Advisors, Ltd.
- President of the Cement Manufacturers Association of the Philippines (CeMAP)
- Board Member of the Federation of Philippine Industries (FPI)
- Vice President of the Philippine Product Safety and Quality Foundation, Inc.
- Convenor for Fair Trade Alliance.

CHESTER Y. LUY

Current Position in the Bank:
Director

Age: 55
Nationality: Filipino
Education:
- Bachelor of Science in Business Administration (Magna Cum Laude and graduated at the Top of B.S. Business Administration Class of 1990), University of the Philippines
- Masters in Management degree from the J.L. Kellogg Graduate School of Management at Northwestern University
- Chartered Financial Analyst (CFA)

Current Position in the Bank: Director
Date of First Appointment:
- May 11, 2020 (as Board Advisor)
- September 22, 2023 (as Director)

Number of Years Served as a Director of the Bank:
- 3 years, 4 months (as Board Advisor)
- 1 year, 3 months (as Director)

Directorship in Other Listed Companies: Board Advisor of LT Group, Inc.
Other Current Positions:
- Director of Tanduay Distillers, Inc.
- Director of Philippine National Bank (Europe) PLC.
- Director of PNB Global Remittance and Financial Company (HK) Limited
- Board Advisor of Eton Properties Philippines, Inc.

Other Previous Positions:
- Board Advisor of Philippine National Bank
- Director of PNB-Mizuho Leasing and Finance Corporation
- EVP and Head of Strategy Sector and Wealth Management Group, Philippine National Bank (PNB)
- Senior Executive Vice President, Treasurer and Head for the Financial Advisory and Markets Group (comprised of the Treasury and the Wealth Management Group) of Rizal Commercial Banking Corporation (RCBC)
- He has diverse and broad-based banking experience, having served in senior leadership roles as Managing Director across major business groups within banking including Investment Banking, Treasury, Corporate Finance, Credit Risk Analysis, Investment Management, and Wealth Management with several international banks and was based in New York, Singapore and Manila.
- He held senior leadership roles at JPMorgan, Bank of America Merrill Lynch, Barclays Capital, HSBC, Julius Baer, Bank of Singapore and RCBC.
- Member of the Singapore Institute of Directors
- Served on the Board of a Singapore-based Real Estate and Hospitality Entity

Awards/Citation:
- Men Who Matter Award (2017) by People Asia Magazine Survey
- Awarded as Top Senior Analyst in the U.S by Institutional Investor Magazine Polls for several years
- Awarded as the Most Outstanding Business Administration Student for the Class of 1990 of University of the Philippines
- Graduated at the Top of his Class, garnering the highest GPA for the graduating University of the Philippines' B.S. Business Administration Class of 1990

ESTELITO P. MENDOZA⁺

Current Position in the Bank:
Director

Age: 94
Nationality: Filipino
Education:
- Bachelor of Laws (cum laude) from the University of the Philippines
- Master of Laws from Harvard University

Date of First Appointment: January 1, 2009
Number of Years Served as a Director of the Bank:
16 years

Directorship in Other Listed Companies: Director of San Miguel Corporation and Petron Corporation
Other Current Positions: Practicing lawyer for more than sixty (60) years
Other Previous Positions:
- Chairman of Prestige Travel, Inc.
- Director of EastWest Bank, PNB Remittance Center Ltd., PNB Global Remittance & Financial Co., (HK) Ltd., PNB Remittance Company Canada, Meralco, PNB General Insurers, and Philippine Airlines, Inc.
- Professorial Lecturer of law at the University of the Philippines
- Undersecretary of Justice, Solicitor General and Minister of Justice
- Member of the Batasang Pambansa and Provincial Governor of Pampanga
- Chairman of the Sixth (Legal) Committee, 31st Session of the UN General Assembly and the Special Committee on the Charter of the United Nations and the Strengthening of the Role of the Organization.

Awards/Citations:
- Doctor of Laws degree (honoris causa) by Central Colleges of the Philippines, Hanyang University (Seoul, Korea), University of Manila, Angeles University Foundation and the University of the East
- Doctor of Humane Letters degree by the Misamis University
- Recipient of a Presidential Medal of Merit as Special Counsel on Marine and Ocean Concerns
- University of the Philippines Alumni Association's 1975 "Professional Award in Law" and 2013 "Lifetime Distinguished Achievement Award"

GEOCEL D. OLANDAY

Current Position in the Bank:
Independent Director

Age: 69
Nationality: Filipino
Education:
- Bachelor of Science in Business Administration and Accountancy from the University of the Philippines
- Master of Business Administration from the University of the Philippines
- Certified Public Accountant

Date of First Appointment: October 11, 2024
Number of Years Served as a Director of the Bank: 2 months
Directorship in Other Listed Companies: Lead Independent Director of SBS Philippines Corporation
Other Current Positions:
- CEO & Chief Advisor of Amaris Global Advisory Services (HK), Ltd.
- Teaching Fellow at the Institute of Corporate Directors

Other Previous Positions:
- Trustee of South Metro Manila iHome Foundation, Inc.
- President of Eternal Bright Sanctuary, Inc.
- Advisor of MGS Construction Incorporated
- Non-Executive Director of Star 8 Green Technology Corporation, Philippines and Mindoro Resources Ltd.
- Chief Operating Officer of Moldex Realty, Inc., Habitat for Humanity Philippines Foundation, Household Development Corporation, Southwell Waterworks Corporation, Brittany Corporation, Capitol Development Bank Securities, Inc., and Brown Bull Properties, Inc.
- Part-time Professor Level 5 of De La Salle – College of Saint Benilde
- Senior Vice President of Greenfield Development Corporation
- Country General Manager of Baxter Healthcare Philippines, Inc.
- President of Golden MV Holdings, Inc., Manuela Corporation, and Citicorp Scrimgeour Vickers Ph
- Vice President of Citibank NA, Manila Branch
- Marketing Manager of Unilever Philippines, Inc.
- Vice President for Marketing of Security Bank Corporation – Diners Club International Corporation
- Assistant Vice President of Security Bank Corporation
- Part-time Manager of Plastimer Industrial Corporation
- Senior Product Manager of Unilever Philippines, Inc.

ISABELITA M. PAPA

Current Position in the Bank:
Independent Director

Age: 76
Nationality: Filipino
Education: Bachelor of Science in Commerce – Banking & Finance from the University of Sto. Tomas
Date of First Appointment: August 5, 2021
Number of Years Served as a Director of the Bank: 3 years, 4 months
Directorship in Other Listed Companies: None
Other Current Positions:
- Independent Director of PNB-Mizuho Leasing and Finance Corporation, PNB-Mizuho Equipment Rentals Corporation, PNB Capital and Investment Corporation, PNB Remittance Centers, Inc., and PNB Remittance Company (Canada)
- Sole Proprietor of Isabelita Transport
- Consultant of Bankers Association of the Philippines
- Co-Chairperson for the Task Force of the ISO 20022 Migration Project
- Resource Person for Corporate Governance of the Bankers Institute of the Philippines

Previous Positions:
- Executive Vice President for Operations and Information Technology – Asia United Bank
- Director: Rural Bank of Angeles and Cavite United Rural Bank
- Senior Vice President/Country Manager – Bank of America N.A.
- Executive Vice President for Operations – United Overseas Bank Phils.
- Senior Vice President for Operations: Solidbank Corporation and The International Corporate Bank
- Assistant Vice President for International Division – Family Bank & Trust Co.
- Unit Head/Account Officer – Citibank N.A.
- Chairperson – SWIFT Users Group, Philippines
- Chairperson, Subcommittee on Payments and Funds Transfer – Bankers Association of the Philippines
- President / Resource Person for Corporate Governance – Bankers Institute of the Philippines
- Member – Catholic Mass Media Awards Committee

SHEILA T. PASCUAL

Current Position in the Bank:
Director

Age: 62
Nationality: Filipino
Education: Bachelor of Science in Business Management from the Ateneo de Manila University
Date of First Appointment: November 22, 2019
Number of Years Served as a Director of the Bank: 5 years, 1 month
Directorship in Other Listed Companies: Director of PAL Holdings, Inc.
Other Current Positions:
- Director of Allied Commercial Bank, Xiamen, Buona Sorte Holdings Inc., Saturn Holdings, Inc., Tangent Holdings Corporation, Trustmark Holdings Corporation, Philippine Airlines, Inc. and Zuma Holdings and Management Corporation
- Business Development Manager of Allied Banking Corporation (Hong Kong) Limited

Other Previous Position/s:
- Marketing Development Officer of Asia Brewery Incorporated

WILFRIDO E. SANCHEZ

Current Position in the Bank:
Director

Age: 87
Nationality: Filipino
Education:
- Bachelor of Arts degree from the Ateneo de Manila University
- Bachelor of Laws from the Ateneo De Manila University
- Masters of Law from Yale Law School

Date of First Appointment:
- April 27, 2021 (as Independent Director)
- April 30, 2024 (as Director)

Number of Years Served as a Director of the Bank:
- 3 years (as Independent Director)
- 8 months (as Director)

Directorship in Other Listed Companies: Independent Director of LT Group, Inc.
Other Current Positions:
- Tax Counsel of Quiason Makalintal Barot Torres Ibarra Sison & Damaso Law Offices
- Independent Director of Asia Brewery, Inc., and Tanduay Distillers, Inc.
- Director of Eton Properties Philippines, Inc., Kawasaki Motor Corporation, EMCOR, Inc., K-Servico, Inc., J-DEL Investments and Management Corp., WODEL, Inc., KS Prime Financial Corp., and Trimotors Technology Corp.
- Trustee of JVR Foundation, Inc.,

Other Previous Positions:
- Independent Director Philippine National Bank and Eton Properties Philippines, Inc.
- Director of EEI Corporation and House of Investments, Inc.
- Vice Chairman/Director of Antonelli Realty Holdings, Inc.
- Trustee of NYK-TDG Friendship Foundation, Inc., Asian Institute of Management, and Gokongwei Brothers Foundation
- Independent Director of Transnational Diversified Corp.
- Director of Universal Robina Corp., Transnational Plans, Inc., Center for Leadership & Change, Inc., Adventure International Tours, Inc., Transnational Financial Services, Inc., Amon Trading Corp., Rizal Commercial Banking Corporation, Asiabest Group International Inc., Magellan Capital Holdings Corporation, and Joint Research and Development Corporation

EUSEBIO V. TAN

Current Position in the Bank:
Director

Age: 73
Nationality: Filipino
Education:
- Bachelor of Arts, Major in Economics – Summa Cum Laude (Liberal Arts Accelerated Honors Program) from De La Salle University
- Bachelor of Laws from Ateneo De Manila University
- Master of Laws, from Columbia Law School, Columbia University New York

Date of First Appointment: September 22, 2023
Number of Years Served as a Director of the Bank: 1 year, 3 months
Directorship in Other Listed Companies: None

Other Current Positions:
- Of Counsel of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRALAW)
- Director of PNB Holdings Corporation

Other Previous Positions:
- Various positions in ACCRALAW
- Member of Board of Directors of Meritas Law Firms Worldwide
- Director/Treasurer of the Integrated Bar of the Philippines – Pasay, Makati, Mandaluyong, San Juan Chapter
- President/Vice President/Ex-Officio Director of Integrated Bar of the Philippines – Makati Chapter
- Member of Integrated Bar of the Philippines – National Committee on Legal Aid
- Member of the Board of Governors/President of Management Association of the Philippines
- Member of the Board of Directors/President of Financial Executives Institute of the Philippines
- Chairman/Board of Trustees of Philippines-Japan Economic Cooperation Committee, Inc.
- Member of Philippine Host Committee of Inter-Pacific Bar Association – Conference in Manila, Philippines
- Member of Philippine Host Committee of Lawasia – XVTH Conference in Manila, Philippines
- President of Rotary Club of Manila (The First Rotary Club in Asia)

Awards/Citations:
- Conferred with the award of "The Order of the Rising Sun with Neck Ribbon" by the Emperor of Japan and the Japanese government
- General Excellence Gold Medal and Dr. Jose Rizal Honors Society Ring Awardee conferred by the De La Salle University
- Second Honors Silver Medal Awardee conferred by the Ateneo de Manila University

MICHAEL G. TAN

Current Position in the Bank:
Director

Age: 58
Nationality: Filipino
Education:
- Bachelor of Applied Science in Civil Engineering, Major in Structural Engineering, from the University of British Columbia, Canada

Date of First Appointment: February 9, 2013
Number of Years Served as a Director of the Bank: 11 years, 11 months
Directorship in Other Listed Companies:
Director of LT Group, Inc., Victorias Milling Company, Inc. and MacroAsia Corporation
Other Current Positions:
- Director, President and Chief Operating Officer of Asia Brewery, Inc.
- Director of the following companies: Absolut Distillers, Inc., Tanduay Distillers, Inc., Tanduay Brands International, Inc., Shareholdings, Inc., PMFTC Inc., Maranaw Hotel (Century Park Hotel), Pan Asia Securities, Inc., Asia's Emerging Dragon Corporation, Paramount Land Equities, Inc., Saturn Holdings, Inc., Tangent Holdings Corporation, PNB Global Remittance and Financial Company (HK) Limited, Allied Banking Corp. (Hong Kong) Limited, Foremost Farms, Inc., Trustmark Holdings Corporation, and Havitas Developments Corporation
- Director/Treasurer of Zuma Holdings and Management Corporation
- Trustee of Help Educate and Rear Orphans (HERO) Foundation, Inc.
- Member of ASEAN Business Advisory Council (ASEAN BAC)
- Director/Vice President of Federation of Filipino Chinese Chambers of Commerce and Industry, Inc. (FFCCCII)
- Director for Transport and Vice President for Industry of Philippine Chamber of Commerce and Industry
- Member of the Private Sector Advisory Council

Other Previous Positions:
- Chairman of PNB Holdings Corporation
- Director/President/Chief Operating Officer of LT Group, Inc.
- Director of Philippine Airlines Inc., Bulawan Mining Corporation, PNB Management and Development Corporation, Alliedbankers Insurance Corporation, PNB Forex, Inc., PNB Savings Bank, Air Philippines Corp., Lucky Travel Corporation, Eton Properties Philippines, Inc., ALI-Eton Development Corporation, Sabre Travel Network (Philippines), Inc., and Allied Commercial Bank, Xiamen
- Director and Treasurer of PAL Holdings, Inc.
- Trustee of Philippine Airlines Foundation, Inc.
- Director of Allied Banking Corporation (ABC) from January 30, 2008 until the ABC's merger with PNB on February 9, 2013
- Honorary Advisor of the sixth edition of the Belt and Road Summit held on September 2021 in Hong Kong

Awards/Citations:
- 2021 Stargate People Asia "People of the Year"
- 2021 4th Mansmith Masters Awards

VIVIENNE K. TAN

Current Position in the Bank:
Director

Age: 56
Nationality: Filipino
Education:
- Bachelor of Science - Double Degree in Mathematics and Computer Science from the University of San Francisco, U.S.A
- Diploma in Fashion Design and Manufacturing Management from the Fashion Institute of Design and Merchandising, Los Angeles, U.S.A.

Date of First Appointment: December 15, 2017
Number of Years Served as a Director of the Bank: 7 years
Directorship in Other Listed Companies: Director of LT Group, Inc. and MacroAsia Corporation

Other Current Positions:
- Director of Eton Properties Philippines, Inc., Philippine Airlines, Inc., and Air Philippines Corporation
- Executive Director of Dynamic Holdings Limited
- Trustee of University of the East, University of the East Ramon Magsaysay Memorial Medical Center and College of Saint Benilde
- Founding Chairperson of the Entrepreneurs School of Asia (ESA)
- Founding Trustee of the Philippine Center for Entrepreneurship (Go Negosyo)

Other Previous Positions:
- Board Advisor of LT Group, Inc.
- Director of PAL Holdings
- Director/Executive Vice President/Treasurer/Chief Administrative Officer of Philippine Airlines, Inc.
- Executive Vice President, Commercial Group and Manager, Corporate Development, of Philippine Airlines, Inc.
- Director of Bulawan Mining Corporation and PNB Management and Development Corporation
- Founder and President of Thames International Business School
- Owner of Vaju, Inc. (Los Angeles, U.S.A.)
- Systems Analyst/Programmer of Fallon Bixby & Cheng Law Office (San Francisco, U.S.A.)
- Proponent/Partner of various NGO/social work projects like Gawad Kalinga's GK-Batya sa Bagong Simula, livelihood programs thru Teenpreneur Challenge spearheaded by ESA, Conserve and Protect Foundation's artificial reef project in Calatagan, Batangas, Quezon City, Sikap-Buhay Project's training and mentorship program for micro-entrepreneurs, and as Chairman of Ten Inspirational Entrepreneur Students Award

Awards/Citations:
- Recipient of the Ten Outstanding Young Men (TOYM) Award for Business Education and Entrepreneurship (2006), UNESCO Excellence in Education and Social Entrepreneurship Award (2007), Leading Women of the World Award (2007), and "People of the Year", People Asia Award (2008)

MARIA ALMASARA CYD N. TUAÑO-AMADOR

Current Position in the Bank:
Independent Director

Age: 68
Nationality: Filipino
Education:
- Bachelor of Science in Business Economics from the University of Philippines School of Economics (with honors)
- Master of Arts in Economics from the University of the Philippines School of Economics
- Master of Science in Policy Science from the Graduate Institute of Policy Science in Tokyo, Japan
- Doctor of Philosophy in Economics from the Australian National University
- Leadership Course in Driving Government Performance from Harvard Kennedy School of Government

Date of First Appointment: April 25, 2023
Number of Years Served as a Director of the Bank: 1 year, 8 months
Directorship in Other Listed Companies: None
Other Current Positions:
- Independent Director of Radiowealth Finance Company Inc., Radiowealth Financial Services Corporation, PNB International Investments Corporation, and PNB Remittance Company (Canada)
- Advisor of the Association of BSP Retirees, Inc., and BSP Compassionate Leaders for Animal Welfare

Previous Positions:
- Deputy Governor of the Resource Management Sector of the Bangko Sentral ng Pilipinas
- Head of the BSP Research Academy
- Chairperson of the BSP Provident Fund
- Vice-Chairperson of the Philippine International Convention Center (PICC)
- Chairperson of the PICC Executive Committee
- Director of the Philippine Guarantee Corporation
- Director of the Philippine Retirement Authority
- Advisory Panel of the ASEAN+3 Macroeconomic Research Office
- Assistant Governor of the Monetary Policy Sub-Sector of the Bangko Sentral ng Pilipinas
- Managing Director of the Monetary Policy Sub-Sector of the Bangko Sentral ng Pilipinas
- Director of the Center for Monetary & Financial Policy of the Bangko Sentral ng Pilipinas
- Senior Advisor/Advisor to the Executive Director of the International Monetary Fund, Washington, D.C.
- Director of the Department of Economic Research of the Bangko Sentral ng Pilipinas
- Held positions in various capacities at the Department of Economic Research of the Bangko Sentral ng Pilipinas

DOMINGO H. YAP

Current Position in the Bank:
Independent Director

Age: 90
Nationality: Filipino
Education:
- Bachelor of Science in Business Administration major in Business Management from San Sebastian College Recoletos

Date of First Appointment: August 23, 2019
Number of Years Served as a Director of the Bank: 5 years, 4 months
Directorship in Other Listed Companies: None
Other Current Positions:
- Director and President of H-Chem Industries, Inc., DHY Realty and Development Inc., Colorado Chemical Sales Corporation, Universal Paint & Coating Philippines, Inc., AllianceLand Development Corporation, and Kang Ha Association

Other Previous Positions:
- President of the Federation of Filipino-Chinese Chamber of Commerce and Industries, Inc.
- Governor of Y's Men Club Philippines
- President of Y's Men Club Downtown of Manila
- President of Rotary Club of Pasay City

RUTH PAMELA E. TANGHAL

Current Position in the Bank:
Corporate Secretary

Age: 56
Nationality: Filipino
Education:
- Bachelor of Science in Mathematics from the Notre Dame University, Cotabato City
- Juris Doctor from the Notre Dame University, Cotabato City

Date of First Appointment: September 25, 2020
Directorship in Other Listed Companies: None
Other Current Positions:
- Corporate Secretary, Allied Integrated Holdings Inc. (Formerly: PNB Savings Bank)
- Corporate Secretary, PNB International Investments Corporation (North America)
- Corporate Secretary, PNB Remittance Centers, Inc. (North America)
- Trustee/Corporate Secretary, PNB Foundation, Inc.
- Director, E.C. Tanghal & Co., Inc.

Other Previous Positions:
- Corporate Secretary, Genbancor Condominium Corporation
- Assistant Corporate Secretary, PNB
- Documentation Lawyer, PNB Legal Group

LEONILO G. CORONEL

Current Position in the Bank:
Board Advisor

Age: 78
Nationality: Filipino
Education:
- Bachelor of Arts degree, Major in Economics from the Ateneo de Manila University
- Advance Management Program of the University of Hawaii

Date of First Appointment:
- May 28, 2013 (as Director)
- April 27, 2021 (as Vice Chairman)
- April 30, 2024 (as Board Advisor)

Directorship in Other Listed Companies: None

Other Current Positions:
- Independent Director of Citicore Fund Managers, Inc. and Citicore Renewable Energy Corp.
- Director of Software Ventures International
- Director of Toyota Pasong Tamo/Toyota Global City/Toyota Angeles City/M2 Car Accessories

Other Previous Positions:
- Vice Chairman of Philippine National Bank
- Chairman of PNB-IBJL Leasing and Finance Corporation and PNB-IBJL Equipment Rentals Corporation
- Independent Director of Megawide Construction Corporation and DBP-Daiwa Capital Market Philippines, Citicore Real Estate Investment Trust
- Executive Director of the Bankers Association of the Philippines and RBB Micro Finance Foundation
- Director/Treasurer of Philippine Depository and Trust Corporation
- Director of the Philippine Clearing House Corporation, the Philippine Dealing System and the Capital Markets Development Council
- Managing Director of BAP-Credit Bureau
- President of Cebu Bankers Association
- Consultant of Land Bank of the Philippines, Arthur Young, USAID, Bankers Association of the Philippines and Economic Development Corporation
- Country Corporate Officer of Citibank Sri Lanka
- Worked with Citibank, Manila for twenty (20) years, occupying various positions.

Awards/Citations:
- Fellow of the Australian Institute of Company Directors in 2002
- Fellow of Institute of Corporate Directors

WILLIAM T. LIM

Current Position in the Bank:
Board Advisor

Age: 84
Nationality: Filipino
Education: Bachelor of Science in Chemistry from Adamson University
Date of First Appointment: January 25, 2013
Directorship in Other Listed Companies: None

Other Current Positions:
- President of Jas Lordan, Inc.
- Director of PNB Securities, Inc., PNB Holdings Corporation, Allied Integrated Holdings, Inc. (formerly PNB Savings Bank), Allied Commercial Bank - Xiamen, and Genbancor Condominium Corporation
- Advisor to the Chairman of the Board of Directors of Allianz PNB Life Insurance, Inc.

Other Previous Positions:
- Board Advisor of PNB Savings Bank
- Director of PNB Life Insurance, Inc., BH Fashion Retailers, Inc., and Concept Clothing, Co., Inc.
- Consultant of Allied Banking Corporation
- Director of Corporate Apparel, Inc.
- Director of Freeman Management and Development Corporation
- Worked with Equitable Banking Corporation for 30 years, occupying various positions, including as VP & Head of the Foreign Department

FEDERICO C. PASCUAL

Current Position in the Bank:
Board Advisor

Age: 82
Nationality: Filipino
Education:
- Bachelor of Arts, Ateneo de Manila University
- Bachelor of Laws (Member, Law Honors Society), University of the Philippines
- Master of Laws, Columbia University

Date of First Appointment:
- May 27, 2014 (as Independent Director)
- April 27, 2021 (as Chairman of the Board)
- April 25, 2023 (Board Advisor)

Directorship in Other Listed Companies: None

Other Current Positions:
- Chairman of PNB-Mizuho Leasing and Finance Corporation and PNB-Mizuho Equipment Rentals Corporation
- Independent Director of Allianz PNB Life Insurance, Inc.
- President/Director of Tala Properties, Inc. and Woldingham Realty, Inc.
- Director of Apo Reef World Resort, Sarco Land Resources Ventures Corporation, SCTEX Development and Franchisers Corporation, and Hermosa Garden Golden Rainbow Corporation
- Partner of the University of Nueva Caceres Bataan Branch

Other Previous Positions:
- Independent Director of PNB International Investments Corporation
- Chairman/Independent Director of PNB General Insurers Co., Inc. and PNB Capital and Investment Corporation
- Independent Director of PNB Holdings Corporation and PNB Savings Bank
- President and General Manager of Government Service Insurance System
- President and CEO of Allied Banking Corporation and PNOC Alternative Fuels Corporation
- Various positions with PNB for twenty (20) years, including Acting President, CEO and Vice Chairman
- President and Director of Philippine Chamber of Commerce and Industry
- Chairman of National Reinsurance Corporation
- Co-Chairman of the Industry Development Council of the Department of Trade and Industry
- Treasurer of BAP-Credit Guarantee
- Director of San Miguel Corporation, Philippine Stock Exchange, Manila Hotel Corporation, Cultural Center of the Philippines, CITEM, Bankers Association of the Philippines, Philippine National Construction Corporation, Allied Cap Resources HK, Oceanic Bank SF, USA, AIDSISA Sugar Mill, PDCP Bank, Equitable PCIB, Bankard, Philippine International Trading Corporation, and Philippine National Oil Corporation
- Chairman and President of Alabang Country Club

LOURDES A. SALAZAR

Current Position in the Bank:
Board Advisor

Age: 69
Nationality: Filipino
Education:
- Bachelor of Science in Commerce – major in Accounting (BSC in Accounting), University of Santo Tomas
- Certified Public Accountant
- Bachelor of Laws (LLB), University of the East

Date of First Appointment: April 25, 2023
Directorship in Other Listed Companies: None

Other Current Positions:
- Chief Executive Officer & Director, Allied Banking Corporation (Hong Kong) Limited, a restricted license bank
- Board Adviser of Philippine Airlines, Inc.
- Trustee, Allied Banking Corporation (Hong Kong) Limited Provided Fund
- Director, ACR Nominees Limited
- Director & Shareholder, Aposal Realty Corporation
- Trustee & Special Projects Adviser, The Hong Kong Bayanihan Trust
- Chairman, The DTC Association (The Hong Kong Association of Restricted License Banks and Deposit-taking Companies)
- Honorary Member, The Philippine Chamber of Commerce in Hong Kong
- Member representing DTCA, The Hong Kong General Chamber of Commerce
- Member representing DTCA, The Deposit-taking Companies Advisory Committee, Hong Kong Monetary Authority
- Honorary Advisor, The Hongkong Institute of Bankers

Other Previous Positions:
- Independent Non-Executive Director, Allied Banking Corporation (Hong Kong) Limited, a restricted license bank
- Independent Non-Executive Director, Dynamic Holdings Limited (HK Stock Code 29)
- Executive Director, The Philippine Chamber of Commerce in Hong Kong
- Member, HK Qualifications Framework Banking Industry Training Advisory Committee

Awards/Citations:
- Banaag Award – The Philippine Presidential Citation for Filipino Individuals and Organizations Overseas in recognition of her diligence in initiating and effecting projects to promote the professional and socio-cultural advancement of Filipino entrepreneurs, overseas workers, and other sectors of the Filipino community in Hong Kong

CARMEN K. TAN

Current Position in the Bank:
Board Advisor

Age: 83
Nationality: Filipino
Date of First Appointment:
- May 31, 2016 (Director)
- September 22, 2023 (Board Advisor)

Directorship in Other Listed Companies:
- Director of LT Group, Inc. MacroAsia Corporation and PAL Holdings, Inc.

Other Current Positions:
- Vice Chairman of Philippine Airlines, Inc.
- Director: Air Philippines Corporation, Asia Brewery, Inc., Buona Sorte Holdings, Inc., Cosmic Holdings Corporation, The Charter House, Inc., Dominium Realty and Construction Corporation, Eton City, Inc., Foremost Farms, Inc., Fortune Tobacco Corporation, Himmel Industries, Inc., Manufacturing Services & Trade Corp., Progressive Farms, Inc., PMFTC, Inc., Shareholdings Inc., Sipalay Trading Corp., Tanduay Distillers, Inc., Tangent Holdings Corporation, Trustmark Holdings Corp., Alliedbankers Insurance Corporation, Zuma Holdings and Management Corp., Grandspan Development Corp., Basic Holdings Corp., Saturn Holdings, Inc., Paramount Land Equities, Inc., Interbev Philippines, Inc., Waterich Resources Corp., and REM Development Corp.

Major Affiliations:
- Trustee of Tan Yan Kee Foundation
- Member of Tzu Chi Foundation

FLORENCIA G. TARRIELA

Current Position in the Bank:
Board Advisor

Age: 77
Nationality: Filipino
Education:
- Bachelor of Science in Business Administration degree, Major in Economics, University of the Philippines
- Master in Economics degree from the University of California, Los Angeles, where she topped the Masters Comprehensive Examination

Date of First Appointment:
- May 29, 2001 (as Director)
- May 24, 2005 (as Chairman of the Board)
- May 30, 2006 (as Independent Director)
- April 27, 2021 (as Board Advisor)

Directorship in Other Listed Companies:
- Independent Director of LT Group, Inc.
- Independent Director of Nickel Asia Corporation

Other Current Positions:
- Columnist for "Business Options" of the Manila Bulletin and "FINEX Folio" of BusinessWorld
- Director/Vice President of Tarriela Management Company and Director/Vice President/ Assistant Treasurer of Gozon Development Corporation
- Life Sustaining Member of the Bankers Institute of the Philippines
- Trustee of Tulay sa Pag-unlad, Inc. (TSPI) Development Corporation, TSPI MBAI
- Director of Financial Executive Institute of the Philippines (FINEX)
- Trustee of Philippine Bible Society

Other Previous Positions:
- Chairman/Independent Director of Philippine National Bank, PNB Capital and Investment Corporation, PNB-Mizuho Leasing and Finance Corporation, and PNB-Mizuho Equipment Rentals Corporation
- Director of PNB International Investments Corp.
- Director of PNB Capital and Investment Corporation
- Director of Eton Properties Philippines Inc.
- Independent Director of PNB Life Insurance, Inc.
- Director of Bankers Association of the Philippines
- Undersecretary of Finance
- Alternate Monetary Board Member of the BSP, Land Bank of the Philippines and the Philippine Deposit Insurance Corporation
- Deputy Country Head, Managing Partner and first Filipina Vice President of Citibank N. A.
- Country Financial Controller of Citibank NA Philippines for 10 years
- President, Bank Administration Institute of the Philippines

Awards/Citations:
- 2014 Most Outstanding Citibank Philippines Alumni awardee for community involvement
- 2018 Go Negosyo Woman Intrapreneur Awardee

MANAGEMENT COMMITTEE[1]

FLORIDO P. CASUELA
FRANCIS B. ALBALATE
ROBERTO D. BALTAZAR

JOSE GERMAN M. LICUP
ALLAN L. ANG
MANUEL C. BAHENA, JR.

REYNALDO C. BURGOS
MARIANA F. CACULITAN
CARLO S. DIMAALA

CELESTE MARIE V. LIM
MARIA PAZ D. LIM
NOEL C. MALABAG
MICHAEL M. MORALLOS

ROLAND V. OSCURO
HUMILDAD M. SANTELICES
NANETTE O. VERGARA[2]

LOTUS R. ALTAVAS
DAMASEN PAUL C. CID
JENNIFER Y. NG

JOY JASMIN R. SANTOS
CONSTANTINO T. YAP
JULIET S. DYTOC

MELISSA K. GABOR
MARK S. PANTALLON
ANALISA I. SAN PEDRO
MODETTE INES V. CARIÑO

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[1] *As of February 2025*
[2] *Until April 8, 2025*
Note: Not in photo-Emeline C. Centeno

FLORIDO P. CASUELA

83, Filipino. "Doy" joined PNB in 2006 as a Director. He was appointed as the Bank's Acting President on July 5, 2022 and was formally appointed President on April 25, 2023. He is currently the Chairman of PNB Securities, Inc. He also serves as a Director of Allianz PNB Life Insurance, Inc.; PNB International Investments Corporation; PNB RCI Holdings Co., Ltd.; PNB Remittance Center (Canada); and BancNet, Inc. Previously, he was a Senior Adviser at the Bank of Makati, Inc., Chairman of Casuela Equity Ventures, Inc., Vice Chairman of PNB Savings Bank (now Allied Integrated Holdings, Inc.), and President of Surigao Micro Credit Corporation. Before joining PNB, Doy served as President and Vice Chairman of the Land Bank of the Philippines and PNB Republic Bank (now Maybank Philippines, Inc.). He earned both his Bachelor of Science degree in Business Administration, major in Accounting, and his Master's degree in Business Administration from the University of the Philippines. He passed the licensure exams for Certified Public Accountant (CPA), Economist, and Commercial Attaché. Doy is a Lifetime Member of the Management Association of the Philippines (MAP) and a Fellow of the Institute of Corporate Directors (ICD). He was one of the 10 recipients of the 2001 Distinguished Alumni Award conferred by the UP College of Business Administration and was recognized as the Most Outstanding Surigaonon in the field of Banking and Finance by the Rotary Club - Surigao Chapter.

FRANCIS B. ALBALATE

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

ROBERTO D. BALTAZAR

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

JOSE GERMAN M. LICUP

59, Filipino. "Gerry" is Executive Vice President and Head of the Enterprise Services Sector (ESS). A lawyer, he obtained his Bachelor of Laws/Juris Doctor degree from the University of the Philippines in 1991. He joined PNB in August 2019 as First Senior Vice President and Chief of Staff to the PNB President and Chief Executive Officer and was subsequently appointed in concurrent capacity as Officer-in-Charge of PNB-Mizuho Leasing and Finance Corporation and of PNB-Mizuho Equipment Rentals Corporation, then as Group Head of the International Banking and Remittance Group, prior to his promotion to his current role in April 2024. Before joining PNB, he was a Senior Vice President and Country General Counsel of the Hongkong and Shanghai Banking Corporation Limited – Philippine branches. He was previously concurrent Country General Counsel and BSP-approved Chief Compliance Officer of HSBC Philippines from 2001 until the split of the HSBC Legal and Compliance function into two global functions in August 2012. Gerry had short-term work assignments in HSBC offices in Singapore (2002), Chicago (2009), and Sydney (2013). He is a former three-time President of the Association of Bank Lawyers of the Philippines and a Director of the Philippine Clearing House Corporation (PCHC) from 2004 to 2011 and from 2018 to 2019, where he chaired the PCHC Arbitration Committee. He was also a Director of the Association of Bank Compliance Officers of the Philippines (ABCOMP) from 2000 to 2003 and from 2005 to 2012, and was Legal Adviser to the ABCOMP Board from 2012 until 2019. He also served as Chairman of the Bankers' Association Capital Markets Development Sub-Committee on Legal Issues from May 2005 until 2007. In addition to his ESS Head role, he remains a Bank of England FCA/PRA-approved SMF7 Director of PNB Europe Plc (UK).

ALLAN L. ANG

50, Filipino. "Allan" joined the Bank in February 2008 as a Corporate Banking Account Officer. He was promoted to Division Head in 2009 and was appointed Corporate Banking Group Head in February 2013. In 2016, he concurrently served as Head of the Government Banking Group and Ecosystem Division. In 2023, he was assigned as Deputy Head of the Institutional Banking Sector (IBS) for Corporate Banking. With almost 30 years of experience in corporate banking and credit analytics, Allan has played a key role in the Bank's portfolio growth, leveraging his expertise in corporate finance, including project finance deals, mergers and acquisitions (M&A) financing, offshore financing, and traditional lending. Prior to joining the Bank, he was Head of Southeast Asia and India Cluster Credit Analytics at Citibank N.A. and previously served as Head of Corporate Banking at Bank of China, where he established corporate banking policies and procedures. Allan holds a Bachelor of Science degree in Industrial Engineering from the University of Santo Tomas and a Master of Science in Computational Finance with Honors/ Distinction (Silver Medal) from De La Salle University.

MANUEL C. BAHENA, JR.

63, Filipino. "Manny" is First Senior Vice President and Chief Legal Counsel. He joined PNB in 2003 and was appointed as Head of Documentation and Research Division of the Legal Group in 2009. Prior to joining PNB, he was the Corporate Secretary and Vice President of the Legal Department of Multinational Investment Bancorporation. He also served as corporate secretary and legal counsel to various corporations such as Corporate Partnership for Management in Business, Inc., Orioxy Investment Corporation, Philippine Islands Corporation for Tourism and Development, Cencorp, Inc., and Central Bancorporation General Merchants, Inc. Manny obtained his Bachelor of Science degree in Business Administration from the Lyceum of the Philippines and his Bachelor of Laws degree from Arellano University.

REYNALDO C. BURGOS

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

MARIANA F. CACULITAN

59, Filipino. "Muffet" is First Senior Vice President and Head of International Banking and Remittance Group. She joined PNB in 2018 as Institutional Transaction Banking Group Head under the Institutional Banking Sector and assumed her current role in July 2024. Muffet's banking experience in both corporate and retail banking spans over 30 years, particularly in the fields of relationship management and retail sales. She began her banking career in 1992 when she joined Citibank, N.A. as junior Relationship Manager and moved her way up as Unit Head of Global Subsidiaries Group until 2012. During her stint in GSG, she was appointed Industry Specialist for Business Process Outsourcing, FMCG and Retail. Her last three years at Citi from 2012 to 2015 were spent heading Citi at Work under Global Consumer Banking. Prior to joining PNB, Muffet was a consultant at Mynt (GCash). Muffet obtained her Bachelor of Arts degree, major in Psychology, from the De La Salle University. She is a Certified Coach, having graduated from a Core Essentials Fast Track Program with Coach U in Singapore.

CARLO S. DIMAALA

57, Filipino. "Caloy" is a seasoned professional in the banking industry, currently serving as First Senior Vice President and Head of the Retail Banking Sector. With over 35 years of extensive experience, he has built a distinguished career that began in 1989 when he joined Far East Bank and Trust Company. After six years, Caloy transitioned to Banco de Oro, taking on the role of Branch Accountant for more than a year. His career then saw a series of progressive moves, starting with BA Savings Bank and Rizal Commercial Banking Corporation-Savings Bank among others. In 2004, Caloy joined Allied Banking Corporation (ABC) as Branch Operations Officer and eventually became Region Head. He rose to his current position from being the Branch Banking Group Head of Visayas and Mindanao. His strong academic foundation was built upon a degree in Bachelor of Science in Accountancy from the University of San Jose-Recoletos, Main Campus, complemented by a Master's degree in Business Administration from the same institution.

CELESTE MARIE V. LIM

48, Filipino. "Celeste" is First Senior Vice President and Head of the Consumer Finance Sector. She obtained her Bachelor of Science degree in Business Administration, major in Accounting and Economics, from the College of Mount Saint Vincent in New York, USA and her Master's degree in Business Administration from the University of Chicago Booth School of Business in Chicago, Illinois, USA. At PNB, she was Senior Vice President and Head of Cards and Payments Solutions Group prior to her current role. Before joining PNB, she was First Vice President and the Head of Cards Business Development and Operations Group of Security Bank Corporation from 2016 to 2021. She was also First Vice President and Head of Merchant Acquiring of Metrobank Cards Corporation from 2006 to 2016. She began her Retail Banking and Lending career in HSBC Philippines in 2001 as a Portfolio Risk Manager.

MARIA PAZ D. LIM

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

NOEL C. MALABAG

53, Filipino. "Noel" is First Senior Vice President and Head of Global Markets Group. Before joining the Bank, he was the Treasurer of Philippine Veterans Bank where he spearheaded innovations not only in trading and balance sheet management, but also in and across risk management, compliance, controls, and governance. He spent 19 years in HSBC Philippines where he honed his expertise on interest rates, foreign exchange, derivatives, and liquidity management. As a respected member of the banking industry with over 29 years of experience, he has been a key resource for reforms and policy-making in the country's financial markets through various industry associations, including the Bankers Association of the Philippines - Open Market Committee, Money Market Association of the Philippines and ACI Philippines. Noel obtained his Bachelor of Science degree, major in Marketing Management, from the De La Salle University.

MICHAEL MORALLOS

56, Filipino. "Mike" is First Senior Vice President and Head of the Information Technology Group. He brings with him over 32 years of work experience from the information technology and banking sectors. He obtained his Bachelor of Arts degree, major in Philosophy and Political Science, from the University of the Philippines and completed advanced computer studies at the National Computer Institute of the Philippines. His professional journey includes serving as a Senior FIS Systematics Products Consultant where he underwent comprehensive training programs such as the Wharton Senior Executive Program, IBM Project Management, Ateneo Banking Principles, and extensive banking application systems training at the Fidelity Information Services (FIS) Training Center in Little Rock, Arkansas. Before joining PNB, Mike was First Senior Vice President and Head of Technology Platform at Siam Commercial Bank, the largest Thai bank with over 28 million customer accounts and 1,200 domestic branches. In this role, he introduced significant improvements and innovative changes to the bank's technology support structure, aligning it with the institution's digital roadmap. As Chief Technology Officer of PNB, he leads the bank's technology strategy, ensuring the seamless delivery of technology services and key strategic projects using low-code, workflow, cloud, and digital technology platforms across both domestic and overseas branches.

ROLAND V. OSCURO

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

HUMILDAD M. SANTELICES

56, Filipino. "Mil" is First Senior Vice President and Deputy Head of Institutional Banking Sector for Commercial Banking, leading a team of over 250 officers and staff nationwide. Mil chairs the Bank's Metro Manila and Provincial Commercial Credit Committee and sits as a regular member in the Senior Management Credit Committee and Institutional Banking Sector Credit Committee. Prior to her current role, she was Metro Manila/Makati Commercial Banking Head from 2012 to 2014 and Corporate Banking Division Head from 2014 to 2023. With over 30 years of banking experience, she was the President and CEO of RCBC Leasing & Finance Corporation and RCBC Rental Corporation (formerly First Malayan Leasing & Finance Corporation and Malayan Rental Corporation), before joining PNB. She started her banking career in Solidbank Corporation as a Management Trainee in 1993 and became an Account Officer for the Retail and Branch Banking Group from 1993 to 2000. She was later appointed as Assistant Vice President/Department Head for Lending in 2000. She moved to Chinatrust Commercial Bank as a Credit Review Officer from 2002 to 2004 and Division Head/Project Team Head-New Markets in 2005. Subsequently, she served as a Vice-President/Division Head of SME Lending in Planters Development Bank from 2005 to 2007. Mil is a Certified Public Accountant and obtained her Bachelor of Science degree in Business Administration – Accounting from the Catanduanes State Colleges and her Master's degree in Business Administration from the Asian Institute of Management.

NANETTE O. VERGARA[1]

64, Filipino. "Nanette" is First Senior Vice President and Chief Credit Officer and Head of Credit Management Group. She obtained her degree in Bachelor of Science in Statistics *(cum laude)* in 1981 from the University of the Philippines in Diliman. She joined PNB in 2006 and was appointed as First Vice President and Head of Credit Management Division. She started her banking career with the Bank of Commerce in 1981. She moved to the Credit Rating Services Department of the Credit Information Bureau in 1983 and went back to banking in 1992 when she joined the Union Bank of the Philippines. She later transferred to Solidbank Corporation in 1993 to head various credit-related units. Prior to joining PNB, she worked with United Overseas Bank from 2000 to 2006 as VP/Head of Credit Risk Management.

LOTUS R. ALTAVAS

50, Filipino. "Lotus" is Senior Vice President and Head of the Human Resource Group. She is a seasoned HR professional with over 20 years of solid experience gained from the banking and financial services industry. Prior to joining PNB, she held the role of an HR Business Partner for BDO Unibank, Inc. covering the Information Technology Group. Before BDO, she was connected with ING Bank for six years as Director/Head of Human Resources in concurrent capacity as HR Business Partner for Asia Retail Markets. She worked for Citi from 2004 to 2016 where she held, among others, an HR Generalist role for various business units such as Fraud and Risk Management Group, Local Commercial Bank & Credit Payment Products Group. She left Citi in 2016 as Vice President handling HR for Operations and Technology Group. She is currently a BAP Representative to the Banking Industry Tripartite Council (BITC). Lotus is a magna cum laude graduate from St. Scholastica's College, Manila with degrees in Bachelor of Science in Psychology and Bachelor of Arts in Guidance and Counseling.

EMELINE C. CENTENO

66, Filipino. "Emy" is Senior Vice President and Head of the Corporate Planning and Analysis Division. She obtained her Bachelor of Science degree in Statistics (Dean's Lister) and completed her Master's of Arts in Economics degree (on scholarship) from the University of the Philippines. She joined PNB in 1983, rose from the ranks, and held various positions at the Department of Economics and Research, Product Development, Monitoring and Implementation Division, and the Corporate Planning Division before assuming her present position as Head of the merged Corporate Planning and Analysis Division. She was awarded as one of the Ten Outstanding Employees of the Bank in 1987.

DAMASEN PAUL C. CID

57, Filipino. "Dama" is Senior Vice President and Head of the Digital Channel Management and Innovation Group (DCMIG). He is a digital banking technology professional with extensive experience in the strategy formulation, implementation and management of technology and digital assets. DCMIG has led the bank in defining and executing the retail digital channel strategy, as well as ensuring the continued adoption, usage, and maintenance of the Bank's digital offerings. PNB Digital, the Bank's mobile banking app, benefits over 1.4 million enrolled users, and was given the Highly Acclaimed: Excellence in Customer Service Innovation award by The Digital Banker's Digital CX Awards for 2024. Dama joined the bank in 2015 as Vice President and Head of Electronic Channels. Prior to PNB, he was with Citibank Philippines from 2003 to 2015 as Vice President and Head of eBusiness Platforms. He started his career as an IT analyst/developer with Software Ventures International, where he was a Division Head for Applications Development and Support. He graduated with a BS Computer Science degree from the Ateneo de Manila University. He also completed the Fintech Regulatory and Innovation Program from the Cambridge Center for Alternative Finance and Mapua University.

JENNIFER Y. NG

51, Filipino. "Jen" is Senior Vice President and Head of the Marketing Group. She joined the bank on November 3, 2014 as Head of Products Management Division and was later appointed as Head of RBS Sales and Support Division on February 22, 2016. This division provided support to the 716 branches of Branch Banking Group, International Banking and Remittance Group and Retail Lending Group. Jen also handled and spearheaded major projects for the Retail Banking Sector including customer experience projects, digitization projects, deposit generation campaigns, and sales conventions and rallies. She is an active member of the Mobile Project Steering Committee, Retirement Fund Board, Senior Management Credit Committee, Loan Origination Steering Committee, Wealth Management System Steering Committee, and Bancassurance Distribution and Marketing Steering committee. She regularly attends the Assets and Liability Committee of the bank as resource. She earned her promotions as VP in 2017 and to FVP in 2019. On February 1, 2021, she was assigned as Group Head of Branch Banking Group Metro Manila where she handled three regions, 18 areas, and 256 branches. On the same year, she was promoted to Senior Vice President. She spent 25 years of her banking career at Security Bank Corporation, Asiatrust Development Bank, and Planters Development Bank with extensive experience in branch banking, consumer sales, and marketing. She also served as the director for Asia Pacific and head of Philippine operations for Transfast Remittance LCC. Jen holds a Bachelor of Science degree in Medical Technology from the University of Santo Tomas. She earned her Master's degree in Business Administration from the Ateneo Graduate School of Business, Regis Program.

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[1] *ManCom member and held position until April 8, 2025*

JOY JASMIN R. SANTOS

51, Filipino. "Jiah" is Senior Vice-President and the Chief Trust Officer. She was previously Division Head of Corporate Trust from 2013 to 2018 and Business Development Division Head of Trust Banking Group from 2010 to 2012. Prior to joining PNB, she held key managerial positions in Citibank Savings, Inc., Keppel Bank, American Express Bank, and BPI. Jiah graduated *cum laude* with a Bachelor of Arts degree, major in Management Economics, from the Ateneo de Manla University. She earned her Master's degree in Business Administration from the Australian National University, Canberra, Australia in 2002. In 2015, she completed, with distinction, the one-year course on Trust Operations and Investment Management given by the Trust Institute Foundation of the Philippines. She has served as a member of the Board of Directors of the Trust Officers Association of the Philippines (TOAP) from 2021 to 2024 as Vice-President and Director in Charge for Fiduciary Products Development. She is currently part of its Advisory Board.

CONSTANTINO T. YAP

61, Filipino. "Cons" is Senior Vice President and Assistant to the President, supervising the Bank's business strategies concerning information technology. In 2007, he began working at Allied Banking Corporation as Special Projects Manager within the IT Division,where he spearheaded core banking system implementation for Allied Commercial Bank (Xiamen) as well as First Investment Finance Limited in Papua New Guinea. After the merger between Allied and PNB, he became Head of IT in 2013 and implemented technology integration strategies across several banking organizations. With over 18 years of experience in IT and banking, Cons has been instrumental in driving technological advancements and operational efficiency. Before joining the banking industry, he was the Dean of the College of Engineering and College of Computer Studies & Systems at the University of the East (Manila campus) from 2005 to 2007 and the Assistant Dean of the College of Computer Studies at Lyceum of the Philippines from 2004 to 2005, including Vice President for Betting Operations at the Philippine Racing Club from 1996 to 2000. Cons earned his Master of Science in Electrical Engineering from Purdue University, USA in 1986.

JULIET S. DYTOC

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

MELISSA K. GABOR

46, Filipino. "Melissa" is First Vice President and Officer-in-Charge of the Global Compliance Group. Prior to her current role, she served as Head of the Regulatory Compliance Risk Division and later as Head of the Financial Crime Risk Division, both under the Global Compliance Group, from 2022 to 2024 where she worked on strengthening compliance frameworks, mitigating financial crime risks, and ensuring regulatory alignment across the organization. Her career in banking began in 2008 at Metropolitan Bank & Trust Company (Metrobank) as a Legal Officer under the Legal Services Department. She later transitioned to compliance leadership, serving as Head of the AML Policy and Independent Testing Departments from 2016 to 2021. During her tenure in Metrobank, she also held concurrent roles as Assistant Corporate Secretary of Metrobank Foundation, Inc. and GT Foundation, Inc. from 2012 to 2021, contributing to corporate governance and philanthropic initiatives. She also led the Policy Section, Critical Case Management Section, and then Analytics Unit under the AML Department from 2021 to 2022 at BDO Unibank, Inc. where her work focused on policy development, high-risk case management, and data-driven compliance strategies. Melissa earned her Bachelor of Laws degree from San Beda College of Law, graduating third in her class.

MARK S. PANTALLON

45, Filipino. "Mark" is First Vice President and Controller. A Certified Public Accountant, he is the Head of Accounting and Controllership Group. Prior to his current role, he went to public practice from 2003 to 2010 and served as Director for the Assurance and Advisory Business Services and Financial Services Risk Management at Sycip Gorres Velayo & Co. From 2010 to 2014, he worked at Bank of Commerce (BOC) as Quality Assurance Department Head under the Internal Audit Division and was later designated as Officer In-Charge of the Finance and Controllership Group of BOC. From 2014 to 2022, he joined Metrobank as Tax Management Department Head wherein he ensured compliance with all tax laws and provisions and filings. He was also assigned as Group Financial Reporting Standards Department Head wherein he was responsible for Metrobank Group's compliance with all accounting standards. He was promoted to Specialized Accounting Division Head to oversee the financial reporting and accounting controls of various departments and sections. In 2022 to 2024, he had a stint with City Savings Bank as Financial Controller wherein he oversaw the annual bank-wide budgeting and financial reporting processes. Mark graduated from Ateneo de Zamboanga University with a degree in Bachelor of Science in Accountancy.

ANALISA I. SAN PEDRO

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

MODETTE INES V. CARIÑO

53, Filipino. "Modette" is Senior Vice President and Assistant to the President. She was First Vice President and Head of Consumer Credit Division of Retail Lending Group prior to her current role. Having dedicated 18 years to the Bank, she started as a Business Development Officer under Consumer Finance Group and eventually handled the 14 Regional Consumer Finance Centers nationwide. She was then subsequently seconded to PNB Savings Bank in March 2005 as Consumer Banking Group Head. With her extensive experience in Consumer Lending, she was appointed as President/CEO of PNB-IBJL Leasing and Finance in October 2016. She returned to PNB in July 2019 as Head of Retail Lending-Metro Manila Sales Division. Before joining the Bank, she worked with various banks under Consumer Lending such as Security Bank, International Exchange Bank, and Union Bank. She is a graduate of Bachelor of Science in Commerce, major in Accounting, from the De La Salle University.

THE BANK'S SUBSIDIARIES AND AFFILIATE

YOLANDA M. ALBANO
Allied Integrated Holdings, Inc.

JOSEPH KUMAR GROSS
Allianz PNB Life Insurance, Inc.

MANUEL ANTONIO G. LISBONA
PNB Securities, Inc.

GERRY B. VALENCIANO
PNB Capital and Investment Corporation

ALLIANZ PNB LIFE INSURANCE, INC.

Allianz PNB Life, Inc. (AZPNBL) was established in 2015 through a joint venture between German-based Allianz Group and the Philippine National Bank (PNB).

Allianz ranked as the top insurance brand and 29th overall in the 2024 Interbrand global rankings, and it is one of the most sustainable global insurers according to the Dow Jones Sustainability Index. Locally, AZPNBL is certified Great Place To Work and is recognized by the Insurance Business Asia as a Top Insurance Employer in 2024. The company plays an active role in the community, creating a better tomorrow through sustainability advocacies such as food rescue, financial inclusion, and youth empowerment.

AZPNBL currently operates 25 business centers in key cities in the Philippines, with over 400 financial advisors and 2,250 active Life Changer™ catering to its agency clientele nationwide. AZPNBL also has an exclusive distributorship arrangement with HSBC Insurance Brokers Philippines, offering insurance propositions to HSBC Wealth clients. AZPNBL Life Changers™ are committed to the purpose of securing the future of Filipinos in their lifetime financial planning, wealth accumulation, and well-being aspirations, by offering a wide range of life and health insurance products catering to specific needs.

ALLIED INTEGRATED HOLDINGS INC.

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

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

PNB CAPITAL AND INVESTMENT CORPORATION

PNB Capital and Investment Corporation (PNB Capital) is the wholly-owned investment banking arm of PNB. PNB Capital provides a full range of investment banking services to its clients including loan syndications, retail bond offerings, private placement of debt and equity, public offering of shares, securitization, and financial advisory such as liability management, corporate restructuring, pre-IPO preparation, and mergers and acquisitions.

PNB Capital has arranged some of the largest loan syndications and award-winning deals in the Philippines. Likewise, it is very active in the capital market transactions in the country. PNB Capital has been recognized multiple times by local and foreign award giving bodies for the successful execution of landmark transactions, reaffirming its commitment to excellence in financial intermediation. Some of the prestigious accolades include: Syndicated Loan of the Year for Linseed Field Corporation by Asian Banking & Finance Corporate & Investment Banking Awards 2023; Green Project of the Year for Arthaland Corporation by The Asset Triple A Awards; Best Initial Public Offering for Citicore Energy REIT Corp. by The Asset Triple A Awards; Best New Bond for Cebu Landmasters Inc by The Asset Triple A Awards; and Best Transition Bond for SMC Global Power Holdings Corp. by The Asset Triple A Awards.

PNB-MIZUHO LEASING AND FINANCE CORPORATION

PNB-Mizuho Leasing and Finance Corporation (PNB-Mizuho), formerly PNB-IBJL Leasing and Finance Corporation, is a joint venture between PNB, one of the country's largest privately-owned commercial bank, and Mizuho Leasing and Finance Corporation, a member of the Mizuho Financial Group, the third largest financial services company in Japan.

PNB-Mizuho previously operated as a financing company that provided clients with finance lease, operating lease through its wholly-owned subsidiary, PNB-Mizuho Equipment Rentals Corporation, and term loan for productive capital expenditures secured by Chattel Mortgage. Its subsidiary, PNB-Mizuho Equipment Rentals Corporation was incorporated in the Philippines in July 2008 as a rental company engaged in the business of renting all kinds of real and personal properties.

In June 2022, the Board of Directors of PNB approved the proposal to amend the Articles of Incorporation of PNB-Mizuho to shorten its corporate term to March 31, 2024, subject to necessary approvals.

The Securities and Exchange Commission approved the amendment of the Articles of Incorporation of PNB-Mizuho on December 23, 2022, shortening its corporate term to March 31, 2024 and the amendment of the Articles of Incorporation of PNB Mizuho Equipment Rentals on November 22, 2023, shortening its corporate life to December 31, 2024.

To date, the winding up process for both entities is ongoing following the end of the corporate life in 2024.

PNB SECURITIES, INC.

PNB Securities, Inc. (PNB SI) is a wholly-owned subsidiary which engages in the brokerage and dealership of the various common and preferred equities, REITs, ETFs and other equity-related securities listed in the Philippine Stock Exchange.

PNB SI performs other equity related services including but not limited to the distribution of Initial Public Offerings in collaboration with PNB Capital, PNB branches, and Parent Bank's Trust Banking Group and Wealth Management Group, block sales, private placements, tender offer agency and price stabilization agency as well as processing of dividend and pre-emptive rights entitlements in behalf of its clients.

The Company also collaborates with PNB Research in arranging corporate access for PNB SI's foreign institutional clients.

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

ALLIED BANKING CORPORATION (HONG KONG) LIMITED

Incorporated in 1978, Allied Banking Corporation (Hong Kong) Limited (ABCHKL) is a private limited company and restricted-licensed bank under the Hong Kong Banking Ordinance. ABCHKL became a majority-owned (51%) subsidiary of the Philippine National Bank (PNB) as a result of the merger of PNB and Allied Banking Corporation (ABC) in 2013. ABCHKL provides a full range of commercial banking services such as deposit taking, lending and trade financing, documentary credits, participation in loan syndications and other risks, money market and foreign exchange operations. ABCHKL has a wholly-owned subsidiary, ACR Nominees Limited, which is a private limited company incorporated in Hong Kong that provides non-banking general services to its customers. It is a Trust or Company Service Provider ("TCSP") licensee in Hong Kong.

ALLIED COMMERCIAL BANK

Allied Commercial Bank (ACB) is a majority-owned (99.04%) subsidiary of PNB. Originally established in 1993 as Xiamen Commercial Bank, ACB maintains its head office in Xiamen, Fujian, China and has a branch in Chongqing which was established in 2003.

ACB was previously allowed to deal only in foreign currency-denominated products and services, until 2017, when local currency or CNY denominated products and services were allowed except for local residents. In 2020, ACB finally obtained a banking license that allows offering services to all market segments with all traditional banking products, denominated in local or foreign currencies.

ACB is a full-service commercial bank specializing in international trade finance and loans to micro, small and medium-sized industries/enterprises. Its deposit products are also varied and competitive. Last 2020, the Bank launched its enterprise internet banking system which adds much sought-after convenience to its corporate depositors. In 2022, the Bank enhanced its system to automate its credit management. It continues to innovate to deliver financial products and services to cater to the evolving needs of the banking public.

PNB GLOBAL REMITTANCE AND FINANCIAL COMPANY (HK) LIMITED

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

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

PNB INTERNATIONAL INVESTMENTS CORPORATION

PNB International Investments Corporation (PNB IIC) is a non-bank holding company and the parent company of PNB Remittance Centers, Incorporated (PNB RCI). PNB RCI has a network of 18 branches engaging in money transmission in six states of the United States of America.

PNB RCI owns PNB RCI Holding Company, Ltd., the parent company of PNB Remittance Company Canada (PNB RCC). PNB RCC has five branches and one sub-branch servicing the remittance requirements of Filipinos in Canada.

PHILIPPINE NATIONAL BANK (EUROPE) PLC

Philippine National Bank (Europe) PLC, ("PNBE") is a wholly-owned subsidiary of PNB. It started in 1976 as PNB London Branch and was incorporated in June 1994. It was granted a deposit taking license by the Bank of England in July 1997.

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

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

MARKET PRICE OF AND DIVIDENDS ON PNB COMMON EQUITY

Market Price of and Dividends on Registrant's Common Equity and Related Stockholders Matters:

1. **Market Information**

All issued PNB common shares are listed and traded in the Philippine Stock Exchange, Inc. The high and low sales prices of PNB shares for each quarter for the last two (2) fiscal years are:

	2023		2024	
	High	Low	High	Low
Jan – Mar	20.10	18.20	20.80	18.46
Apr – Jun	18.96	18.24	23.95	19.12
Jul – Sep	18.70	18.10	28.90	21.75
Oct – Dec	18.88	18.16	28.25	25.25

2. **Holders**

There are 35,918 shareholders as of December 31, 2024, all of whom have the same voting rights. The top twenty (20) holders of common shares, the number of shares held, and the percentage to total shares outstanding held by each are as follows:

Name of Stockholder	Nationality	No. of Shares	Percentage of Ownership	Voting Status
PCD Nominee Corporation (Filipino)	Filipino	199,839,234	13.0976430608	*
Key Landmark Investments, Ltd.	Filipino	133,277,924	8.7351549618	*
True Success Profits Limited	Filipino	82,017,184	5.3754799765	*
Caravan Holdings Corporation	Filipino	82,017,184	5.3754799765	*
Solar Holdings Corporation	Filipino	82,017,184	5.3754799765	*
Prima Equities & Investments Corp.	Filipino	71,765,036	4.7035449794	*
Leadway Holdings, Inc.	Filipino	65,310,444	4.2805052168	*
Infinity Equities, Inc.	Filipino	61,512,888	4.0316099824	*
Pioneer Holdings Equities, Inc.	Filipino	34,254,212	2.2450518506	*
Multiple Star Holdings Corp.	Filipino	30,798,151	2.0185385055	*
Donfar Management Limited	Filipino	30,747,898	2.0152448787	*
Uttermost Success, Limited	Filipino	30,233,288	1.9815168766	*
Mavelstone International Limited	Filipino	29,575,168	1.9383831001	*
Pan Asia Securities Corporation	Filipino	29,442,159	1.9296655707	*
Kenrock Holdings Corp.	Filipino	26,018,279	1.7052613973	*
Fil-Care Holdings, Inc.	Filipino	25,450,962	1.6680789310	*
Fairlink Holdings Corp.	Filipino	25,207,795	1.6521415472	*
Purple Crystal Holdings, Inc.	Filipino	24,404,724	1.5995075519	*
Kentron Holdings & Equities Corp.	Filipino	24,361,225	1.5966565883	*
Fragile Touch Investments, Ltd.	Filipino	22,696,137	1.4875252238	*
Ivory Holdings, Inc.	Filipino	20,761,731	1.3607425155	*
Allmark Holdings, Corp.	Filipino	20,724,567	1.3583067535	*

- Pursuant to Article IV, Section 4.9 of the Bank's By-Laws, every stockholder shall be entitled to one (1) vote for each share of common stock in his name in the books of the Bank. The right to vote or direct the voting of the Bank's shares held by the foregoing stockholders is lodged in their respective Boards of Directors.

3. **Dividends**

The Bank's ability to pay dividends is contingent on its ability to set aside unrestricted retained earnings for dividend distribution. In addition, the Bank's declaration of dividends, including computation of unrestricted retained earnings, is subject to compliance with certain rules and regulations prescribed by the Bangko Sentral ng Pilipinas as provided under the Manual of Regulations for Banks and subject to compliance with such financial regulatory requirements as may be applicable to the Bank at the time of such declaration.

PNB has adopted the following general policy on the declaration of dividends*:

> *"Dividends shall be declared and paid out of the surplus profits of the Bank at such times and in such amounts as the Board of Directors may determine in accordance with the provisions of law and the regulations of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission, subject to compliance with such financial regulatory requirements as may be applicable to the Bank."*

On April 23, 2021, the Board of Directors approved and confirmed the property dividend declaration of up to 239,353,710 common shares of PNB Holdings Corporation (PHC), with a par value of P100 per share, to all stockholders of record as of May 18, 2021 (Record Date), subject to regulatory and other necessary approvals.

The property dividend shall be paid at a ratio of 0.156886919 shares of PHC for one (1) share of PNB. The ratio for property dividend was determined by dividing the total number of outstanding shares declared as property dividends of PHC, which is 239,353,710 common shares, by the total number of outstanding shares of the Bank of 1,525,764,850. In case a stockholder is entitled to a fractional PHC share, the Bank shall pay for such fraction in cash based on par value on the payment or settlement date.

On December 27, 2021, the Bank received the Certificate of Filing the Notice of Property Dividend Declaration issued by the Securities and Exchange Commission on December 24, 2021.

On September 27, 2024, the Board of Directors approved and confirmed October 25, 2024 as the Distribution Date of the property dividends declared on April 23, 2021. This is for stockholders who were issued electronic Certificates Authorizing Registration (eCAR) by the Bureau of Internal Revenue (BIR) as of August 29, 2024 and have fully settled their obligations. The dividend distribution will continue as and when eCARs are released by the BIR and all obligations are settled.

**This dividend policy is as of December 31, 2024. The PNB Board of Directors has approved a new dividend policy on February 28, 2025.*

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Philippine National Bank (the Bank) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2024, 2023 and 202, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

EDGAR A. CUA
Chairman of the Board

FLORIDO P. CASUELA
President and Chief Executive Officer

FRANCIS B. ALBALATE
Executive Vice President and Chief Financial Officer

MAR 0 5 2025 Pasay City

SUBSCRIBED AND SWORN to before me this day of 2025 affiants exhibiting to me their Passport / SSS Identification Nos.

Doc. No. 428
Page No. 97
Book No. IV
Series of 2025

ATTY. EDGARDO V. SATUR
Notary Public for and in Pasay City
9th Floor, Legal Group, PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
Commission No. 24-49 until 12-31-2025
PTR No. PC 8836576 / 01-04-2025 / Pasay City
Roll No. 34783, IBP OR No 486971 / 12-24-2024
MCLE Compliance No. VIII-0011373

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Philippine National Bank

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Philippine National Bank and its Subsidiaries (the Group) and the parent company financial statements of Philippine National Bank (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2024 and 2023, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2024 and 2023, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Adequacy of Allowance for Credit Losses on Loans and Receivables

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

Allowance for credit losses on loans and receivables as of December 31, 2024 amounted to ₱42.2 billion for the Group and the Parent Company. Provision for credit losses in 2024 amounted to ₱3.8 billion and ₱3.7 billion for the Group and the Parent Company, respectively.

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

Audit response

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

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place; (c) tested the Group's and the Parent Company's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's and the Parent Company's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through corroboration of publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.

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

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

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

Impairment Testing of Goodwill

As of December 31, 2024, the goodwill of the Group and the Parent Company amounted to ₱10.2 billion and ₱10.3 billion, respectively, as a result of the acquisition of Allied Banking Corporation in 2013. Under PFRS Accounting Standards, the Group and the Parent Company are required to test the amount of goodwill for impairment annually. Goodwill has been allocated to three cash generating units (CGUs) namely Retail Banking, Corporate Banking, and Treasury. The Group and the Parent Company performed the impairment testing using the value in use calculation. The annual impairment test is significant to our audit because it involves significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically estimates of loan and deposit growth rates, interest margin, discount rates, and long-term growth rate.

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

Audit response

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

Other Information

The other information consists of the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
Tax Identification No. 216-950-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465263, January 2, 2025, Makati City

February 25, 2025

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(In Thousands)

	Consolidated		Parent Company	
	December 31		December 31	
	2024	2023	**2024**	2023
ASSETS				
Cash and Other Cash Items	**₱20,638,033**	₱21,151,391	**₱20,522,258**	₱21,052,526
Due from Bangko Sentral ng Pilipinas (Notes 7 and 17)	**55,128,316**	95,410,350	**55,128,316**	95,410,350
Due from Other Banks (Note 33)	**20,183,894**	21,243,856	**11,478,178**	13,626,624
Interbank Loans Receivable (Notes 8 and 33)	**22,787,194**	35,634,440	**21,282,167**	33,437,319
Securities Held Under Agreements to Resell (Notes 8 and 35)	**103,480,119**	69,694,538	**103,480,119**	69,694,538
Trading and Investment Securities				
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 9)	**17,920,985**	10,516,864	**17,770,142**	10,363,259
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Note 9)	**211,742,783**	164,531,492	**211,270,334**	164,136,971
Investment Securities at Amortized Cost (Note 9)	**112,422,382**	123,200,427	**112,040,395**	122,730,465
Loans and Receivables (Notes 10 and 33)	**636,819,625**	616,710,746	**622,392,170**	602,158,763
Property and Equipment (Note 11)	**10,195,539**	10,754,018	**9,372,895**	9,862,219
Investments in Subsidiaries and an Associate (Note 12)	**3,446,613**	3,199,124	**21,630,204**	20,567,070
Investment Properties (Note 13)	**15,964,267**	14,579,558	**15,544,917**	14,111,607
Deferred Tax Assets (Note 30)	**7,460,676**	6,981,726	**7,478,726**	6,929,669
Intangible Assets (Note 14)	**1,084,955**	1,301,726	**1,007,460**	1,214,890
Goodwill (Note 14)	**10,184,843**	10,184,843	**10,325,201**	10,325,201
Other Assets (Note 15)	**8,150,629**	5,454,301	**7,533,619**	4,752,685
TOTAL ASSETS	**₱1,257,610,853**	₱1,210,549,400	**₱1,248,257,101**	₱1,200,374,156
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 17 and 33)				
Demand	**₱244,369,119**	₱228,405,865	**₱244,265,215**	₱228,144,045
Savings	**575,335,527**	541,009,449	**574,238,560**	540,063,571
Time	**147,368,732**	145,752,061	**144,142,631**	141,770,924
Long Term Negotiable Certificates	**4,598,770**	12,803,543	**4,598,770**	12,803,543
	971,672,148	927,970,918	**967,245,176**	922,782,083
Financial Liabilities at FVTPL (Notes 18, 23 and 35)	**924,053**	555,811	**921,693**	555,811
Bills and Acceptances Payable (Notes 19, 33 and 35)	**20,208,451**	20,162,603	**20,208,451**	20,162,603
Lease Liabilities (Notes 29 and 33)	**3,808,997**	3,832,884	**3,722,719**	3,723,316
Accrued Taxes, Interest and Other Expenses (Note 20)	**8,798,553**	10,465,373	**8,582,094**	10,049,650
Bonds Payable (Note 21)	**17,304,421**	41,490,871	**17,304,421**	41,490,871
Income Tax Payable	**159,233**	180,364	**76,516**	103,470
Other Liabilities (Note 22)	**18,106,056**	14,741,922	**17,071,589**	13,553,863
	1,040,981,912	1,019,400,746	**1,035,132,659**	1,012,421,667
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital Stock (Note 25)	**61,030,594**	61,030,594	**61,030,594**	61,030,594
Capital Paid in Excess of Par Value (Note 25)	**32,116,560**	32,116,560	**32,106,560**	32,106,560
Surplus Reserves (Notes 10, 25 and 32)	**4,967,037**	4,677,930	**4,967,037**	4,677,930
Surplus (Note 25)	**113,663,851**	91,979,317	**113,823,592**	92,174,169
Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	**142,134**	(1,722,653)	**142,134**	(1,722,653)
Remeasurement Losses on Retirement Plan (Note 28)	**(2,655,218)**	(2,728,542)	**(2,655,218)**	(2,728,542)
Accumulated Translation Adjustment (Note 25)	**2,357,844**	1,999,668	**2,357,844**	1,999,668
Other Equity Reserves (Notes 12 and 25)	**1,189,003**	248,830	**1,330,690**	390,517
Share in Aggregate Reserves on Life Insurance Policies (Note 12)	**21,209**	24,246	**21,209**	24,246
Other Equity Adjustment	**13,959**	13,959	**–**	–
	212,846,973	187,639,909	**213,124,442**	187,952,489
NON-CONTROLLING INTERESTS (Note 12)	**3,781,968**	3,508,745	**–**	–
	216,628,941	191,148,654	**213,124,442**	187,952,489
TOTAL LIABILITIES AND EQUITY	**₱1,257,610,853**	₱1,210,549,400	**₱1,248,257,101**	₱1,200,374,156

See accompanying Notes to Financial Statements.

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PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF INCOME

(In Thousands, Except Earnings per Share)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	**2024**	2023	2022
INTEREST INCOME ON						
Loans and receivables (Notes 10 and 33)	**₱43,803,454**	₱40,757,927	₱34,424,531	**₱43,035,508**	₱40,119,733	₱33,794,036
Investment securities at amortized cost and FVOCI (Note 9)	**16,777,707**	12,608,170	8,154,922	**16,733,356**	12,560,530	8,143,092
Interbank loans receivable and securities held under agreements to resell (Note 8)	**4,644,161**	3,368,565	954,603	**4,564,414**	3,360,981	896,683
Deposits with banks and others (Notes 7, 12 and 33)	**1,637,256**	2,607,973	1,417,661	**1,335,615**	2,252,437	1,330,052
Financial assets at FVTPL (Note 9)	**596,012**	251,894	292,685	**587,577**	243,483	284,251
	67,458,590	59,594,529	45,244,402	**66,256,470**	58,537,164	44,448,114
INTEREST EXPENSE ON						
Deposit liabilities (Notes 17 and 33)	**16,429,535**	13,005,646	5,371,667	**16,400,951**	12,971,817	5,383,153
Bonds payable (Note 21)	**1,237,647**	1,660,193	2,111,192	**1,237,647**	1,660,193	2,111,192
Bills payable and other borrowings (Notes 19, 29 and 33)	**450,938**	335,847	433,973	**447,107**	319,588	363,544
	18,118,120	15,001,686	7,916,832	**18,085,705**	14,951,598	7,857,889
NET INTEREST INCOME	**49,340,470**	44,592,843	37,327,570	**48,170,765**	43,585,566	36,590,225
Service fees and commission income (Notes 26 and 33)	**6,961,870**	6,591,256	6,997,609	**6,238,388**	5,754,883	5,563,369
Service fees and commission expense	**1,447,236**	1,266,613	1,429,195	**1,336,278**	1,150,389	935,945
NET SERVICE FEES AND COMMISSION INCOME	**5,514,634**	5,324,643	5,568,414	**4,902,110**	4,604,494	4,627,424
OTHER OPERATING INCOME						
Net gains on sale or exchange of assets (Note 26)	**1,995,042**	4,541,567	7,775,154	**1,991,310**	4,621,894	7,770,001
Foreign exchange gains - net (Note 23)	**1,169,286**	1,367,409	1,608,281	**961,949**	1,149,699	1,149,444
Trading and investment securities gains (losses) - net (Notes 9 and 33)	**647,580**	394,103	(1,280,783)	**646,118**	394,755	(1,277,759)
Equity in net earnings (losses) of subsidiaries and an associate (Note 12)	**419,505**	268,093	(56,060)	**831,256**	560,393	747,341
Miscellaneous (Note 27)	**688,971**	871,394	1,136,692	**500,029**	624,907	721,433
TOTAL OTHER OPERATING INCOME	**4,920,384**	7,442,566	9,183,284	**4,930,662**	7,351,648	9,110,460
TOTAL OPERATING INCOME	**59,775,488**	57,360,052	52,079,268	**58,003,537**	55,541,708	50,328,109
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 16)	**3,868,111**	5,923,054	7,198,117	**3,782,256**	5,700,264	7,305,653
IMPAIRMENT IN VALUE OF GOODWILL (Note 14)	**–**	1,036,567	–	**–**	1,036,567	–
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 25, 28 and 33)	**10,668,601**	10,464,071	9,762,776	**9,902,026**	9,709,419	9,012,641
Taxes and licenses (Note 30)	**5,230,401**	4,852,190	5,225,595	**5,186,919**	4,778,102	5,120,690
Depreciation and amortization (Note 11)	**3,659,014**	3,976,069	4,225,746	**3,548,348**	3,720,234	3,909,420
Occupancy and equipment-related costs (Note 29)	**1,117,892**	916,735	1,099,876	**973,739**	797,259	952,932
Miscellaneous (Note 27)	**8,953,772**	8,218,171	8,051,942	**8,677,415**	7,948,947	7,810,430
TOTAL OPERATING EXPENSES	**29,629,680**	28,427,236	28,365,935	**28,288,447**	26,953,961	26,806,113
INCOME BEFORE INCOME TAX	**26,277,697**	21,973,195	16,515,216	**25,932,834**	21,850,916	16,216,343
PROVISION FOR INCOME TAX (Note 30)	**5,099,732**	4,007,375	4,931,228	**4,896,173**	3,847,968	4,684,025
NET INCOME	**₱21,177,965**	₱17,965,820	₱11,583,988	**₱21,036,661**	₱18,002,948	₱11,532,318
ATTRIBUTABLE TO:						
Equity Holders of the Parent Company (Note 31)	**₱21,052,896**	₱17,979,257	₱11,532,318			
Non-controlling Interests	**125,069**	(13,437)	51,670			
	₱21,177,965	₱17,965,820	₱11,583,988			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)	**₱13.80**	₱11.78	₱7.56	**₱13.79**	₱11.80	₱7.56

See accompanying Notes to Financial Statements.

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PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	**2024**	2023	2022
NET INCOME	**₱21,177,965**	₱17,965,820	₱11,583,988	**₱21,036,661**	₱18,002,948	₱11,532,318
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that recycle to profit or loss in subsequent periods:						
Net change in unrealized gains (losses) on debt securities at FVOCI, net of tax (Note 9)	**1,479,784**	2,505,660	(4,764,711)	**1,479,801**	2,485,994	(4,754,670)
Share in changes in net unrealized gains (losses) on financial assets at FVOCI of subsidiaries and an associate (Notes 9 and 12)	**(49,895)**	362,392	(885,481)	**(35,694)**	382,058	(902,788)
	1,429,889	2,868,052	(5,650,192)	**1,444,107**	2,868,052	(5,657,458)
Accumulated translation adjustment	**514,591**	(341,822)	1,102,022	**(44,871)**	(109,124)	421,609
Share in changes in accumulated translation adjustment of subsidiaries and an associate (Note 12)	**–**	–	–	**403,047**	(205,655)	389,442
	1,944,480	2,526,230	(4,548,170)	**1,802,283**	2,553,273	(4,846,407)
Items that do not recycle to profit or loss in subsequent periods:						
Net change in unrealized gains on equity securities at FVOCI (Note 9)	**1,336,767**	1,368,570	394,654	**1,322,549**	1,368,570	401,920
Remeasurement gains (losses) on retirement plan (Note 28)	**84,068**	(493,906)	495,353	**83,262**	(512,517)	489,953
Share in changes in aggregate reserves (losses) on life insurance policies (Note 12)	**(3,037)**	(111,850)	762,490	**(3,037)**	(111,850)	762,490
Share in changes in remeasurement gains (losses) of subsidiaries and an associate (Note 12)	**3,417**	(8,275)	7,708	**(9,938)**	6,920	12,169
	1,421,215	754,539	1,660,205	**1,392,836**	751,123	1,666,532
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**3,365,695**	3,280,769	(2,887,965)	**3,195,119**	3,304,396	(3,179,875)
TOTAL COMPREHENSIVE INCOME	**₱24,543,660**	₱21,246,589	₱8,696,023	**₱24,231,780**	₱21,307,344	₱8,352,443
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	**₱24,266,891**	₱21,283,653	₱8,352,443			
Non-controlling interests	**276,769**	(37,064)	343,580			
	₱24,543,660	₱21,246,589	₱8,696,023			

See accompanying Notes to Financial Statements.

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PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

	Consolidated												
	Capital Stock (Note 25)	Capital Paid in Excess of Par Value (Note 25)	Surplus Reserves (Notes 10, 25 and 32)	Surplus (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	Remeasurement Losses on Retirement Plan (Note 28)	Accumulated Translation Adjustment (Note 25)	Other Equity Reserves (Notes 12 and 25)	Share in Aggregate Reserves (Losses) on Life Insurance Policies (Note 12)	Other Equity Adjustment	Total	Non-controlling Interests (Note 12)	Total Equity
Balance at January 1, 2024	₱61,030,594	₱32,116,560	₱4,677,930	₱91,979,317	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱248,830	₱24,246	₱13,959	₱187,639,909	₱3,508,745	₱191,148,654
Total comprehensive income (loss) for the year	–	–	–	21,052,896	2,766,656	92,200	358,176	–	(3,037)	–	24,266,891	276,769	24,543,660
Share swap transaction (Notes 9 and 25)	–	–	–	894,900	(894,900)	–	–	940,173	–	–	940,173	–	940,173
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	289,107	(289,107)	–	–	–	–	–	–	–	–	–
Transfer of remeasurement gains on retirement plan of a subsidiary	–	–	–	18,876	–	(18,876)	–	–	–	–	–	–	–
Sale of FVOCI equity securities	–	–	–	6,969	(6,969)	–	–	–	–	–	–	–	–
Declaration of dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(3,546)	(3,546)
Balance at December 31, 2024	₱61,030,594	₱32,116,560	₱4,967,037	₱113,663,851	₱142,134	(₱2,655,218)	₱2,357,844	₱1,189,003	₱21,209	₱13,959	₱212,846,973	₱3,781,968	₱216,628,941
Balance at January 1, 2023	₱61,030,594	₱32,116,560	₱4,929,242	₱73,748,748	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱248,830	₱136,096	₱13,959	₱166,356,256	₱3,549,378	₱169,905,634
Total comprehensive income (loss) for the year	–	–	–	17,979,257	4,236,622	(505,597)	(314,779)	–	(111,850)	–	21,283,653	(37,064)	21,246,589
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(251,312)	251,312	–	–	–	–	–	–	–	–	–
Declaration of dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(3,569)	(3,569)
Balance at December 31, 2023	₱61,030,594	₱32,116,560	₱4,677,930	₱91,979,317	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱248,830	₱24,246	₱13,959	₱187,639,909	₱3,508,745	₱191,148,654
Balance at January 1, 2022	₱61,030,594	₱32,116,560	₱5,147,440	₱61,998,232	(₱703,737)	(₱2,725,067)	₱1,503,396	₱248,830	(₱626,394)	₱13,959	₱158,003,813	₱3,219,143	₱161,222,956
Total comprehensive income (loss) for the year	–	–	–	11,532,318	(5,255,538)	502,122	811,051	–	762,490	–	8,352,443	343,580	8,696,023
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(218,198)	218,198	–	–	–	–	–	–	–	–	–
Declaration of dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(13,345)	(13,345)
Balance at December 31, 2022	₱61,030,594	₱32,116,560	₱4,929,242	₱73,748,748	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱248,830	₱136,096	₱13,959	₱166,356,256	₱3,549,378	₱169,905,634

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PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

	Parent Company									
	Capital Stock (Note 25)	Capital Paid in Excess of Par Value (Note 25)	Surplus Reserves (Notes 10, 25 and 32)	Surplus (Note 25)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	Remeasurement Losses on Retirement Plan (Note 28)	Accumulated Translation Adjustment (Note 25)	Other Equity Reserves (Notes 12 and 25)	Share in Aggregate Reserves (Losses) on Life Insurance Policies (Note 12)	Total Equity
Balance at January 1, 2024	₱61,030,594	₱32,106,560	₱4,677,930	₱92,174,169	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱390,517	₱24,246	₱187,952,489
Total comprehensive income (loss) for the year	–	–	–	21,036,661	2,766,656	73,324	358,176	–	(3,037)	24,231,780
Share swap transaction (Notes 9 and 25)	–	–	–	894,900	(894,900)	–	–	940,173	–	940,173
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	289,107	(289,107)	–	–	–	–	–	–
Sale of FVOCI equity securities	–	–	–	6,969	(6,969)	–	–	–	–	–
Balance at December 31, 2024	₱61,030,594	₱32,106,560	₱4,967,037	₱113,823,592	₱142,134	(₱2,655,218)	₱2,357,844	₱1,330,690	₱21,209	₱213,124,442
Balance at January 1, 2023	₱61,030,594	₱32,106,560	₱4,929,242	₱73,919,909	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱390,517	₱136,096	₱166,645,145
Total comprehensive income (loss) for the year	–	–	–	18,002,948	4,236,622	(505,597)	(314,779)	–	(111,850)	21,307,344
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(251,312)	251,312	–	–	–	–	–	–
Balance at December 31, 2023	₱61,030,594	₱32,106,560	₱4,677,930	₱92,174,169	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱390,517	₱24,246	₱187,952,489
Balance at January 1, 2022	₱61,030,594	₱32,106,560	₱5,147,440	₱62,169,393	(₱703,737)	(₱2,725,067)	₱1,503,396	₱390,517	(₱626,394)	₱158,292,702
Total comprehensive income (loss) for the year	–	–	–	11,532,318	(5,255,538)	502,122	811,051	–	762,490	8,352,443
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(218,198)	218,198	–	–	–	–	–	–
Balance at December 31, 2022	₱61,030,594	₱32,106,560	₱4,929,242	₱73,919,909	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱390,517	₱136,096	₱166,645,145

See accompanying Notes to Financial Statements.

Please refer to Notes to Financial Statements presented in a separate document and can be downloaded on our official website www.pnb.com.ph.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱26,277,697**	₱21,973,195	₱16,515,216	**₱25,932,834**	₱21,850,916	₱16,216,343
Adjustments for:						
Provision for impairment, credit and other losses (Note 16)	**3,868,111**	5,923,054	7,198,117	**3,782,256**	5,700,264	7,305,653
Net gains on sale or exchange of assets (Note 26)	**(1,995,042)**	(4,541,567)	(7,775,154)	**(1,991,310)**	(4,621,894)	(7,770,001)
Depreciation and amortization (Note 11)	**3,659,014**	3,976,069	4,225,746	**3,548,348**	3,720,234	3,909,420
Amortization of discount on investment securities	**(4,084,207)**	(2,888,201)	(935,770)	**(4,078,854)**	(2,891,341)	(936,131)
Impairment in value of goodwill (Note 14)	**–**	1,036,567	–	**–**	1,036,567	–
Unrealized foreign exchange losses (gains) on bonds, bills and acceptances payable	**1,520,650**	(209,842)	6,502,018	**1,520,650**	(209,842)	6,491,373
Net losses (gains) on financial assets at FVTPL (Note 9)	**(647,529)**	(399,339)	211,235	**(646,118)**	(400,113)	208,211
Equity in net losses (earnings) of subsidiaries and an associate (Note 12)	**(419,505)**	(268,093)	56,060	**(831,256)**	(560,393)	(747,341)
Amortization of transaction costs on borrowings (Notes 17 and 21)	**55,568**	90,011	105,480	**55,568**	90,011	105,480
Net losses (gains) on financial assets at FVOCI and investment securities at amortized cost (Note 9)	**(51)**	5,236	1,069,548	**–**	5,358	1,069,548
Accretion to interest income of loss on loan modifications	**–**	–	(369,152)	**–**	–	(369,152)
Changes in operating assets and liabilities:						
Decrease (increase) in amounts of:						
Interbank loan receivable (Note 8)	**1,753,121**	1,828,975	(4,854,939)	**1,767,496**	2,407,631	(4,656,651)
Financial assets at FVTPL	**(6,756,591)**	(2,770,324)	3,609,221	**(6,760,765)**	(2,767,461)	3,606,381
Loans and receivables	**(25,952,926)**	(32,170,920)	4,448,687	**(25,991,600)**	(32,262,933)	4,995,515
Other assets	**(3,692,159)**	(2,608,270)	(243,158)	**(4,350,333)**	(2,505,688)	(1,340,408)
Increase (decrease) in amounts of:						
Financial liabilities at FVTPL	**368,241**	(483,965)	148,245	**365,882**	(483,965)	148,430
Deposit liabilities	**51,906,002**	56,719,665	(23,726,210)	**52,667,865**	56,128,172	(32,924,438)
Accrued taxes, interest and other expenses	**(1,484,782)**	1,435,027	1,518,737	**(1,323,623)**	1,623,234	1,139,793
Other liabilities	**3,424,027**	(1,584,110)	616,446	**3,572,811**	(1,053,706)	1,084,236
Net cash generated from (used in) operations	**47,799,639**	45,063,168	8,320,373	**47,239,851**	44,805,051	(2,463,739)
Income taxes paid	**(4,143,625)**	(3,919,287)	(2,050,109)	**(3,989,317)**	(3,826,112)	(1,802,246)
Net cash provided by (used in) operating activities	**43,656,014**	41,143,881	6,270,264	**43,250,534**	40,978,939	(4,265,985)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from:						
Disposal/maturities of financial assets at FVOCI	**766,333,935**	562,251,372	643,902,197	**765,428,317**	561,071,652	643,888,779
Maturities/early redemptions of investment securities at amortized cost	**33,710,884**	64,078,361	141,160,199	**33,622,909**	61,007,188	141,171,532
Disposal of investment properties	**1,902,551**	5,113,184	6,844,641	**1,896,842**	4,874,843	6,842,374
Disposal of property and equipment	**166,638**	1,295,493	108,253	**147,322**	1,022,920	32,546
Cash dividends from a subsidiary (Note 12)	**–**	–	–	**–**	448,900	1,092,000
Return of investment (Note 12)	**122,500**	–	–	**122,500**	–	7,500,000
Acquisitions of:						
Financial assets at FVOCI	**(804,940,569)**	(562,081,002)	(638,254,305)	**(804,003,310)**	(561,446,524)	(637,154,487)
Investment securities at amortized cost	**(23,674,291)**	(76,625,183)	(162,392,791)	**(23,674,291)**	(73,223,330)	(162,392,791)
Software cost (Note 14)	**(946,940)**	(598,969)	(881,572)	**(943,546)**	(597,165)	(848,426)
Property and equipment (Note 11)	**(445,446)**	(419,859)	(547,083)	**(435,986)**	(407,645)	(535,981)
Additional investments in an associate (Note 12)	**–**	–	(392,000)	**–**	–	(392,000)
Net cash used in investing activities	**(27,770,738)**	(6,986,603)	(10,452,461)	**(27,839,243)**	(7,249,161)	(796,454)
CASH FLOWS FROM FINANCING ACTIVITIES						
Settlement of bills and acceptances payable	**(₱209,254,316)**	(₱136,027,137)	(₱277,002,294)	**(₱209,254,316)**	(₱134,014,712)	(₱274,908,050)
Proceeds from issuances of bills and acceptances payable	**209,632,516**	140,964,503	237,506,670	**209,632,516**	140,044,415	236,171,512
Payment of principal portion of lease liabilities (Note 29)	**(1,127,583)**	(1,314,516)	(1,113,225)	**(1,052,523)**	(1,232,928)	(1,068,038)
Settlement of LTNCD (Note 17)	**(8,220,000)**	–	–	**(8,220,000)**	–	–
Proceeds from issuance of bonds payable (Note 21)	**17,303,959**	–	–	**17,303,959**	–	–
Settlement of bonds payable (Note 21)	**(43,383,750)**	(16,560,000)	–	**(43,383,750)**	(16,560,000)	–
Net cash used in financing activities	**(35,049,174)**	(12,937,150)	(40,608,849)	**(34,974,114)**	(11,763,225)	(39,804,576)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(19,163,898)**	21,220,128	(44,791,046)	**(19,562,823)**	21,966,553	(44,867,015)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**21,151,391**	22,217,915	27,552,773	**21,052,526**	22,103,095	27,454,459
Due from Bangko Sentral ng Pilipinas	**95,410,350**	94,701,360	161,001,912	**95,410,350**	94,701,360	161,001,912
Due from other banks	**21,243,856**	26,010,183	27,222,083	**13,626,624**	17,599,374	19,324,000
Interbank loans receivable (Note 8)	**30,955,766**	9,782,452	30,453,378	**29,934,920**	8,824,713	29,042,376
Securities held under agreements to resell	**69,694,538**	64,523,863	15,796,673	**69,694,538**	64,523,863	15,796,673
	238,455,901	217,235,773	262,026,819	**229,718,958**	207,752,405	252,619,420
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**20,638,033**	21,151,391	22,217,915	**20,522,258**	21,052,526	22,103,095
Due from Bangko Sentral ng Pilipinas	**55,128,316**	95,410,350	94,701,360	**55,128,316**	95,410,350	94,701,360
Due from other banks	**20,183,894**	21,243,856	26,010,183	**11,478,178**	13,626,624	17,599,374
Interbank loans receivable (Note 8)	**19,861,641**	30,955,766	9,782,452	**19,547,264**	29,934,920	8,824,713
Securities held under agreements to resell	**103,480,119**	69,694,538	64,523,863	**103,480,119**	69,694,538	64,523,863
	₱219,292,003	₱238,455,901	₱217,235,773	**₱210,156,135**	₱229,718,958	₱207,752,405
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS						
Interest paid	**₱18,168,830**	₱13,298,198	₱7,312,461	**₱18,120,709**	₱13,269,068	₱7,256,130
Interest received	**62,770,452**	55,438,281	43,082,036	**61,559,767**	54,445,224	42,297,774
Dividends received	**–**	–	–	**–**	448,900	1,092,000

(Forward)

See accompanying Notes to Financial Statements.

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PRODUCTS AND SERVICES

A. DEPOSITS AND RELATED SERVICES

The Bank offers a wide range of deposit products and services that make banking easy, convenient, and worry-free.

Peso Accounts
- Current Accounts
- Savings Accounts
- Time Deposit Accounts

US Dollar Accounts
- Current Accounts
- Savings Accounts
- Time Deposit Accounts

Other Foreign Currency Accounts (Savings)
- Chinese Yuan (Renminbi)
- Euro
- Japanese Yen
- Canadian Dollar
- Singaporean Dollar
- Hong Kong Dollar
- Great Britain Pound
- Swiss Franc
- Australian Dollar

Other Foreign Currency Accounts (Time)
- Chinese Yuan (Renminbi)
- Euro
- Japanese Yen

Cash Management Solutions
PNB offers comprehensive Cash Management Solutions designed to help businesses manage their cash flows more effectively. The solutions offer a range of electronic and non-electronic services that improve the management of both receivables and payables. The online services are supported by an access to PNB's corporate internet banking platform called PNB CashNet Plus.

PNB CashNet Plus offers the following features:

Account Management Services:
- Transaction History
- Account Portfolio
- Customized Statement of Account Viewing
- Fund Transfer to Own
- Stop Payment Order
- Checkbook Re-order

Liquidity Management Services:
- Account Sweeping
- Reverse Sweeping

Collection Services:
- Auto Debit Arrangement
- Electronic and Invoice Presentment and Payment
- B2B Payment Gateway

Disbursement Services:
- Intrabank Fund Transfers
- Interbank Fund Transfers
- Payroll Services
- Bills Payment Services
- Corporate Check Writing Services
- Government payments

Apart from the electronic solutions, PNB also offers non-electronic cash management services to support collection requirements for clients whose main mode of collections is in cash or checks.

Collection Services:
- Deposit Pick Up Arrangements – Cash and Check collections
- Corporate Cash Accept Machine
- Post Dated Check Warehousing
- eCollect - bills payment collection via PNB channels and InstaPay Bills Pay PH

Innovative Solutions:
Through partnerships with our institutional clients, PNB is able to offer integrated corporate service packages and innovative financial solutions to help address the customers' changing needs.

Collection Services:
- Corporate Remote Collection Services
- Point of Sale terminals for retail cashless payments (debit, credit, and InstaPay QRPh)
- Payment Gateway

Safety Deposit Boxes
Valued bank clients may rent a Safety Deposit Box where valuables, legal documents, and other prized possessions may be kept. It is located in a secured vault within Bank premises.

PNB Digital
The bank provides customers with a fast, convenient, and secure way to access their accounts and do banking transactions anytime and anywhere they may be. Customers with a mobile phone or tablet can easily sign up to the app without visiting the branch, using their deposit account or credit card information.

With PNB Digital, customers can enjoy an enhanced digital banking experience with the following services:

Account Management
- Monitor the balances and view transactions of deposit and e-money accounts
- View active time deposit accounts
- Request money by sharing a QR code or registered mobile number and email address to sender

Transfers and Payments
- Send money between PNB accounts, and to other local banks and eWallets using InstaPay or PESONet
- Pay bills using a deposit account or credit card
- Transfer funds and make payments in-store and to online merchants via QR code
- Schedule one-time or recurring fund transfer and bills payment transactions

Credit Card Services
- Access PNB Credit Card services such as viewing of card balance, statement and recent transactions, rewards points, and card PIN
- View and download PNB Credit Card monthly electronic statements for the last 12 months

UITF Services
- Enroll, subscribe, monitor, and redeem UITF investments

Other Services
- Make cardless cash withdrawal at any PNB ATM
- Order a checkbook for enrolled checking accounts
- Access the PNB Private Wealth Portal

PNB Digital includes security and authentication features when customers access their accounts and perform banking transactions.

B. CARDS SERVICES

Credit Cards
PNB offers an extensive array of credit card products that let customers experience cashless payments and convenience when dining, shopping, and travelling. Each card caters to the varying needs of the market – rewards, travel miles, rebates, low fees, and even virtual cards. Apart from retail credit cards, PNB also offers cards for corporate clients.

- PNB Mastercard (Essentials, Platinum, Ze-Lo, Cart)
- PNB-PAL Mabuhay Miles Mastercard (NOW, Platinum, World, World Elite)
- PNB Visa (Classic, Gold)
- PNB Diamond UnionPay
- PNB-The Travel Club Mastercard (Platinum)
- PNB-Alturas Visa
- PNB-AAXS Mastercard (Platinum)
- PNB-ICAAA Mastercard (Platinum)
- PNB-LSGHAA Mastercard (Platinum)
- PNB Corporate Multi Mastercard

Debit Cards
PNB offers Debit Cards that are more rewarding as it earns points that can be redeemed for Mabuhay Miles. It can be used for cashless payments, online transactions, and cash withdrawals here and abroad.

- PNB-PAL Mabuhay Miles Debit Mastercard (Regular)
- PNB-PAL Mabuhay Miles Priority Debit Mastercard

Prepaid Cards
PNB Prepaid Cards can be used wherever Mastercard is accepted. It comes with EMV Chip and contactless technology for secure payment transactions. Top-up and withdrawals can be easily made with these cards through PNB branch, PNB Digital App, PNB Cash Accept Machines and ATM.

- PNB Prepaid Mastercard
- PNB-PAL Mabuhay Miles Prepaid Mastercard

C. BANCASSURANCE

PNB Bancassurance provides solid financial services to help ensure and protect the future of clients.

Non-Life Insurance

Alliedbankers Insurance Corporation, the non-life insurance company of the Lucio Tan Group, offers a comprehensive range of products, including Fire Insurance, Motor Car Insurance, Personal Accident Insurance, Liability Insurance, Engineering Insurance, Marine Insurance, Aviation Insurance, and Surety.

Life Insurance

There is a wide range of Variable Life products, complemented by a full line of Life protection and Health insurance, offered by Allianz PNB Life for individuals and institutions.

D. REMITTANCE PRODUCTS AND SERVICES

The Bank offers a wide range of remittance solutions and other services for Global Filipinos and their beneficiaries in the Philippines.

Offshore clients can conveniently send money and pay bills through the Bank's various product offerings, such as:

- Credit to PNB Account
- Credit to Other Philippine Banks
- Cash Pick-up via Advise and Pay Anywhere
- Door-to-Door Delivery Remittance
- Overseas Bills Payment (OBP)
- Global Filipino Card (GFC)
- Payroll Services for Seafarers

The Bank also provides multiple remittance channels to ensure greater accessibility and ease:

- Over-the-Counter (OTC) services at PNB Overseas Branches and Offices
- Mail-in Remittance (available in the US and Japan)
- Web Remit (accessible in the US and Europe)
- Phone Remit (available in the US and Europe)
- Mobile App (available in Singapore)
- Partner Remittance Agents and Tie-Ups

E. TREASURY PRODUCTS AND SERVICES

The Bank trades debt and money market instruments, foreign exchange spot and swap transactions. The Bank is also licensed to deal in different types of derivative products such as, but not limited to, foreign currency forwards, interest rate swaps and cross currency swaps.

F. TRADE FINANCE SERVICES

The Bank offers various trade services for exporters and importers to facilitate settlement of international as well as domestic trade transactions. Services such as Letters of Credit (LC), Standby LC, Bank Guaranty, Shipping Guaranty, Documentary Collections, Direct Remittance, Open Account Arrangements, Advance Payment, Export Bills Purchase and Collection, Trust Receipt Financing, and Collection/ Remittance of Customs Duties are available.

G. LENDING SERVICES

The Bank offers a wide array of financial solutions that cater to the needs of corporate and commercial clients. These include large corporations and conglomerates, as well as small and medium enterprises located in Metro Manila and the provincial areas. Among others, products and services offered range from short- and long-term loans, project finance, and trade facilities.

H. CONSUMER LENDING SERVICES

The Bank also extends consumer loans such as:

Auto Loans

A secured loan facility for the acquisition of motor vehicle.

- Auto Loan (Personal / Business)
- Fleet Financing refers to a non-revolving line granted to single proprietorship, partnership, corporation or cooperative for the acquisition of multiple motor vehicle units to be used on the operation of business.

Real Estate Loans

A secured loan facility for the purpose of acquisition of lot, residential units, construction, renovation, expansion of house, and refinancing of existing mortgage.

- Housing Loan (Personal/ Commercial) for domestic and overseas clients
- Flexi Loan Program refers to loans granted to individuals for personal use secured by residential real estate properties and/or holdout on deposits/ pledge of government securities (GS) to finance the assets and other personal-related and household expenditures of a borrower.
- Contract-to-Sell is a Financing Facility for Real Estate Developers (CTS Program) that provides liquidity to real estate developers through purchase of receivables from individual home buyers covered with Contract-to-Sell on residential housing projects.

Personal Loans

A multi-purpose unsecured loan facility that can be used to fund personal expenses such as medical expenses, education/tuition fees, house renovations, purchase of appliances and furniture, travel and more.

I. TRUST PRODUCTS AND SERVICES

Unit Investment Trust Funds (UITF)

PNB offers a wide range of investment funds, which include money market, fixed income, multi-asset, local equity and global feeder funds. These funds are suited to meet every customer's financial standing, investment goal, risk appetite, and investment horizon.

1. Money Market Funds:
   - PNB Prime Peso Money Market Fund
   - PNB Prestige Peso Money Market Fund
   - PNB Institutional Money Market Fund
   - PNB Prime Dollar Money Market Fund

2. Fixed Income Funds:
   - PNB Profit Peso Bond Fund
   - PNB PERA Bond Fund
   - PNB Profit Dollar Bond Fund

3. Multi-Asset Fund:
   - PNB Multi-Asset Fund

4. Local Equity Funds:
   - PNB Phil-Index Tracker Fund
   - PNB High Dividend Fund
   - PNB Equity Fund

5. Global Equity Feeder Funds
   - PNB Global Growth Equity Feeder Fund
   - PNB US Equity Sustainability Leaders Feeder Fund

6. PNB UITF Online – accessible through the PNB Digital app, this fully-automated channel provides clients with a more seamless, convenient, and secure banking experience, eliminating the need to go to a physical branch to open a UITF account, fill-out forms, and redeem UITF investments.

Personal Trust Products and Services

- **Personal Management Trust (PMT)**
  It enables you to set aside funds or assets for the future of your children or other designated beneficiaries. This arrangement can also be used as an estate planning tool to ensure the proper distribution of the trust estate to your beneficiaries.

- **Investment Management Account (IMA)**
  It allows you to enjoy and gain access to PNB's professional fund management services. Our experienced fund managers will design a customized portfolio and strategy for you to help you achieve your financial goals and objectives.

Corporate Trust Products and Services

- **Corporate Fund Management**
  A trust or agency account created to gain access to PNB's professional fund management expertise and services in managing the investible funds of the client in accordance with terms and conditions in the trust or agency agreement.

- **Employee Enrichment Solutions (Employee Benefit Trust)**
  The PNB Employee Enrichment Solutions (EES) employs a holistic approach in employee benefit management. It is strategically designed where benefits to be provided are aligned with the requirements and objectives of the company and are truly needed by the employee.

Other Fiduciary Trust Products and Services

- **Escrow**
  It is an arrangement where PNB acts as an unbiased third party to a transaction between two parties involving the exchange of money, securities, instruments, or properties in order to ensure the faithful compliance by the parties with the terms of the contract. The eventual release of the Escrow Deposit shall be upon the fulfillment of the specified condition(s) in the agreement.

  PNB handles the following types of escrow:

  1. Escrow DMW (formerly POEA)
  2. Escrow BIR
  3. Escrow Buy and Sell
  4. Escrow DHSUD (formerly HLURB)
  5. Other Escrow (customized Escrow)

- **Corporate Fiduciary Services**
  Corporate Fiduciary Services are trust services availed by corporations to complement their capital or fund-raising activities through debt and equity issuances. It covers the following products and services:

  1. Facility/Loan Agency
  2. Trust Under Indenture
  3. Transfer Agency

For a complete description of the Bank's Products and Services, please visit our website at www.pnb.com.ph.

MANAGEMENT DIRECTORY

As of February 2025

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President
Florido P. Casuela

Senior Vice President
Modette Ines V. Carino
Constantino T. Yap

Assistant Vice President
Lita Victoria C. Fernandez
Gemma S. Lim

CONSUMER FINANCE SECTOR

First Senior Vice President
Celeste Marie V. Lim

Business Development & Management Group

Vice President
Sheila O. Caeg-Bilog

Senior Assistant Vice President
Erica Charisse E. Buhay
Johann S. Gan

Consumer Finance Business Intelligence & Policy Division

Vice President
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Senior Assistant Vice President
Cecilia C. Magbanua

Consumer Finance & Payments Services Group

Vice President
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Consumer Finance Credit Services Division

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Senior Assistant Vice President
Lennie B. Hong

Assistant Vice President
Ariel Macario S. Nagrampa

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Ruth Pamela E. Tanghal

Vice President
Michelle A. Pahati-Manuel

Assistant Vice President
Michael D. Uy

CREDIT MANAGEMENT GROUP

First Senior Vice President
Nanette O. Vergara
(until April 8, 2025)

First Vice President
Neil B. Campos
Mario Luis P. Cruel
Joy H. Lalicon
Arlene S. Viernes

Vice President
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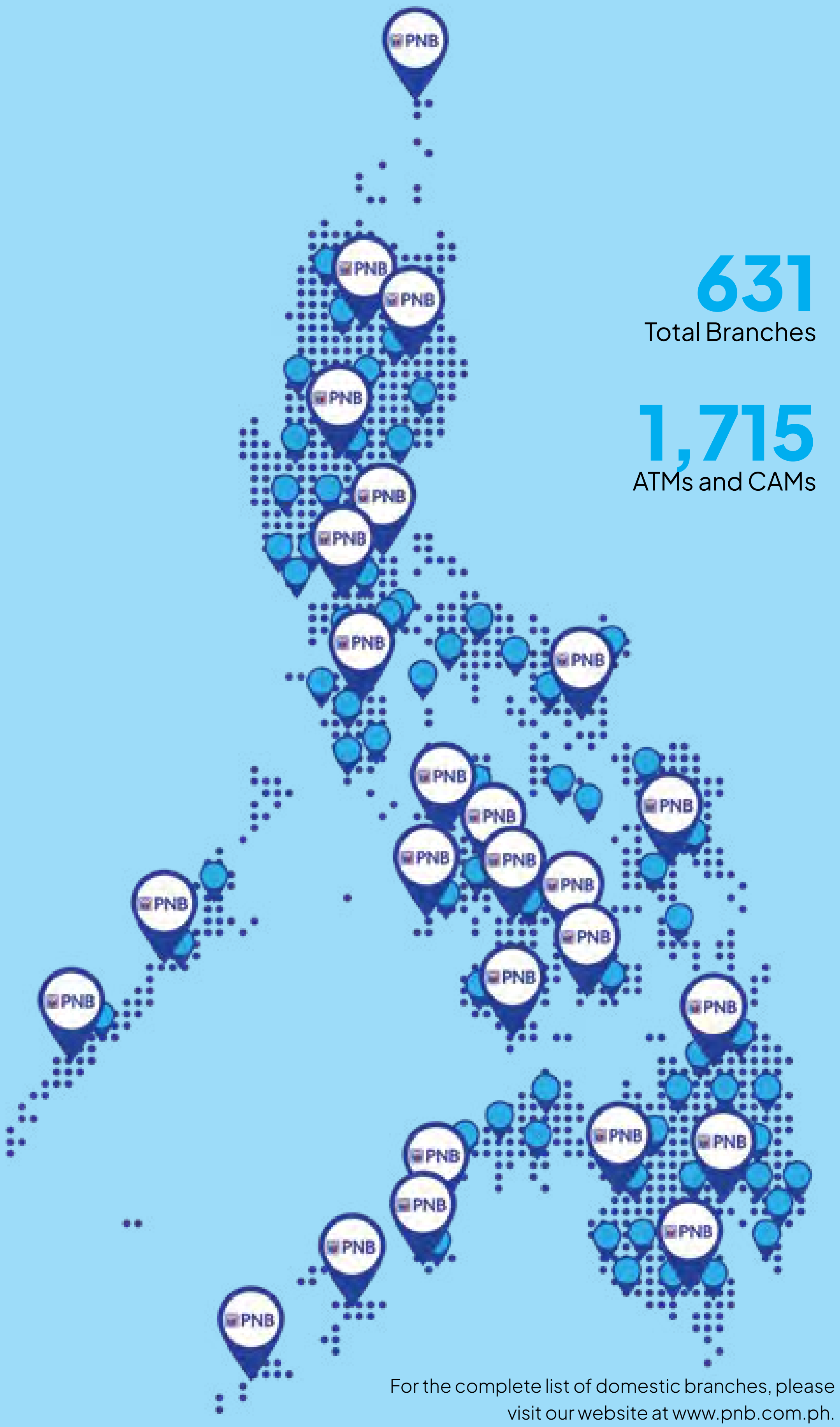

631
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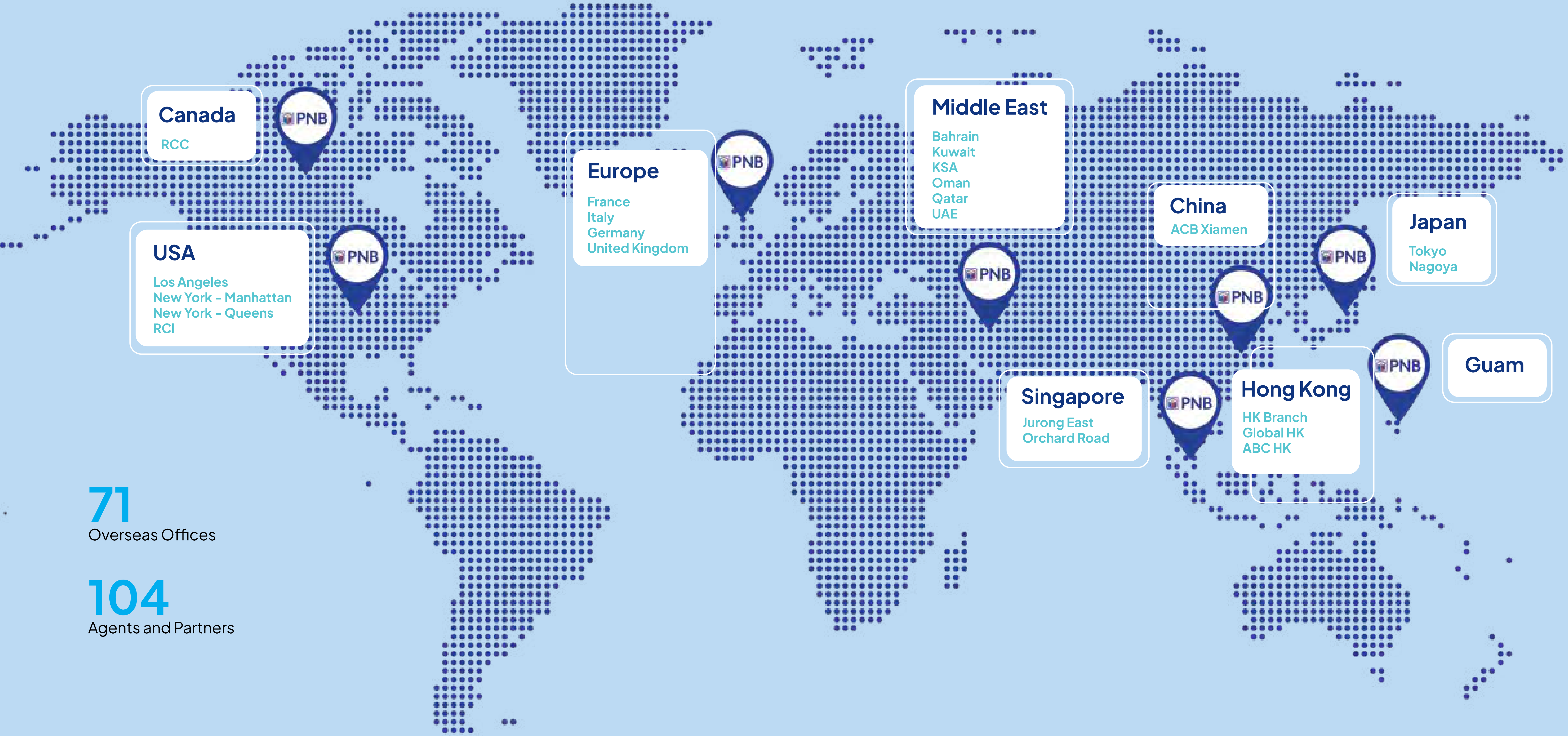

71
Overseas Offices

104
Agents and Partners

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customercare@allianzpnblife.ph

Lucio C. Tan
Chairman

Joseph Kumar Gross
President & CEO

1/ Shortened corporate life until March 31, 2024
2/ Shortened corporate life until December 31, 2024
3/ Shortened corporate life until December 31, 2022

GLOBAL REPORTING INITIATIVE (GRI) Content Index

Statement of use	Philippine National Bank has reported in accordance with the GRI Standards for the period, January 1-December 31, 2024
GRI 1 used	GRI 1: Foundation 2021
Application GRI Sector	None

GRI Standard	Disclosure		Reason for Omission		Reason	Explanation
			Location (Page No.)	Requirement(s) omitted		
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	2-1	Organizational details	4, 6			
	2-2	Entities included in the organization's sustainability reporting	96			
	2-3	Reporting period, frequency and contact point	96, 254 PNB reports on its sustainability activities and initiatives annually			
	2-4	Restatements of information	All fuel, power, water, and waste consumption data have been thoroughly reviewed and recalculated according to the latest methodologies from the Department of Energy (DOE) and the United Nations Framework Convention on Climate Change (UNFCCC). This ensures that the Bank's figures are accurate and reflect the most current standards for environmental reporting.			
	2-5	External assurance	No external assurance	2-5	Not applicable	No requirement for external assurance
	2-6	Activities, value chain and other business relationships	6, 86, 100-101			
	2-7	Employees	149			
	2-8	Workers who are not employees	149			
	2-9	Governance structure and composition	177			
	2-10	Nomination and selection of the highest governance body	64			

GLOBAL REPORTING INITIATIVE (GRI) Content Index

GRI Standard	Disclosure		Reason for Omission		Reason	Explanation
			Location (Page No.)	Requirement(s) omitted		
	2-11	Chair of the highest governance body	8, 56			
	2-12	Role of the highest governance body in overseeing the management of impacts	177			
	2-13	Delegation of responsibility for managing impacts	177			
	2-14	Role of the highest governance body in sustainability reporting	177			
	2-15	Conflicts of interest	30, 72			
	2-16	Communication of critical concerns	Critical concerns are communicated to the Board through regular and special meetings, which are conducted in accordance with the Bank's By-Laws and Manual on Corporate Governance. On communicating critical concerns to the Board on sustainability-related matters that concern the Bank, please see pages 176–179			
	2-17	Collective knowledge of the highest governance body	66–67			
	2-18	Evaluation of the performance of the highest governance body	66			
	2-19	Remuneration policies	88			
	2-20	Process to determine remuneration	88			
	2-21	Annual total compensation ratio		2-21-a to 2-21-c	Confidentiality Constraints	Topic on salaries is deemed sensitive and confidential for the Bank. Employees' salary and benefits package are based on their assigned role, competency level, work performance, previous work experience, certifications, and employment tenure, among others.
	2-22	Statement on sustainable development strategy	8, 10, 24, 56			
	2-23	Policy commitments	102			
	2-24	Embedding policy commitments	102, 177			
	2-25	Processes to remediate negative impacts	175			
	2-26	Mechanisms for seeking advice and raising concerns	84, 108, 175			
	2-27	Compliance with laws and regulations	79			
	2-28	Membership associations	180–181			
	2-29	Approach to stakeholder engagement	108			
	2-30	Collective bargaining agreements	160			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	106			
	3-2	List of material topics	106			
ECONOMIC AND GOVERNANCE						
GRI 3: Material Topics 2021	3-3	Management of material topics	109			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	109			
	201-2	Financial implications and other risks and opportunities due to climate change	The Bank is still working on integrating climate and E&S criteria in its credit and operational risk management systems			
	201-3	Defined benefit plan obligations and other retirement plans	65, 88			
GRI 3: Material Topics 2021	3-3	Management of material topics	109			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	109			
GRI 3: Material Topics 2021	3-3	Management of material topics	175			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	175			
	205-2	Communication and training about anti-corruption policies and procedures	175			
	205-3	Confirmed incidents of corruption and actions taken	175			

GLOBAL REPORTING INITIATIVE (GRI) Content Index

GRI Standard	Disclosure		Reason for Omission		Reason	Explanation
			Location (Page No.)	Requirement(s) omitted		
ENVIRONMENT						
GRI 3: Material Topics 2021	3–3	Management of material topics	137			
GRI 302: Energy 206	302–1	Energy consumption inside the organization	137, 143			
	302–2	Energy consumption outside the organization		302–2	Information unavailable/ incomplete	Data not available during the reporting period.
	302–3	Energy Intensity	143			
	302–4	Reduction in energy requirements of products and services	137			
	302–5	Energy consumption outside the organization		302–5	Not Applicable	We do not offer such product and services
GRI 3: Material Topics 2021	3–3	Management of material topics	138			
GRI 303: Water and Effluents 2018	303–1	Interactions with water as a shared resource	138			
	303–2	Management of water discharge related impacts	138			
	303–3	Water withdrawal	143			
	303–4	Water discharge	143			
	303–5	Water consumption	143			
GRI 3: Material Topics 2021	3–3	Management of material topics	138			
GRI 305: Emissions 2016	305–1	Direct (Scope 1) GHG emissions	144			
	305–2	Energy indirect (Scope 2) GHG	144			
	305–3	Other indirect (Scope 3) GHG emission		305–3	Information unavailable	The Bank has yet to disclose its Indirect Scope 3 GHG emissions, including those from financed activities and the supply chain, as part of its quantification process that began in December 2024. This initiative is expected to be completed by the second quarter of 2025.
	305–4	GHG emissions intensity	144			
	305–5	Reduction of GHG emission	138			
	305–6	Emissions of ozone depleting substances (ODS)		305–6	Information unavailable	The Bank is not engaged in activities dealing with ozone depleting substances.

GRI Standard	Disclosure		Reason for Omission		Reason	Explanation
			Location (Page No.)	Requirement(s) omitted		
GRI 3: Material Topics 2021	3–3	Management of material topics	139			
GRI 3: Waste 2020	306–1	Management of Material topics	139			
	306–2	Management of significant waste-related impact	139			
	306–3	Waste generated	145			
	306–4	Waste diverted from disposal	145			
	306–5	Waste diverted to disposal	145			
CUSTOMER AND COMMUNITIES						
GRI 3: Material Topics 2021	3–3	Management of material topics	166			
GRI 413: Local Communities 2016	413–1	Operations with local community, engagement, impact assessments and development programs	166 1 week at least			
	413–2	Operations with significant actual and potential negative impacts on local communities	No operations with significant actual and negative impacts on the communities			
GRI 3: Material Topics 2021	3–3	Management of material topics	128			
GRI 417: Marketing and Labelling 2016	417–1	Requirements for product and service information and labelling	128			
	417–2	Incident of non-compliance concerning product and service information and labelling	128			
	417–3	Incident of non-compliance concerning marketing	128			
GRI 3: Material Topics 2021	3–3	Management of material topics	125			
GRI 418: Customer Privacy	418–1	Substantiated complaints concerning breaches of customer data privacy and losses of customer data	125, 126			
DIGITAL BANKING AND INNOVATION						
GRI 3: Material Topics 2021	3–3	Management of material topics	122			
CUSTOMER ENGAGEMENT AND SATISFACTION						
GRI 3: Material Topics 2021	3–3	Management of material topics	125			

GLOBAL REPORTING INITIATIVE (GRI) Content Index

GRI Standard	Disclosure		Reason for Omission		Reason	Explanation
			Location (Page No.)	Requirement(s) omitted		
EMPLOYEES						
GRI 3: Material Topics 2021	3-3	Management of material topics	149			
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		202-1	Confidentiality constraint	Topic on salaries is deemed sensitive and confidential for the Bank. Employee's salary and benefits package are based on their assigned role, competency level, work performance, previous work experience, certifications, and employment tenure, among others
	202-2	Proportion of senior management hired from the local community		202-2	Information unavailable/ incomplete	Members of the Bank's senior management are hired based on their competency level, previous work experience, and certifications, among others
GRI 3: Material Topics 2021	3-3	Management of material topics	147			
GRI 401: Employment 2016	401-1	New employee hired and employee turnover	153			
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	148			
	401-3	Parental Leave	148			
GRI 3: Material Topics 2021	3-3	Management of material topics	160			
GRI 402: Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	160			
GRI 3: Material Topics 2021	3-3	Management of material topics	159			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	159			
	403-2	Hazard identification, risk assessment, and incident investigation	159			
	403-3	Occupational health services	159			
	403-4	Worker participation, consultation, and communication occupational health and safety	159			
	403-5	Worker training on occupational health and safety	159			
	403-6	Promotion of work health	159			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationship	159			
	403-8	Workers covered by occupational health safety management system	159			
	403-9	Work-related injuries	159			
	403-10	Work-related ill health	159			
GRI 3: Material Topics 2021	3-3	Management of material topics	156			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	158			
	404-2	Programs for upgrading employees skills and transition assistance	156			
	404-3	Percentage of employees receiving regular performance and career development reviews	100% employees receive regular performance and career development reviews			
GRI 3: Material Topics 2021	3-3	Management of material topics	63, 149			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	63, 149			
	405-2	Ratio of basic salary of renumeration of women to men		405-2	Confidentiality and restraints	Topic on salaries is deemed sensitive and confidential for the Bank. Employees' salary and benefits packaged are based on their assigned role, competency level, work experience, certifications, and employment tenure, among others.
GRI 3: Material Topics 2021	3-3	Management of material topics	161			
GRI 406: Non-discrimination 2016	406-1	Incident of discrimination and corrective actions taken	161-162			
GRI 3: Material Topics 2021	3-3	Management of material topics	163			
GRI 410: Security and Practices	410-1	Security personnel trained on human rights policies and procedures	163			

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) CONTENT INDEX

This content index provides an overview of PNB's Environmental, Social, and Governance data that align with industry-specific ESG guidance frame of SASB Standards for the Financials Sector - Commercial Banks 2018. Other SASB codes are omitted due to lack of applicability, confidentiality, and unavailability of data.

Topic	Metric	Category	Units of Measure	Code	Page No.
Table 1. Sustainability Disclosure Topics & Metrics					
Data Security	Description of approach to identifying and addressing data security risk	Discussion and Analysis	n/a	FN-CB-230a.2	125
Financial Inclusion & Capacity Building	Number of participants in financial literacy initiatives for unbanked, underbanked, or undeserved customers	Quantitative	Number	FN-CB-240a.4	130
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Discussion and Analysis	n/a	FN-CB-410a.2	117
Business Ethics	Description of whistleblower policies and procedure	Discussion and Analysis	n/a	FN-CB-510a.2	84, 163, 175
Activity Metric		**Category**	**Units of Measure**	**Code**	
Table21. Activity Metrics					
(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business		Quantitative	Number, Presentation currency	FN-CB-000.A	120
(1) Number and (2) value of loans by segment: (a) personal and (b) small business[6]		Quantitative	Number, Presentation currency	FN-CB-000.B	120

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD), IFRS S1 AND S2 CONTENT INDEX

Core Elements	Recommendations	Supporting Recommended Disclosures	Location/ Response
Governance	Disclose the organization's governance around climate related risks and opportunities.	a) Describe the board's oversight of climate-related risk and opportunities	134, 175
		b) Describe management's role in assessing and managing climate-related risk and opportunities	
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.	a) Describe the climate-related risk and opportunities the organization has identified over the short, medium, and long term.	135
		b) Describe the impact of climate-related risk and opportunities on the organization's business, strategy, and financial planning.	
		c) Describe the resilience of the organization's business, strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management	Disclose how the organization identifies, assesses, and manage climate-related risk.	a) Describe the organization's processes for identifying and assessing climate-related risk.	135–136
		b) Describe the organization's processes for managing climate-related risk.	
		c) Describe how processes for identifying, assessing, and managing climate-related risk are integrated into the organization's overall risk management.	
Metrics and Targets	Disclose the metric and targets used to assess and manage relevant climate-related risk and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risk and opportunities in line with its strategy and risk management process.	137
		b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risk.	
		b) Disclose the targets used by the organization to manage climate-related risk and opportunities performance against targets.	

CONTACT INFORMATION

GRI 2-3

Your opinion, feedback, and recommendations are much appreciated.
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To view or download the digital copy of the full PNB 2024 Annual Report, Audited Financial Statements and Management's Discussion and Analysis, you may visit:

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Philippine National Bank

EVERY STEP TOGETHER

2024 Audited Financial Statements and Management’s Discussion and Analysis

CONTENTS

STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Philippine National Bank (the Bank) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2024, 2023 and 202, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Bank’s financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

EDGAR A. CUA
Chairman of the Board

FLORIDO P. CASUELA
President and Chief Executive Officer

FRANCIS B. ALBALATE
Executive Vice President and Chief Financial Officer

MAR 0 5 2025 Pasay City

SUBSCRIBED AND SWORN to before me this day of 2025 affiants exhibiting to me their Passport / SSS Identification Nos.

Doc. No. 427
Page No. 97
Book No. IV
Series of 2025

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The Stockholders and the Board of Directors
Philippine National Bank

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Philippine National Bank and its Subsidiaries (the Group) and the parent company financial statements of Philippine National Bank (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2024 and 2023, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2024 and 2023, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Adequacy of Allowance for Credit Losses on Loans and Receivables

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

Allowance for credit losses on loans and receivables as of December 31, 2024 amounted to ₱42.2 billion for the Group and the Parent Company. Provision for credit losses in 2024 amounted to ₱3.8 billion and ₱3.7 billion for the Group and the Parent Company, respectively.

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

Audit response

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

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place; (c) tested the Group's and the Parent Company's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's and the Parent Company's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through corroboration of publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.

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

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

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

Impairment Testing of Goodwill
As of December 31, 2024, the goodwill of the Group and the Parent Company amounted to ₱10.2 billion and ₱10.3 billion, respectively, as a result of the acquisition of Allied Banking Corporation in 2013. Under PFRS Accounting Standards, the Group and the Parent Company are required to test the amount of goodwill for impairment annually. Goodwill has been allocated to three cash generating units (CGUs) namely Retail Banking, Corporate Banking, and Treasury. The Group and the Parent Company performed the impairment testing using the value in use calculation. The annual impairment test is significant to our audit because it involves significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically estimates of loan and deposit growth rates, interest margin, discount rates, and long-term growth rate.

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

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

Other Information

The other information consists of the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
Tax Identification No. 216-950-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465263, January 2, 2025, Makati City

February 25, 2025

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(In Thousands)

	Consolidated		**Parent Company**	
	December 31		December 31	
	2024	2023	**2024**	2023
ASSETS				
Cash and Other Cash Items	**₱20,638,033**	₱21,151,391	**₱20,522,258**	₱21,052,526
Due from Bangko Sentral ng Pilipinas (Notes 7 and 17)	**55,128,316**	95,410,350	**55,128,316**	95,410,350
Due from Other Banks (Note 33)	**20,183,894**	21,243,856	**11,478,178**	13,626,624
Interbank Loans Receivable (Notes 8 and 33)	**22,787,194**	35,634,440	**21,282,167**	33,437,319
Securities Held Under Agreements to Resell (Notes 8 and 35)	**103,480,119**	69,694,538	**103,480,119**	69,694,538
Trading and Investment Securities				
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 9)	**17,920,985**	10,516,864	**17,770,142**	10,363,259
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Note 9)	**211,742,783**	164,531,492	**211,270,334**	164,136,971
Investment Securities at Amortized Cost (Note 9)	**112,422,382**	123,200,427	**112,040,395**	122,730,465
Loans and Receivables (Notes 10 and 33)	**636,819,625**	616,710,746	**622,392,170**	602,158,763
Property and Equipment (Note 11)	**10,195,539**	10,754,018	**9,372,895**	9,862,219
Investments in Subsidiaries and an Associate (Note 12)	**3,446,613**	3,199,124	**21,630,204**	20,567,070
Investment Properties (Note 13)	**15,964,267**	14,579,558	**15,544,917**	14,111,607
Deferred Tax Assets (Note 30)	**7,460,676**	6,981,726	**7,478,726**	6,929,669
Intangible Assets (Note 14)	**1,084,955**	1,301,726	**1,007,460**	1,214,890
Goodwill (Note 14)	**10,184,843**	10,184,843	**10,325,201**	10,325,201
Other Assets (Note 15)	**8,150,629**	5,454,301	**7,533,619**	4,752,685
TOTAL ASSETS	**₱1,257,610,853**	₱1,210,549,400	**₱1,248,257,101**	₱1,200,374,156
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 17 and 33)				
Demand	**₱244,369,119**	₱228,405,865	**₱244,265,215**	₱228,144,045
Savings	**575,335,527**	541,009,449	**574,238,560**	540,063,571
Time	**147,368,732**	145,752,061	**144,142,631**	141,770,924
Long Term Negotiable Certificates	**4,598,770**	12,803,543	**4,598,770**	12,803,543
	971,672,148	927,970,918	**967,245,176**	922,782,083
Financial Liabilities at FVTPL (Notes 18, 23 and 35)	**924,053**	555,811	**921,693**	555,811
Bills and Acceptances Payable (Notes 19, 33 and 35)	**20,208,451**	20,162,603	**20,208,451**	20,162,603
Lease Liabilities (Notes 29 and 33)	**3,808,997**	3,832,884	**3,722,719**	3,723,316
Accrued Taxes, Interest and Other Expenses (Note 20)	**8,798,553**	10,465,373	**8,582,094**	10,049,650
Bonds Payable (Note 21)	**17,304,421**	41,490,871	**17,304,421**	41,490,871
Income Tax Payable	**159,233**	180,364	**76,516**	103,470
Other Liabilities (Note 22)	**18,106,056**	14,741,922	**17,071,589**	13,553,863
	1,040,981,912	1,019,400,746	**1,035,132,659**	1,012,421,667
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital Stock (Note 25)	**61,030,594**	61,030,594	**61,030,594**	61,030,594
Capital Paid in Excess of Par Value (Note 25)	**32,116,560**	32,116,560	**32,106,560**	32,106,560
Surplus Reserves (Notes 10, 25 and 32)	**4,967,037**	4,677,930	**4,967,037**	4,677,930
Surplus (Note 25)	**113,663,851**	91,979,317	**113,823,592**	92,174,169
Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	**142,134**	(1,722,653)	**142,134**	(1,722,653)
Remeasurement Losses on Retirement Plan (Note 28)	**(2,655,218)**	(2,728,542)	**(2,655,218)**	(2,728,542)
Accumulated Translation Adjustment (Note 25)	**2,357,844**	1,999,668	**2,357,844**	1,999,668
Other Equity Reserves (Notes 12 and 25)	**1,189,003**	248,830	**1,330,690**	390,517
Share in Aggregate Reserves on Life Insurance Policies (Note 12)	**21,209**	24,246	**21,209**	24,246
Other Equity Adjustment	**13,959**	13,959	**–**	–
	212,846,973	187,639,909	**213,124,442**	187,952,489
NON-CONTROLLING INTERESTS (Note 12)	**3,781,968**	3,508,745	**–**	–
	216,628,941	191,148,654	**213,124,442**	187,952,489
TOTAL LIABILITIES AND EQUITY	**₱1,257,610,853**	₱1,210,549,400	**₱1,248,257,101**	₱1,200,374,156

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF INCOME

(In Thousands, Except Earnings per Share)

	Consolidated			**Parent Company**		
	Years Ended December 31					
	2024	2023	2022	**2024**	2023	2022
INTEREST INCOME ON						
Loans and receivables (Notes 10 and 33)	**₱43,803,454**	₱40,757,927	₱34,424,531	**₱43,035,508**	₱40,119,733	₱33,794,036
Investment securities at amortized cost and FVOCI (Note 9)	**16,777,707**	12,608,170	8,154,922	**16,733,356**	12,560,530	8,143,092
Interbank loans receivable and securities held under agreements to resell (Note 8)	**4,644,161**	3,368,565	954,603	**4,564,414**	3,360,981	896,683
Deposits with banks and others (Notes 7, 12 and 33)	**1,637,256**	2,607,973	1,417,661	**1,335,615**	2,252,437	1,330,052
Financial assets at FVTPL (Note 9)	**596,012**	251,894	292,685	**587,577**	243,483	284,251
	67,458,590	59,594,529	45,244,402	**66,256,470**	58,537,164	44,448,114
INTEREST EXPENSE ON						
Deposit liabilities (Notes 17 and 33)	**16,429,535**	13,005,646	5,371,667	**16,400,951**	12,971,817	5,383,153
Bonds payable (Note 21)	**1,237,647**	1,660,193	2,111,192	**1,237,647**	1,660,193	2,111,192
Bills payable and other borrowings (Notes 19, 29 and 33)	**450,938**	335,847	433,973	**447,107**	319,588	363,544
	18,118,120	15,001,686	7,916,832	**18,085,705**	14,951,598	7,857,889
NET INTEREST INCOME	**49,340,470**	44,592,843	37,327,570	**48,170,765**	43,585,566	36,590,225
Service fees and commission income (Notes 26 and 33)	**6,961,870**	6,591,256	6,997,609	**6,238,388**	5,754,883	5,563,369
Service fees and commission expense	**1,447,236**	1,266,613	1,429,195	**1,336,278**	1,150,389	935,945
NET SERVICE FEES AND COMMISSION INCOME	**5,514,634**	5,324,643	5,568,414	**4,902,110**	4,604,494	4,627,424
OTHER OPERATING INCOME						
Net gains on sale or exchange of assets (Note 26)	**1,995,042**	4,541,567	7,775,154	**1,991,310**	4,621,894	7,770,001
Foreign exchange gains - net (Note 23)	**1,169,286**	1,367,409	1,608,281	**961,949**	1,149,699	1,149,444
Trading and investment securities gains (losses) - net (Notes 9 and 33)	**647,580**	394,103	(1,280,783)	**646,118**	394,755	(1,277,759)
Equity in net earnings (losses) of subsidiaries and an associate (Note 12)	**419,505**	268,093	(56,060)	**831,256**	560,393	747,341
Miscellaneous (Note 27)	**688,971**	871,394	1,136,692	**500,029**	624,907	721,433
TOTAL OTHER OPERATING INCOME	**4,920,384**	7,442,566	9,183,284	**4,930,662**	7,351,648	9,110,460
TOTAL OPERATING INCOME	**59,775,488**	57,360,052	52,079,268	**58,003,537**	55,541,708	50,328,109
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 16)	**3,868,111**	5,923,054	7,198,117	**3,782,256**	5,700,264	7,305,653
IMPAIRMENT IN VALUE OF GOODWILL (Note 14)	**–**	1,036,567	–	**–**	1,036,567	–
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 25, 28 and 33)	**10,668,601**	10,464,071	9,762,776	**9,902,026**	9,709,419	9,012,641
Taxes and licenses (Note 30)	**5,230,401**	4,852,190	5,225,595	**5,186,919**	4,778,102	5,120,690
Depreciation and amortization (Note 11)	**3,659,014**	3,976,069	4,225,746	**3,548,348**	3,720,234	3,909,420
Occupancy and equipment-related costs (Note 29)	**1,117,892**	916,735	1,099,876	**973,739**	797,259	952,932
Miscellaneous (Note 27)	**8,953,772**	8,218,171	8,051,942	**8,677,415**	7,948,947	7,810,430
TOTAL OPERATING EXPENSES	**29,629,680**	28,427,236	28,365,935	**28,288,447**	26,953,961	26,806,113
INCOME BEFORE INCOME TAX	**26,277,697**	21,973,195	16,515,216	**25,932,834**	21,850,916	16,216,343
PROVISION FOR INCOME TAX (Note 30)	**5,099,732**	4,007,375	4,931,228	**4,896,173**	3,847,968	4,684,025
NET INCOME	**₱21,177,965**	₱17,965,820	₱11,583,988	**₱21,036,661**	₱18,002,948	₱11,532,318
ATTRIBUTABLE TO:						
Equity Holders of the Parent Company (Note 31)	**₱21,052,896**	₱17,979,257	₱11,532,318			
Non-controlling Interests	**125,069**	(13,437)	51,670			
	₱21,177,965	₱17,965,820	₱11,583,988			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)	**₱13.80**	₱11.78	₱7.56	**₱13.79**	₱11.80	₱7.56

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	Consolidated			**Parent Company**		
			Years Ended December 31			
	2024	2023	2022	**2024**	2023	2022
NET INCOME	**₱21,177,965**	₱17,965,820	₱11,583,988	**₱21,036,661**	₱18,002,948	₱11,532,318
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that recycle to profit or loss in subsequent periods:						
Net change in unrealized gains (losses) on debt securities at FVOCI, net of tax (Note 9)	**1,479,784**	2,505,660	(4,764,711)	**1,479,801**	2,485,994	(4,754,670)
Share in changes in net unrealized gains (losses) on financial assets at FVOCI of subsidiaries and an associate (Notes 9 and 12)	**(49,895)**	362,392	(885,481)	**(35,694)**	382,058	(902,788)
	1,429,889	2,868,052	(5,650,192)	**1,444,107**	2,868,052	(5,657,458)
Accumulated translation adjustment	**514,591**	(341,822)	1,102,022	**(44,871)**	(109,124)	421,609
Share in changes in accumulated translation adjustment of subsidiaries and an associate (Note 12)	**–**	–	–	**403,047**	(205,655)	389,442
	1,944,480	2,526,230	(4,548,170)	**1,802,283**	2,553,273	(4,846,407)
Items that do not recycle to profit or loss in subsequent periods:						
Net change in unrealized gains on equity securities at FVOCI (Note 9)	**1,336,767**	1,368,570	394,654	**1,322,549**	1,368,570	401,920
Remeasurement gains (losses) on retirement plan (Note 28)	**84,068**	(493,906)	495,353	**83,262**	(512,517)	489,953
Share in changes in aggregate reserves (losses) on life insurance policies (Note 12)	**(3,037)**	(111,850)	762,490	**(3,037)**	(111,850)	762,490
Share in changes in remeasurement gains (losses) of subsidiaries and an associate (Note 12)	**3,417**	(8,275)	7,708	**(9,938)**	6,920	12,169
	1,421,215	754,539	1,660,205	**1,392,836**	751,123	1,666,532
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**3,365,695**	3,280,769	(2,887,965)	**3,195,119**	3,304,396	(3,179,875)
TOTAL COMPREHENSIVE INCOME	**₱24,543,660**	₱21,246,589	₱8,696,023	**₱24,231,780**	₱21,307,344	₱8,352,443
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	**₱24,266,891**	₱21,283,653	₱8,352,443			
Non-controlling interests	**276,769**	(37,064)	343,580			
	₱24,543,660	₱21,246,589	₱8,696,023			

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

							Consolidated							
	Capital Stock (Note 25)	**Capital Paid in Excess of Par Value** (Note 25)	**Surplus Reserves** (Notes 10, 25 and 32)	**Surplus** (Note 25)	**Net Unrealized Gains (Losses) on Financial Assets at FVOCI** (Notes 9 and 33)	**Remeasurement Losses on Retirement Plan** (Note 28)	**Accumulated Translation Adjustment** (Note 25)	**Other Equity Reserves** (Notes 12 and 25)	**Share in Aggregate Reserves (Losses) on Life Insurance Policies** (Note 12)	**Other Equity Adjustment**	**Total**	**Non-controlling Interests** (Note 12)	**Total Equity**
Balance at January 1, 2024	**₱61,030,594**	**₱32,116,560**	**₱4,677,930**	**₱91,979,317**	**(₱1,722,653)**	**(₱2,728,542)**	**₱1,999,668**	**₱248,830**	**₱24,246**	**₱13,959**	**₱187,639,909**	**₱3,508,745**	**₱191,148,654**
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**21,052,896**	**2,766,656**	**92,200**	**358,176**	**–**	**(3,037)**	**–**	**24,266,891**	**276,769**	**24,543,660**
Share swap transaction (Notes 9 and 25)	**–**	**–**	**–**	**894,900**	**(894,900)**	**–**	**–**	**940,173**	**–**	**–**	**940,173**	**–**	**940,173**
Transfer to surplus reserves (Notes 10, 25 and 32)	**–**	**–**	**289,107**	**(289,107)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer of remeasurement gains on retirement plan of a subsidiary	**–**	**–**	**–**	**18,876**	**–**	**(18,876)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Sale of FVOCI equity securities	**–**	**–**	**–**	**6,969**	**(6,969)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Declaration of dividends by subsidiaries to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,546)**	**(3,546)**
Balance at December 31, 2024	**₱61,030,594**	**₱32,116,560**	**₱4,967,037**	**₱113,663,851**	**₱142,134**	**(₱2,655,218)**	**₱2,357,844**	**₱1,189,003**	**₱21,209**	**₱13,959**	**₱212,846,973**	**₱3,781,968**	**₱216,628,941**
Balance at January 1, 2023	₱61,030,594	₱32,116,560	₱4,929,242	₱73,748,748	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱248,830	₱136,096	₱13,959	₱166,356,256	₱3,549,378	₱169,905,634
Total comprehensive income (loss) for the year	–	–	–	17,979,257	4,236,622	(505,597)	(314,779)	–	(111,850)	–	21,283,653	(37,064)	21,246,589
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(251,312)	251,312	–	–	–	–	–	–	–	–	–
Declaration of dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(3,569)	(3,569)
Balance at December 31, 2023	₱61,030,594	₱32,116,560	₱4,677,930	₱91,979,317	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱248,830	₱24,246	₱13,959	₱187,639,909	₱3,508,745	₱191,148,654
Balance at January 1, 2022	₱61,030,594	₱32,116,560	₱5,147,440	₱61,998,232	(₱703,737)	(₱2,725,067)	₱1,503,396	₱248,830	(₱626,394)	₱13,959	₱158,003,813	₱3,219,143	₱161,222,956
Total comprehensive income (loss) for the year	–	–	–	11,532,318	(5,255,538)	502,122	811,051	–	762,490	–	8,352,443	343,580	8,696,023
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(218,198)	218,198	–	–	–	–	–	–	–	–	–
Declaration of dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(13,345)	(13,345)
Balance at December 31, 2022	₱61,030,594	₱32,116,560	₱4,929,242	₱73,748,748	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱248,830	₱136,096	₱13,959	₱166,356,256	₱3,549,378	₱169,905,634

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

	Parent Company								
	Capital Stock (Note 25)	**Capital Paid in Excess of Par Value** (Note 25)	**Surplus Reserves** (Notes 10, 25 and 32)	**Surplus** (Note 25)	**Net Unrealized Gains (Losses) on Financial Assets at FVOCI** (Notes 9 and 33)	**Remeasurement Losses on Retirement Plan** (Note 28)	**Accumulated Translation Adjustment** (Note 25)	**Other Equity Reserves** (Notes 12 and 25)	**Share in Aggregate Reserves (Losses) on Life Insurance Policies** (Note 12)	**Total Equity**
Balance at January 1, 2024	**₱61,030,594**	**₱32,106,560**	**₱4,677,930**	**₱92,174,169**	**(₱1,722,653)**	**(₱2,728,542)**	**₱1,999,668**	**₱390,517**	**₱24,246**	**₱187,952,489**
Total comprehensive income (loss) for the year	–	–	–	**21,036,661**	**2,766,656**	**73,324**	**358,176**	–	**(3,037)**	**24,231,780**
Share swap transaction (Notes 9 and 25)	–	–	–	**894,900**	**(894,900)**	–	–	**940,173**	–	**940,173**
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	**289,107**	**(289,107)**	–	–	–	–	–	–
Sale of FVOCI equity securities	–	–	–	**6,969**	**(6,969)**	–	–	–	–	–
Balance at December 31, 2024	**₱61,030,594**	**₱32,106,560**	**₱4,967,037**	**₱113,823,592**	**₱142,134**	**(₱2,655,218)**	**₱2,357,844**	**₱1,330,690**	**₱21,209**	**₱213,124,442**
Balance at January 1, 2023	₱61,030,594	₱32,106,560	₱4,929,242	₱73,919,909	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱390,517	₱136,096	₱166,645,145
Total comprehensive income (loss) for the year	–	–	–	18,002,948	4,236,622	(505,597)	(314,779)	–	(111,850)	21,307,344
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(251,312)	251,312	–	–	–	–	–	–
Balance at December 31, 2023	₱61,030,594	₱32,106,560	₱4,677,930	₱92,174,169	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱390,517	₱24,246	₱187,952,489
Balance at January 1, 2022	₱61,030,594	₱32,106,560	₱5,147,440	₱62,169,393	(₱703,737)	(₱2,725,067)	₱1,503,396	₱390,517	(₱626,394)	₱158,292,702
Total comprehensive income (loss) for the year	–	–	–	11,532,318	(5,255,538)	502,122	811,051	–	762,490	8,352,443
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(218,198)	218,198	–	–	–	–	–	–
Balance at December 31, 2022	₱61,030,594	₱32,106,560	₱4,929,242	₱73,919,909	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱390,517	₱136,096	₱166,645,145

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱26,277,697**	₱21,973,195	₱16,515,216	**₱25,932,834**	₱21,850,916	₱16,216,343
Adjustments for:						
Provision for impairment, credit and other losses (Note 16)	**3,868,111**	5,923,054	7,198,117	**3,782,256**	5,700,264	7,305,653
Net gains on sale or exchange of assets (Note 26)	**(1,995,042)**	(4,541,567)	(7,775,154)	**(1,991,310)**	(4,621,894)	(7,770,001)
Depreciation and amortization (Note 11)	**3,659,014**	3,976,069	4,225,746	**3,548,348**	3,720,234	3,909,420
Amortization of discount on investment securities	**(4,084,207)**	(2,888,201)	(935,770)	**(4,078,854)**	(2,891,341)	(936,131)
Impairment in value of goodwill (Note 14)	–	1,036,567	–	–	1,036,567	–
Unrealized foreign exchange losses (gains) on bonds, bills and acceptances payable	**1,520,650**	(209,842)	6,502,018	**1,520,650**	(209,842)	6,491,373
Net losses (gains) on financial assets at FVTPL (Note 9)	**(647,529)**	(399,339)	211,235	**(646,118)**	(400,113)	208,211
Equity in net losses (earnings) of subsidiaries and an associate (Note 12)	**(419,505)**	(268,093)	56,060	**(831,256)**	(560,393)	(747,341)
Amortization of transaction costs on borrowings (Notes 17 and 21)	**55,568**	90,011	105,480	**55,568**	90,011	105,480
Net losses (gains) on financial assets at FVOCI and investment securities at amortized cost (Note 9)	**(51)**	5,236	1,069,548	–	5,358	1,069,548
Accretion to interest income of loss on loan modifications	–	–	(369,152)	–	–	(369,152)
Changes in operating assets and liabilities:						
Decrease (increase) in amounts of:						
Interbank loan receivable (Note 8)	**1,753,121**	1,828,975	(4,854,939)	**1,767,496**	2,407,631	(4,656,651)
Financial assets at FVTPL	**(6,756,591)**	(2,770,324)	3,609,221	**(6,760,765)**	(2,767,461)	3,606,381
Loans and receivables	**(25,952,926)**	(32,170,920)	4,448,687	**(25,991,600)**	(32,262,933)	4,995,515
Other assets	**(3,692,159)**	(2,608,270)	(243,158)	**(4,350,333)**	(2,505,688)	(1,340,408)
Increase (decrease) in amounts of:						
Financial liabilities at FVTPL	**368,241**	(483,965)	148,245	**365,882**	(483,965)	148,430
Deposit liabilities	**51,906,002**	56,719,665	(23,726,210)	**52,667,865**	56,128,172	(32,924,438)
Accrued taxes, interest and other expenses	**(1,484,782)**	1,435,027	1,518,737	**(1,323,623)**	1,623,234	1,139,793
Other liabilities	**3,424,027**	(1,584,110)	616,446	**3,572,811**	(1,053,706)	1,084,236
Net cash generated from (used in) operations	**47,799,639**	45,063,168	8,320,373	**47,239,851**	44,805,051	(2,463,739)
Income taxes paid	**(4,143,625)**	(3,919,287)	(2,050,109)	**(3,989,317)**	(3,826,112)	(1,802,246)
Net cash provided by (used in) operating activities	**43,656,014**	41,143,881	6,270,264	**43,250,534**	40,978,939	(4,265,985)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from:						
Disposal/maturities of financial assets at FVOCI	**766,333,935**	562,251,372	643,902,197	**765,428,317**	561,071,652	643,888,779
Maturities/early redemptions of investment securities at amortized cost	**33,710,884**	64,078,361	141,160,199	**33,622,909**	61,007,188	141,171,532
Disposal of investment properties	**1,902,551**	5,113,184	6,844,641	**1,896,842**	4,874,843	6,842,374
Disposal of property and equipment	**166,638**	1,295,493	108,253	**147,322**	1,022,920	32,546
Cash dividends from a subsidiary (Note 12)	–	–	–	–	448,900	1,092,000
Return of investment (Note 12)	**122,500**	–	–	**122,500**	–	7,500,000
Acquisitions of:						
Financial assets at FVOCI	**(804,940,569)**	(562,081,002)	(638,254,305)	**(804,003,310)**	(561,446,524)	(637,154,487)
Investment securities at amortized cost	**(23,674,291)**	(76,625,183)	(162,392,791)	**(23,674,291)**	(73,223,330)	(162,392,791)
Software cost (Note 14)	**(946,940)**	(598,969)	(881,572)	**(943,546)**	(597,165)	(848,426)
Property and equipment (Note 11)	**(445,446)**	(419,859)	(547,083)	**(435,986)**	(407,645)	(535,981)
Additional investments in an associate (Note 12)	–	–	(392,000)	–	–	(392,000)
Net cash used in investing activities	**(27,770,738)**	(6,986,603)	(10,452,461)	**(27,839,243)**	(7,249,161)	(796,454)

(Forward)

STATEMENTS OF CASH FLOWS

(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	**2024**	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES						
Settlement of bills and acceptances payable	**(₱209,254,316)**	(₱136,027,137)	(₱277,002,294)	**(₱209,254,316)**	(₱134,014,712)	(₱274,908,050)
Proceeds from issuances of bills and acceptances payable	**209,632,516**	140,964,503	237,506,670	**209,632,516**	140,044,415	236,171,512
Payment of principal portion of lease liabilities (Note 29)	**(1,127,583)**	(1,314,516)	(1,113,225)	**(1,052,523)**	(1,232,928)	(1,068,038)
Settlement of LTNCD (Note 17)	**(8,220,000)**	–	–	**(8,220,000)**	–	–
Proceeds from issuance of bonds payable (Note 21)	**17,303,959**	–	–	**17,303,959**	–	–
Settlement of bonds payable (Note 21)	**(43,383,750)**	(16,560,000)	–	**(43,383,750)**	(16,560,000)	–
Net cash used in financing activities	**(35,049,174)**	(12,937,150)	(40,608,849)	**(34,974,114)**	(11,763,225)	(39,804,576)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(19,163,898)**	21,220,128	(44,791,046)	**(19,562,823)**	21,966,553	(44,867,015)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**21,151,391**	22,217,915	27,552,773	**21,052,526**	22,103,095	27,454,459
Due from Bangko Sentral ng Pilipinas	**95,410,350**	94,701,360	161,001,912	**95,410,350**	94,701,360	161,001,912
Due from other banks	**21,243,856**	26,010,183	27,222,083	**13,626,624**	17,599,374	19,324,000
Interbank loans receivable (Note 8)	**30,955,766**	9,782,452	30,453,378	**29,934,920**	8,824,713	29,042,376
Securities held under agreements to resell	**69,694,538**	64,523,863	15,796,673	**69,694,538**	64,523,863	15,796,673
	238,455,901	217,235,773	262,026,819	**229,718,958**	207,752,405	252,619,420
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**20,638,033**	21,151,391	22,217,915	**20,522,258**	21,052,526	22,103,095
Due from Bangko Sentral ng Pilipinas	**55,128,316**	95,410,350	94,701,360	**55,128,316**	95,410,350	94,701,360
Due from other banks	**20,183,894**	21,243,856	26,010,183	**11,478,178**	13,626,624	17,599,374
Interbank loans receivable (Note 8)	**19,861,641**	30,955,766	9,782,452	**19,547,264**	29,934,920	8,824,713
Securities held under agreements to resell	**103,480,119**	69,694,538	64,523,863	**103,480,119**	69,694,538	64,523,863
	₱219,292,003	₱238,455,901	₱217,235,773	**₱210,156,135**	₱229,718,958	₱207,752,405
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS						
Interest paid	**₱18,168,830**	₱13,298,198	₱7,312,461	**₱18,120,709**	₱13,269,068	₱7,256,130
Interest received	**62,770,452**	55,438,281	43,082,036	**61,559,767**	54,445,224	42,297,774
Dividends received	–	–	–	–	448,900	1,092,000

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

(Amounts in Thousand Pesos except When Otherwise Indicated)

1. Corporate Information

Philippine National Bank (PNB or the Parent Company) is a universal bank established in the Philippines in 1916. On June 21, 1989, PNB's shares were listed with the Philippine Stock Exchange (PSE). As of December 31, 2024 and 2023, the shares of PNB are held by the following:

	2024	2023
LT Group, Inc. (LTG) (indirect ownership through its various holding companies)	**59.83%**	59.83%
PCD Nominee Corporation*	**14.35%**	14.44%
Other stockholders owning less than 10% each	**25.82%**	25.73%
	100.00%	100.00%

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

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

The Parent Company provides a full range of banking and other financial services, which include deposit-taking, lending, bills discounting, trade finance, foreign exchange dealings, treasury operations, wealth management, fund transfers, remittance and trust services. The Parent Company operates through its 631 domestic branches as of December 31, 2024 and 2023, as it continues to streamline its physical branch network through consolidation and expand customer reach via its digital channels. As of the same dates, the Parent Company has 71 overseas branches, representative offices, remittance centers and subsidiaries in 17 locations in Asia, North America and Europe.

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

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

2. Summary of Material Accounting Policies

2.1 Basis of Preparation of the Financial Statements

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

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

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

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

2.2 Statement of Compliance

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

2.3 Presentation of the Financial Statements

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

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

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

2.4 Basis of Consolidation

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

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

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

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

2.5 Foreign Currency Translation

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

2.5.1 Transactions and Balances

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

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

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

2.5.2 FCDU and Overseas Branches and Subsidiaries

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

2.6 Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new pronouncements effective as at January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:
    - That only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current;
    - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
    - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*
  The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right-of-use retained.

2.7 Business Combinations

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

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

2.8 Fair Value Measurement

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

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

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

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

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

2.9 'Day 1' Difference

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

2.10 Cash and Cash Equivalents

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

2.11 Financial Instruments

2.11.1 Initial Recognition of Financial Instruments

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

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

2.11.2 Classification and Subsequent Measurement of Financial Instruments

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

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

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

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

Financial assets at FVTPL
Financial assets at FVTPL include the following:

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

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities at amortized cost
The Group classifies issued financial instruments or their components which are not designated at FVTPL, as financial liabilities at amortized cost under 'Deposit liabilities', 'Bills and acceptances payable', 'Bonds payable' or other appropriate financial liability accounts. The substance of the contractual arrangement for these instruments results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

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

The Group subsequently measures financial liabilities at amortized cost using the effective interest method of amortization.

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

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

2.11.3 Reclassification of Financial Instruments

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

2.11.4 Derecognition of Financial Instruments

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

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

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

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

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

2.11.5 Impairment of Financial Assets

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

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

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

Definition of "default" and "cure"
The Group considers default to have occurred when:

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

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

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

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

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

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

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

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

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

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

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

If a loan or credit exposure has been renegotiated or modified without resulting in derecognition, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded, based on the change in cash flows discounted at the loan's original effective interest rate (EIR). The Group also assesses whether there has been a SICR by comparing the risk of default at reporting date based on modified terms, and the risk of default at initial recognition date based on original terms. Derecognition decisions and classification between Stages 2 and 3 are determined on a case-by-case basis.

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

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

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

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

- factors that may affect the general economic or market conditions in which the Group operates, such as gross domestic product growth rates, foreign exchange rates, inflation rate, among others;
- changes in government policies, rules and regulations, such as adjustments to policy rates;

- other factors pertinent to the Group, including the proper identification and mitigation of risks such as incidences of loan defaults or losses.

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

2.11.6 Financial Guarantees and Undrawn Loan Commitments

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

Financial guarantees are contracts that require the Group as issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. The Group initially recognizes financial guarantees on trade receivables at fair value under ‘Bills and acceptances payable’ or ‘Other liabilities’ in the statement of financial position. Subsequent to initial recognition, the Group measures these financial guarantees at the higher of:
- the initial fair value less any cumulative amount of income or amortization recognized in the statement of income; and
- the ECL determined under PFRS 9.

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

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

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

2.12 Investments in Subsidiaries, Associates and Joint Ventures

The Group’s subsidiaries pertain to investees where the Group demonstrates control. The Group controls an investee if, and only if, the Group has:
- power over the investee (i.e., those existing rights that give the Group the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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

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

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

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

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

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

2.13 Other Nonfinancial Assets

2.13.1 Property and Equipment

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

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

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

2.13.2 Investment Properties and Chattel Mortgage Properties

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

Foreclosed properties are classified under 'Investment properties' upon:

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

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

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

2.13.3 Intangible Assets

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

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

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

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

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

2.13.4 Derecognition of Nonfinancial Assets

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

2.13.5 Impairment of Nonfinancial Assets

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

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

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

Goodwill
The Group performs its annual impairment test of goodwill every fourth quarter, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

2.14 Equity

2.14.1 Capital Stock

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

2.14.2 Reserves Recorded in Equity

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

2.14.3 Dividends

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

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

2.14.4 Share Issuance Costs

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

2.15 Revenue Recognition

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

2.15.1 Interest Income

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

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

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

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

The Group recognizes income on direct financing leases and receivables financed using the effective interest method and any unearned discounts are shown as deduction against 'Loans and receivables'. Unearned discounts are amortized over the term of the note or lease using the effective interest method and consist of:
- transaction and finance fees on finance leases and loans and receivables financed with long-term maturities; and
- excess of the aggregate lease rentals plus the estimated residual value of the leased equipment over its cost.

2.15.2 Service Fees and Commission Income

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

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

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

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

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

2.15.3 Credit Card Fees

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

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

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

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

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

2.15.4 Trading and Investment Securities Gains - Net

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

2.15.5 Gain on Sale or Exchange of Assets

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

2.15.6 Other Income

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

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

2.16 Expenditures

2.16.1 Borrowing Costs

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

2.16.2 Operating Expenses

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

2.16.3 Taxes and Licenses

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

2.16.4 Depreciation and Amortization

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

	Years
Property and equipment:	
Buildings	25 - 50
Right-of-use assets	1 - 25 or the lease term, whichever is shorter (provided that lease term is more than one year)
Furniture, fixtures and equipment	5
Long-term leasehold land	46 - 50
Leasehold improvements	10 or the lease term, whichever is shorter
Investment properties	10 - 25
Chattel mortgage properties	5
Intangible assets with finite lives:	
Software costs	5
CDI	10
CRI	3

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

2.16.5 Expenditures on Nonfinancial Assets

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

2.17 Employee Benefits

2.17.1 Retirement Under Defined Benefit Plan

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

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

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

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

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

2.17.2 Employee Leave Entitlement

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

2.18 Leases

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

2.18.1 Group as a Lessee Under Lease Contracts

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

- Right-of-use assets
  At the commencement date of the lease (i.e, the date the underlying asset is available for use), the Group recognizes right-of-use assets measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made

at or before the commencement date less any lease incentives received. Subsequent to initial recognition, the Group measures the right-of-use assets at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

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

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

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

2.18.2 Group as a Lessor Under Lease Contracts

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

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

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

2.19 Provisions

The Group recognizes provisions when:

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

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

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

2.20 Contingencies

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

2.21 Income Taxes

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

2.21.1 Current Tax

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

2.21.2 Deferred Tax

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

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

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

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

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

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

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

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

2.22 Earnings Per Share

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

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

2.23 Related Party Transactions

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

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

2.24 Events After the Reporting Date

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

2.25 Segment Reporting

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

2.26 Fiduciary Activities

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

2.27 Changes in Accounting Standards

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

Effective beginning on or after January 1, 2025

- PFRS 17*, Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

On December 15, 2021, the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the International Accounting Standards Board (IASB).

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Effective beginning on or after January 1, 2026

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

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

- Annual Improvements to PFRS Accounting Standards—Volume 11
  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

  - Amendments to PFRS 9
    a) Lessee Derecognition of Lease Liabilities
    The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

    b) Transaction Price
    The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
    The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

  - Amendments to PAS 7, *Cost Method*
    The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

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

Deferred effectivity

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

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

3. Significant Accounting Judgments and Estimates

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

3.1 Judgments

3.1.1 Assessment of Control Over a Subsidiary

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

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

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

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

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

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

3.1.2 Assessment of Significant Influence Over an Associate

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

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

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

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

3.1.3 Classification of Financial Assets

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

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

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

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

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

3.1.4 Fair Valuation of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, the Group uses valuation techniques and mathematical models. The Group derives the inputs to these models from observable markets where possible, otherwise, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer-dated derivatives. For the valuation of nonmarketable unquoted equity securities, the Group considers a discount for lack of marketability, which is applied to the values determined by an independent valuation company (refer to Note 5 for the fair values of financial instruments).

3.1.5 Contingencies

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

3.2 Accounting Estimates

3.2.1 Credit Losses on Financial Assets

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

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

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

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

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

3.2.2 Recognition of Deferred Tax Assets

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

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

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

3.2.3 Impairment of Goodwill

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

Estimating future earnings involves judgment which takes into account past and actual performance and expected developments in the respective markets and in the overall macro-economic environment. Similar with its considerations discussed under *3.2.2 Recognition of Deferred Tax Assets*, the Group revisits its business plan and applies judgment to reassess the projections of future cash flows as of December 31, 2024, considering various economic scenarios and recovery outlook.

The carrying values of the Group's goodwill, accumulated impairment losses, and key assumptions used in determining VIU are disclosed in Note 14.3.

4. Financial Risk Management Objectives and Policies

The Parent Company's BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. As delegated by the BOD, the Risk Oversight Committee (ROC) is mandated to set risk appetite, approve frameworks, policies and processes for managing risk, and accept risks beyond the approval discretion provided to management. The ROC advises on the overall current and future risk appetite and strategy and assists in overseeing the implementation of those strategies and business plans by senior management. Details of the Parent Company's risk framework are discussed under the Risk Management Disclosure Section of the Parent Company's annual report.

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

The Group defines material risks (at group level) as those risks from any business activity large enough to significantly threaten the Bank's capital position to drop below its desired level; resulting in either an increase in risk-weighted assets or a reduction in earnings and/or qualifying capital which translate into a reduction in CAR by 20 basis points (bps).

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

- Pillar 1 risks, i.e., Credit, Market, and Operational Risks;
- Other risks under BSP Cir. No. 510, i.e., Interest Rate Risk in the Banking Book (IRRBB), Liquidity Risk, Reputational Risk and Strategic Business Risk;
- Information Technology Risk (BSP Cir. No. 808);

- Information Security / Cyber Security Risk (BSP Cir. No. 982) and
- Further risks identified as "material" by the Board and Management Committees are included in the list being monitored such as Data Privacy Risk and Human Resource Risk.

Resulting from the assessments based on the premise identified above, the Bank agrees on and reviews on a regular basis the material risks that need focus using the three lines model. For the assessment period 2024-2026, these are based on the following eleven (11) material risks which are grouped under Pillar 1 and Pillar 2 risks covered in the Bank's Internal Capital Adequacy Assessment Process (ICAAP) Document submission to BSP, and required for monitoring.

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

Pillar 1 Risks:

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

Pillar 2 Risks:

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

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

The mandate of the ERMG involves:

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

4.2 Credit Risk

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

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

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

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

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

4.2.1 Credit-Related Commitments

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

4.2.2 Derivative Financial Instruments

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

4.2.3 Collateral and Other Credit Enhancements

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

The main types of collateral obtained are as follows:

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

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

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

4.2.4 Maximum Exposure to Credit Risk After Collateral Held or Other Credit Enhancements
An analysis of the maximum exposure to credit risk after taking into account any collateral held or other credit enhancements for the Group and the Parent Company is shown below:

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

	Consolidated			
	2023			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱69,694,538	₱57,785,321	₱11,909,217	₱57,785,321
Loans and receivables:				
Receivables from customers*				
Corporates	543,916,216	273,902,143	449,262,028	94,654,188
Local government units (LGU)	2,196,034	–	2,196,034	–
Credit Cards	13,917,733	–	13,917,733	–
Retail small and medium enterprises (SME)	4,378,793	2,397,801	2,795,942	1,582,851
Housing Loans	23,772,977	22,519,180	12,306,138	11,466,839
Auto Loans	5,397,484	11,004,455	1,265,709	4,131,775
Others	10,660,220	5,751,145	6,683,514	3,976,706
Other receivables	12,465,631	–	12,465,631	–
	₱686,399,626	₱373,360,045	₱512,801,946	₱173,597,680

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

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

	Parent Company			
	2023			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱69,694,538	₱57,785,321	₱11,909,217	₱57,785,321
Loans and receivables:				
Receivables from customers:				
Corporates	530,880,927	253,218,981	448,830,738	82,050,189
LGU	2,196,034	–	2,196,034	–
Credit Cards	13,917,733	–	13,917,733	–
Retail SME	4,379,081	2,395,958	2,795,941	1,583,140
Housing Loans	23,013,792	21,089,659	12,306,138	10,707,654
Auto Loans	5,397,484	11,004,455	1,265,709	4,131,775
Others	10,572,322	5,535,712	6,683,515	3,888,807
Other receivables	11,801,390	–	11,801,390	–
	₱671,853,301	₱351,030,086	₱511,706,415	₱160,146,886

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

4.2.5 Credit Risk Concentrations

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

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

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

	Consolidated				
	2024				
	Loans and receivables		**Trading and investment**	**Other financial**	
	Amount	**%**	**securities**	**assets***	**Total**
Philippines	₱590,193,321	92.68	₱327,197,919	₱126,003,788	₱1,043,395,028
Asia (excluding the Philippines)	27,502,193	4.32	5,543,839	43,064,412	76,110,444
USA and Canada	17,024,502	2.67	1,342,723	6,943,463	25,310,688
Other European Union Countries	1,780,062	0.28	4,731,069	3,184,968	9,696,099
Oceania	168,739	0.03	–	56,660	225,399
Middle East	52,795	0.07	3,106,304	7,902	3,167,001
United Kingdom	98,013	0.01	164,296	22,765,803	23,028,112
	₱636,819,625	100.00	₱342,086,150	₱202,026,996	₱1,180,932,771

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

Consolidated
2023

	Loans and receivables*		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Philippines	₱591,914,148	95.98	₱265,175,918	₱126,073,582	₱983,163,648
Asia (excluding the Philippines)	15,018,425	2.44	17,836,070	88,779,062	121,633,557
USA and Canada	6,846,096	1.11	2,869,744	6,479,262	16,195,102
Other European Union Countries	1,937,498	0.31	7,155,246	11,070	9,103,814
Middle East	58,267	0.01	3,877,003	3,132	3,938,402
United Kingdom	447,750	0.07	1,334,802	1,036,563	2,819,115
Oceania	482,904	0.08	–	2,770	485,674
	₱616,705,088	100.00	₱298,248,783	₱222,385,441	₱1,137,339,312

**Loans and receivables exclude residual value of the leased asset. (Note 10)*

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

Parent Company
2024

	Loans and receivables		**Trading and investment securities**	**Other financial assets***	**Total**
	Amount	**%**			
Philippines	**₱589,617,070**	**94.73**	**₱326,739,735**	**₱126,130,132**	**₱1,042,486,937**
Asia (excluding the Philippines)	**13,736,617**	**2.21**	**5,543,027**	**33,984,841**	**53,264,485**
USA and Canada	**16,993,941**	**2.73**	**960,736**	**6,657,226**	**24,611,903**
Other European Union Countries	**1,780,062**	**0.29**	**4,731,069**	**3,173,875**	**9,685,006**
Oceania	**168,738**	**0.03**	**–**	**53,766**	**222,504**
Middle East	**52,795**	**0.01**	**3,106,304**	**7,230**	**3,166,329**
United Kingdom	**42,947**	**0.01**	**–**	**21,788,860**	**21,831,807**
	₱622,392,170	**100.00**	**₱341,080,871**	**₱191,795,930**	**₱1,155,268,971**

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

Parent Company
2023

	Loans and receivables		Trading and investment securities	Other financial assets*	Total
	Amount	%			
Philippines	₱591,118,755	98.17	₱264,793,162	₱127,884,433	₱983,796,350
Asia (excluding the Philippines)	1,411,033	0.23	17,831,085	80,102,024	99,344,142
USA and Canada	6,804,220	1.13	2,399,782	4,563,214	13,767,216
Other European Union Countries	1,887,267	0.31	7,155,246	–	9,042,513
Middle East	58,267	0.01	3,877,003	2,478	3,937,748
United Kingdom	396,318	0.07	1,174,417	29	1,570,764
Oceania	482,903	0.08	–	–	482,903
	₱602,158,763	100.00	₱297,230,695	₱212,552,178	₱1,111,941,636

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

Concentration by industry

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

Consolidated
2024

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

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

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

Consolidated
2023

	Loans and receivables*		Trading and investment securities	Other financial assets***	Total
	Amount	%			
Primary target industry:					
Financial intermediaries	₱91,681,525	14.87	₱10,488,016	₱123,166,842	₱225,336,383
Wholesale and retail	115,293,880	18.70	–	–	115,293,880
Electricity, gas and water	83,771,939	13.58	16,561,739	–	100,333,678
Manufacturing	58,057,181	9.41	1,831	–	58,059,012
Transport, storage and communication	44,878,471	7.28	–	56	44,878,527
Agriculture, hunting and forestry	5,016,667	0.81	–	–	5,016,667
Public administration and defense	1,532,772	0.25	–	–	1,532,772
Secondary target industry:					
Government	2,182,895	0.35	229,288,990	99,168,727	330,640,612
Real estate, renting and business activities	106,896,515	17.33	9,226,998	13,866	116,137,379
Construction	31,039,992	5.03	–	–	31,039,992
Others**	76,353,251	12.38	32,681,209	35,950	109,070,410
	₱616,705,088	100.00	₱298,248,783	₱222,385,441	₱1,137,339,312

**Loans and receivables exclude residual value of the leased asset (Note 10)*

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

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

Parent Company
2024

	Loans and receivables		**Trading and investment securities**	**Other financial assets****	**Total**
	Amount	**%**			
Primary target industry:					
Financial intermediaries	₱94,979,255	15.26	₱1,695,695	₱133,355,678	₱230,030,628
Wholesale and retail	104,940,102	16.86	16,309,984	–	121,250,086
Electricity, gas and water	100,473,295	16.14	8,162,809	–	108,636,104
Manufacturing	60,256,428	9.86	68,577	–	60,325,005
Transport, storage and communication	33,939,953	5.45	–	–	33,939,953
Agriculture, hunting and forestry	5,269,973	0.85	–	–	5,269,973
Public administration and defense	1,554,338	0.25	–	–	1,554,338
Secondary target industry:					
Government	1,656,292	0.27	280,799,512	58,013,102	340,468,906
Real estate, renting and business activities	102,434,092	16.46	–	–	102,434,092
Construction	37,948,520	6.10	–	–	37,948,520
Others*	78,939,922	12.68	34,044,294	427,150	113,411,366
	₱622,392,170	100.00	₱341,080,871	₱191,795,930	₱1,155,268,971

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

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

Parent Company
2023

	Loans and receivables		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Primary target industry:					
Financial intermediaries	₱91,212,592	15.15	₱10,482,090	₱113,347,506	₱215,042,188
Wholesale and retail	109,258,099	18.14	–	–	109,258,099
Electricity, gas and water	83,771,939	13.91	16,561,739	–	100,333,678
Manufacturing	56,032,844	9.31	–	–	56,032,844
Transport, storage and communication	44,465,431	7.38	–	–	44,465,431
Agriculture, hunting and forestry	4,863,360	0.81	–	–	4,863,360
Public administration and defense	1,532,772	0.25	–	–	1,532,772
Secondary target industry:					
Government	2,182,895	0.36	228,528,393	99,168,727	329,880,015
Real estate, renting and business activities	103,358,190	17.16	8,977,434	–	112,335,624
Construction	30,981,430	5.15	–	–	30,981,430
Others*	74,499,211	12.37	32,681,039	35,945	107,216,195
	₱602,158,763	100.00	₱297,230,695	₱212,552,178	₱1,111,941,636

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

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

The internal limit of the Parent Company based on the Philippine Standard Industry Classification sub-industry is 12.00% for primary industry, 8.00% for regular industry, 30.00% for power industry and 25.00% for activities of holding companies versus total loan portfolio.

The latest internal industry limits structure of the Parent Company calculates the capital required for the exposure under each industry and industry clusters and expressing these as percentage to total qualifying capital. The internal limits model also considers projected bookings and paydowns.

4.2.6 Credit Quality Per Class of Financial Assets

Loans and receivables

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

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

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

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

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

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

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

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

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

Credit quality	**26-Grade BRR system**
High S&P Equivalent Global Rating: AAA to BBB-	*BRR 1 Excellent* Borrower has an exceptionally strong capacity to meet its financial commitments. No existing disruptions or future disruptions are highly unlikely. Probability of going into default in the coming year is very minimal/low. *BRR 2 Very Strong* Borrower has a very strong capacity to meet its financial commitments. No existing disruptions or future disruptions are unlikely. It differs from BRR 1 borrowers only to a small degree. Probability of going into default in the coming year is very minimal/low. *BRR 3 Strong* Borrower has a strong capacity to meet its financial commitments. No existing disruptions or future disruptions are unlikely. However, adverse economic conditions or changing circumstances could lead to somewhat lesser capacity to meet financial obligations than in higher-rated borrowers. Probability of going into default in the coming year is very minimal/low.

Credit quality	**26-Grade BRR system**
	BRR 4-6 Good Borrower has an adequate capacity to meet its financial commitments in the normal course of its business. With identified disruptions from external factors but company has or will likely overcome. Default possibility is minimal/low. *BRR 7-9 Satisfactory* Borrower under this rating scale basically possesses the characteristics of borrowers rated as BRR 4 to BRR 6 with slightly lesser quality. Default possibility is minimal/low. *BRR 10-12 Adequate* Borrower has an adequate capacity to meet its financial commitments under the normal course of business. However, adverse economic conditions and changing circumstances are more likely to weaken the borrower's capacity to meet its financial commitments. Default possibility is minimal/low.
Standard S&P Equivalent Global Rating: BB+ to BB-	*BRR 13-15 Average* Borrower still has the capacity to meet its financial commitments and withstand normal business cycles, however, any prolonged unfavorable economic and/or market conditions would create an immediate deterioration beyond acceptable levels. With identified disruptions from external forces, impact on the borrower is uncertain. Default is a possibility. *BRR 16-18 Acceptable* Borrower under this rating scale basically possesses the characteristics of borrowers rated as BRR 13 to BRR 15 with slightly lesser quality. Default is a possibility. *BRR 19-20 Vulnerable* Borrower is less vulnerable in the near term than other low-rated borrowers. However, it faces major ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the borrower's inadequate capacity to meet its financial commitment. Default is a possibility
Substandard S&P Equivalent Global Rating: B+ to CCC-	*BRR 21-22 Weak* Borrower is more vulnerable than the borrowers rated BRR 19 and BRR 20 but the borrower currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the borrower's capacity or willingness to meet its financial commitments. Default is more than a possibility. *BRR 23-25 Watchlist* Borrower is currently vulnerable and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments. Borrower may already be experiencing losses and impaired capital in the case of BRR 25.
Impaired S&P Equivalent Global Rating:	*BRR 26 Default* Default will be a general default. Borrower will fail to pay all or substantially all of its obligations as they come due.

For the Retail Portfolio, such as Retail SME, Credit Cards, Housing and Auto Loans, credit scoring is being used in evaluating the creditworthiness of the borrower.

The table below shows the credit quality of the Group's and the Parent Company's receivables from customers, gross of allowance for credit losses and unearned and other deferred income, but net of residual values of leased assets, as of December 31, 2024 and 2023:

	Consolidated			
	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Subject to CRR				
Non-Retail – Corporate				
High	**₱241,339,078**	**₱743,741**	**₱–**	**₱242,082,819**
Standard	**251,875,284**	**4,763,028**	**–**	**256,638,312**
Substandard	**36,969,593**	**19,858,092**	**–**	**56,827,685**
Impaired	**–**	**–**	**33,775,933**	**33,775,933**
	530,183,955	**25,364,861**	**33,775,933**	**589,324,749**
Subject to Scoring and Unrated				
Non-Retail	**9,287,762**	**136,615**	**934,239**	**10,358,616**
Corporate	**7,640,893**	**113,281**	**876,195**	**8,630,369**
LGU	**1,646,870**	**23,334**	**58,044**	**1,728,247**
Retail	**₱47,567,948**	**₱956,133**	**₱8,040,719**	**₱56,564,799**
Auto Loans	**5,382,399**	**35,654**	**807,414**	**6,225,467**
Housing Loans	**21,169,482**	**317,380**	**5,297,651**	**26,784,513**
Retail SME	**4,370,985**	**123,985**	**995,964**	**5,490,934**
Credit Card	**16,645,082**	**479,114**	**939,689**	**18,063,885**
Others	**6,901,421**	**343,569**	**1,589,410**	**8,834,400**
	63,757,131	**1,436,316**	**10,564,367**	**75,757,815**
	₱593,941,086	**₱26,801,177**	**₱44,340,301**	**₱665,082,564**

(Forward)

	Consolidated			
	2023			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	₱220,424,136	₱7,449	₱–	₱220,431,585
Standard	240,184,925	6,625,961	–	246,810,886
Substandard	46,358,670	20,816,814	–	67,175,484
Impaired	–	–	32,477,009	32,477,009
	506,967,731	27,450,224	32,477,009	566,894,964
Subject to Scoring and Unrated				
Non-Retail	7,232,740	39,071	561,123	7,832,934
Corporate	5,049,454	10,066	497,906	5,557,426
LGU	2,183,286	29,005	63,217	2,275,508
Retail	43,676,730	863,802	10,876,864	55,417,396
Auto Loans	5,215,073	22,973	1,263,450	6,501,496
Housing Loans	20,089,818	248,682	7,962,437	28,300,937
Retail SME	4,163,286	151,785	1,067,047	5,382,118
Credit Card	14,208,553	440,362	583,930	15,232,845
Others	8,572,845	2,087,517	1,667,140	12,327,502
	59,482,315	2,990,390	13,105,127	75,577,832
	₱566,450,046	₱30,440,614	₱45,582,136	₱642,472,796

	Parent Company			
	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Subject to CRR				
Non-Retail - Corporate				
High	**₱234,976,619**	**₱–**	**₱–**	**₱234,976,619**
Standard	**246,214,981**	**4,763,028**	**–**	**250,978,009**
Substandard	**36,851,794**	**19,858,092**	**–**	**56,709,886**
Impaired	**–**	**–**	**33,775,932**	**33,775,932**
	518,043,393	**24,621,121**	**33,775,932**	**576,440,446**
Subject to Scoring and Unrated				
Non-Retail	**9,287,762**	**136,615**	**934,239**	**10,358,616**
Corporate	**7,640,893**	**113,281**	**876,195**	**8,630,369**
LGU	**1,646,870**	**23,334**	**58,044**	**1,728,247**
Retail	**46,801,777**	**950,986**	**7,987,260**	**55,740,023**
Auto Loans	**5,382,399**	**35,654**	**807,414**	**6,225,467**
Housing Loans	**20,403,311**	**312,234**	**5,244,192**	**25,959,737**
Retail SME	**4,370,985**	**123,985**	**995,964**	**5,490,934**
Credit Card	**16,645,082**	**479,114**	**939,689**	**18,063,885**
Others	**6,819,797**	**343,569**	**1,589,410**	**8,752,776**
	62,909,336	**1,431,170**	**10,510,909**	**74,851,415**
	₱580,952,730	**₱26,052,291**	**₱44,286,840**	**₱651,291,861**

Parent Company
2023

	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail - Corporate				
High	₱212,827,838	₱–	₱–	₱212,827,838
Standard	235,059,187	6,625,961	–	241,685,148
Substandard	46,331,524	20,816,814	–	67,148,338
Impaired	–	–	32,450,434	32,450,434
	494,218,549	27,442,775	32,450,434	554,111,758
Subject to Scoring and Unrated				
Non-Retail	7,255,065	39,071	561,123	7,855,259
Corporate	5,071,779	10,066	497,906	5,579,751
LGU	2,183,286	29,005	63,217	2,275,508
Retail	42,940,643	863,802	10,830,680	54,635,125
Auto Loans	5,215,073	22,973	1,263,450	6,501,496
Housing Loans	19,353,830	248,682	7,921,406	27,523,918
Retail SME	4,163,187	151,785	1,061,894	5,376,866
Credit Card	14,208,553	440,362	583,930	15,232,845
Others	8,484,938	2,087,517	1,667,139	12,239,594
	58,680,646	2,990,390	13,058,942	74,729,978
	₱552,899,195	₱30,433,165	₱45,509,376	₱628,841,736

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

Consolidated
2024

	Less than 30 days	**31 to 90 days**	**91 to 180 days**	**More than 180 days**	**Total**
Housing Loans	**₱252,972**	**₱127,239**	**₱119,802**	**₱5,095,857**	**₱5,595,870**
Auto Loans	**19,684**	**28,772**	**35,676**	**758,937**	**843,068**
Retail SME	**34,626**	**5,563**	**8,886**	**949,477**	**998,552**
Credit Card	**682,120**	**405,750**	**342,506**	**683,022**	**2,113,397**
LGU	**7,523**	**–**	**–**	**50,521**	**58,044**
Others	**264,959**	**76,299**	**20,592**	**1,430,469**	**1,792,319**
Total	**₱1,261,884**	**₱643,623**	**₱527,462**	**₱8,968,283**	**₱11,401,250**

Consolidated
2023

	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱165,082	₱198,072	₱229,491	₱7,628,653	₱8,221,298
Auto Loans	15,179	19,465	15,345	1,236,458	1,286,447
Retail SME	33,596	15,968	12,582	1,627,173	1,689,319
Credit Card	635,084	367,041	309,380	552,928	1,864,433
LGU	12,696	–	–	50,521	63,217
Others	27,096	35,749	203,642	1,599,257	1,865,744
Total	₱888,733	₱636,295	₱770,440	₱12,694,990	₱14,990,458

Parent Company
2024

	Less than 30 days	**31 to 90 days**	**91 to 180 days**	**More than 180 days**	**Total**
Housing Loans	**₱252,854**	**₱127,239**	**₱119,802**	**₱5,042,398**	**₱5,542,294**
Auto Loans	**19,684**	**28,772**	**35,676**	**758,937**	**843,068**
Retail SME	**34,626**	**5,563**	**8,886**	**949,477**	**998,552**
Credit Card	**682,120**	**405,750**	**342,506**	**683,022**	**2,113,397**
LGU	**7,523**	**–**	**–**	**50,521**	**58,044**
Others	**263,503**	**75,385**	**20,592**	**1,430,469**	**1,789,949**
Total	**₱1,260,310**	**₱642,709**	**₱527,462**	**₱8,914,824**	**₱11,345,304**

Parent Company
2023

	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱164,017	₱197,248	₱229,491	₱7,576,116	₱8,166,872
Auto Loans	15,179	19,465	15,345	1,236,458	1,286,447
Retail SME	33,596	4,985	12,287	1,042,248	1,093,116
Credit Card	635,084	367,041	309,380	552,928	1,864,433
LGU	12,696	–	–	50,521	63,217
Others	24,945	34,264	107,904	1,508,203	1,675,316
Total	₱885,517	₱623,003	₱674,407	₱11,966,474	₱14,149,401

Trading and investment securities and other financial assets

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

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

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

Consolidated
2024

	Aaa to Aa3	**A1 to A3**	**Baa1 and below**	**Subtotal**	**Unrated**	**Total**
Due from BSP [1/]	**₱–**	**₱–**	**₱–**	**₱–**	**₱55,128,316**	**₱55,128,316**
Due from other banks	**4,915,242**	**11,127,337**	**1,037,804**	**17,080,383**	**3,108,255**	**20,188,638**
Interbank loans receivables	**3,240,924**	**17,814,043**	**–**	**21,054,967**	**1,738,365**	**22,793,332**
Securities held under agreements to resell	**–**	**12,581,872**	**12,355,747**	**24,937,619**	**78,588,740**	**103,526,359**
Financial assets at FVOCI						
Government securities	**1,640,210**	**2,933,248**	**135,510,598**	**140,084,056**	**27,740,717**	**167,824,773**
Private debt securities	**949,491**	**202,950**	**291,643**	**1,444,084**	**14,134,116**	**15,578,200**
Quoted equity securities	**88,557**	**–**	**170**	**88,727**	**2,742,550**	**2,831,277**
Unquoted equity securities	**–**	**–**	**–**	**–**	**25,508,533**	**25,508,533**
Investment securities at amortized cost						
Government securities	**437,694**	**805,453**	**81,099,109**	**82,342,256**	**14,475,124**	**96,817,380**
Private debt securities	**753,184**	**523,078**	**713,605**	**1,989,867**	**13,762,605**	**15,752,472**
Financial assets at amortized cost						
Loans and receivables - Others [2/]	**–**	**–**	**–**	**–**	**14,791,311**	**14,791,311**

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

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

	Consolidated					
	2023					
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP [1/]	₱–	₱–	₱–	₱–	₱95,410,350	₱95,410,350
Due from other banks	3,421,092	13,010,926	4,012,095	20,444,113	809,641	21,253,754
Interbank loans receivables	8,816,134	22,454,811	–	31,270,945	4,371,540	35,642,485
Securities held under agreements to resell	21,931,098	22,580,867	25,196,725	69,708,690	–	69,708,690
Financial assets at FVOCI						
Government securities	1,526,582	3,542,452	119,142,990	124,212,024	160,386	124,372,410
Private debt securities	–	3,633,167	10,547,385	14,180,552	–	14,180,552
Quoted equity securities	–	–	170	170	1,049,025	1,049,195
Unquoted equity securities	–	–	–	–	24,929,335	24,929,335
Investment securities at amortized cost						
Government securities	476,340	7,029,234	96,971,058	104,476,632	56,750	104,533,382
Private debt securities	–	12,300,109	6,522,771	18,822,880	–	18,822,880
Financial assets at amortized cost						
Loans and receivables - Others [2/]	–	–	–	–	17,485,597	17,485,597

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

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

	Parent Company					
	2024					
	Aaa to Aa3	**A1 to A3**	**Baa1 and below**	**Subtotal**	**Unrated**	**Total**
Due from BSP [1/]	**₱–**	**₱–**	**₱–**	**₱–**	**₱55,128,316**	**₱55,128,316**
Due from other banks	**331,819**	**7,775,537**	**285,567**	**8,392,923**	**3,090,030**	**11,482,953**
Interbank loans receivables	**1,735,350**	**17,814,043**	–	**19,549,393**	**1,738,365**	**21,287,758**
Securities held under agreements to resell	–	**12,581,872**	**12,355,747**	**24,937,619**	**78,588,740**	**103,526,359**
Financial assets at FVOCI						
Government securities	**1,336,741**	**2,933,248**	**135,683,158**	**139,953,147**	**27,576,421**	**167,529,568**
Private debt securities	**949,491**	**199,434**	**291,643**	**1,440,568**	**14,134,116**	**15,574,684**
Quoted equity securities	–	–	–	–	**2,657,550**	**2,657,550**
Unquoted equity securities	–	–	–	–	**25,508,532**	**25,508,532**
Investment securities at amortized cost						
Government securities	**55,707**	**805,453**	**81,099,109**	**81,960,269**	**14,475,124**	**96,435,393**
Private securities	**753,184**	**523,078**	**713,605**	**1,989,867**	**13,762,605**	**15,752,472**
Financial assets at amortized cost						
Loans and receivables - Others [2/]	**–**	**–**	**–**	**–**	**14,084,022**	**14,084,022**

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

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

	Parent Company					
	2023					
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP [1/]	₱–	₱–	₱–	₱–	₱95,410,350	₱95,410,350
Due from other banks	1,228,363	10,349,227	1,268,254	12,845,844	790,653	13,636,497
Interbank loans receivables	6,619,013	22,454,811	–	29,073,824	4,371,540	33,445,364
Securities held under agreements to resell	21,931,098	22,580,867	25,196,725	69,708,690	–	69,708,690
Financial assets at FVOCI						
Government securities	1,223,772	3,542,452	119,315,550	124,081,774	–	124,081,774
Private debt securities	–	3,604,452	10,547,385	14,151,837	–	14,151,837
Quoted equity securities	–	–	–	–	974,025	974,025
Unquoted equity securities	–	–	–	–	24,929,335	24,929,335
Investment securities at amortized cost						
Government securities	6,379	7,029,234	96,971,058	104,006,671	56,749	104,063,420
Private securities	–	12,300,109	6,522,771	18,822,880	–	18,822,880
Financial assets at amortized cost						
Loans and receivables - Others [2/]	–	–	–	–	16,547,558	16,547,558

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

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

4.3 Liquidity Risk and Funding Management

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

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

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

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

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

	Consolidated					
	2024					
	Up to 1 Month	**More than 1 Month to 3 Months**	**More than 3 Months to 6 Months**	**More than 6 Months to 1 Year**	**Beyond 1 year**	**Total**
Financial Assets						
COCI	**₱20,638,033**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20,638,033**
Due from BSP and other banks	**79,665,312**	–	–	–	–	**79,665,312**
Interbank loans receivable	**14,391,519**	**8,269,891**	–	**237,736**	–	**22,899,146**
Securities held under agreements to resell	**86,336,489**	**17,442,188**	**45,606**	–	–	**103,824,283**
Financial assets at FVTPL:						
Government securities	**6,019,858**	**37,152**	**327,922**	**3,428,645**	**10,851,259**	**20,664,836**
Private debt securities	**1,963**	**501,293**	**161,953**	**76**	**2,500**	**667,785**
Equity securities	**2,866**	–	–	–	–	**2,866**
Derivative assets:						
Gross contractual receivable	**63,016,118**	**17,487,420**	**4,695,516**	**1,177,732**	**718,884**	**87,095,670**
Gross contractual payable	**(62,348,904)**	**(17,225,028)**	**(4,630,933)**	**(1,148,725)**	**(657,203)**	**(86,010,793)**
Financial assets at FVOCI:						
Government securities	**45,163,800**	**23,772,893**	**3,594,679**	**27,001,776**	**96,698,783**	**196,231,931**
Private debt securities	**102,545**	**1,612,398**	**338,704**	**2,077,196**	**14,916,954**	**19,047,797**
Equity securities	–	–	–	–	**28,339,810**	**28,339,810**
Investment securities at amortized cost						
Government securities	**1,783,091**	**3,145,770**	**4,701,366**	**3,260,697**	**121,298,519**	**134,189,443**
Private debt securities	**5,935,265**	**159,585**	**640,783**	**4,501,535**	**7,708,861**	**18,946,029**
Financial assets at amortized cost:						
Receivables from customers	**129,354,666**	**112,113,503**	**39,252,192**	**36,802,831**	**485,624,853**	**803,148,045**
Other receivables	**12,220,461**	**1,254,881**	**432,752**	**65,212**	**818,003**	**14,791,309**
Other assets	**427,311**	–	–	–	**20,162**	**447,473**
Total financial assets	**₱402,710,393**	**₱168,571,946**	**₱49,560,540**	**₱77,404,711**	**₱766,341,385**	**₱1,464,588,975**
Financial Liabilities						
Deposit liabilities:						
Demand	**₱244,799,109**	**₱–**	**₱–**	**₱–**	**₱–**	**₱244,799,109**
Savings *	**392,374,872**	–	–	–	–	**392,374,872**
Time and LTNCDs *	**184,634,425**	**119,952,066**	**22,108,662**	**9,754,371**	**5,045,284**	**341,494,808**
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual payable	**30,063,432**	**17,447,332**	**12,617,891**	**1,356,393**	–	**61,485,048**
Gross contractual receivable	**(29,925,130)**	**(17,133,537)**	**(12,163,154)**	**(1,339,194)**	–	**(60,561,015)**
Bills and acceptances payable	**974,286**	**2,537,017**	**3,611,405**	**8,057,956**	**14,566**	**15,195,230**
Bonds payable	–	–	–	–	**21,573,430**	**21,573,430**
Accrued interest payable and accrued other expenses payable	**3,735,521**	**20,240**	**160,435**	**45,689**	**350**	**3,962,235**
Other liabilities	**11,510,963**	–	–	–	**1,626,812**	**13,137,775**
Total financial liabilities	**₱838,167,478**	**₱122,823,118**	**₱26,335,239**	**₱17,875,215**	**₱28,260,442**	**₱1,033,461,492**

* *High-yield savings accounts are included under time deposits*

	Consolidated					
	2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱21,151,391	₱–	₱–	₱–	₱–	₱21,151,391
Due from BSP and other banks	120,467,205	–	–	–	–	120,467,205
Interbank loans receivable	28,531,370	5,489,107	967,360	1,023,160	–	36,010,997
Securities held under agreements to resell	69,812,071	–	–	–	–	69,812,071
Financial assets at FVTPL:						
Government securities	4,293,988	534,211	39,479	91,568	3,586,581	8,545,827
Private debt securities	–	29,925	18,982	994,562	662,057	1,705,526
Equity securities	2,771	–	–	–	–	2,771
Derivative assets:						
Gross contractual receivable	87,949,838	17,614,366	2,099,656	445,073	30,329	108,139,262
Gross contractual payable	(87,391,376)	(17,458,363)	(2,070,466)	(441,124)	(29,191)	(107,390,520)
Financial assets at FVOCI:						
Government securities	33,489,750	46,204,757	1,285,139	2,180,240	47,001,705	130,161,591
Private debt securities	938,132	1,112,484	1,987,338	2,370,435	9,479,822	15,888,211
Equity securities	1,411,318	–	–	–	24,567,213	25,978,531
Investment securities at amortized cost						
Government securities	6,209,327	4,081,976	5,719,142	4,000,317	124,961,338	144,972,100
Private debt securities	1,347,263	3,824,893	1,334,269	1,704,803	27,484,727	35,695,955
Financial assets at amortized cost:						
Receivables from customers	149,406,393	61,186,611	28,126,108	23,386,574	510,204,415	772,310,101
Other receivables	14,812,784	665,550	387,899	242,420	1,376,947	17,485,600
Other assets	383,478	–	–	–	18,779	402,257
Total financial assets	₱452,815,703	₱123,285,517	₱39,894,906	₱35,998,028	₱749,344,722	₱1,401,338,876
Financial Liabilities						
Deposit liabilities:						
Demand	₱229,771,379	₱–	₱–	₱–	₱–	₱229,771,379
Savings *	367,397,521	–	–	–	–	367,397,521
Time and LTNCDs *	190,633,688	98,114,877	16,667,382	19,935,772	14,354,806	339,706,525
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual payable	53,574,196	7,507,070	3,406,282	673,361	–	65,160,909
Gross contractual receivable	(53,334,823)	(7,274,163)	(3,340,990)	(657,783)	–	(64,607,759)
Bills and acceptances payable	6,019,964	10,282,130	2,290,375	503,601	1,139,259	20,235,329
Bonds payable	–	15,134	–	42,762,166	–	42,777,300
Accrued interest payable and accrued other expenses payable	4,683,312	54,751	217,492	113,428	479,288	5,548,271
Other liabilities	8,054,665	2,755	–	76,930	1,215,351	9,349,701
Total financial liabilities	₱806,799,902	₱108,702,554	₱19,240,541	₱63,407,475	₱17,188,704	₱1,015,339,176

* *High-yield savings accounts are included under time deposits*

	Parent Company					
	2024					
	Up to 1 Month	**More than 1 Month to 3 Months**	**More than 3 Months to 6 Months**	**More than 6 Months to 1 Year**	**Beyond 1 year**	**Total**
Financial Assets						
COCI	**₱20,522,258**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20,522,258**
Due from BSP and other banks	**68,407,714**	–	–	–	–	**68,407,714**
Interbank loans receivable	**13,799,929**	**7,577,478**	–	–	–	**21,377,407**
Securities held under agreements to resell	**86,350,640**	**17,442,188**	–	–	–	**103,792,828**
Financial assets at FVTPL:						
Government securities	**6,019,858**	**37,152**	**327,922**	**3,428,645**	**10,851,259**	**20,664,836**
Private debt securities	**1,963**	**499,831**	**12,266**	**76**	**2,500**	**516,636**
Equity securities	–	–	–	–	–	–
Derivative assets:						
Gross contractual receivable	**63,016,045**	**17,487,373**	**4,694,825**	**1,177,732**	**718,884**	**87,094,859**
Gross contractual payable	**(62,348,904)**	**(17,225,028)**	**(4,630,933)**	**(1,148,725)**	**(657,203)**	**(86,010,793)**
Financial assets at FVOCI:						
Government securities	**45,163,800**	**23,766,870**	**3,429,917**	**26,993,976**	**96,344,183**	**195,698,746**
Private debt securities	**102,545**	**1,612,346**	**338,651**	**2,077,081**	**14,912,826**	**19,043,449**
Equity securities		–	–	–	**28,166,082**	**28,166,082**
Investment securities at amortized cost:						
Government securities	**1,783,091**	**3,145,770**	**4,673,697**	**3,260,697**	**120,933,945**	**133,797,200**
Private debt securities	**5,935,265**	**159,585**	**640,783**	**4,501,535**	**7,708,861**	**18,946,029**
Financial assets at amortized cost:						
Receivables from customers	**₱125,410,180**	**₱108,111,242**	**₱37,907,583**	**₱35,037,355**	**₱482,137,644**	**₱788,604,004**
Other receivables	**11,618,507**	**1,212,223**	**423,072**	**16,772**	**813,447**	**14,084,021**
Other assets	**426,650**	–	–	–	**500**	**427,150**
Total financial assets	**₱386,209,541**	**₱163,827,030**	**₱47,817,783**	**₱75,345,144**	**₱761,932,928**	**₱1,435,132,426**
Financial Liabilities						
Deposit liabilities:						
Demand	**₱244,265,623**	**₱–**	**₱–**	**₱–**	**₱–**	**₱244,265,623**
Savings *	**391,145,423**	–	–	–	–	**391,145,423**
Time and LTNCDs *	**183,443,376**	**117,002,007**	**18,847,934**	**9,272,776**	**4,988,759**	**333,554,852**
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual receivable	**30,062,057**	**17,446,351**	**12,617,887**	**1,356,393**	–	**61,482,688**
Gross contractual payable	**(29,925,130)**	**(17,133,537)**	**(12,163,154)**	**(1,339,176)**	–	**(60,560,997)**
Bills and acceptances payable	**974,286**	**2,537,017**	**3,611,405**	**8,057,956**	**14,565**	**15,195,229**
Bonds payable	–	–	–	–	**21,573,430**	**21,573,430**
Accrued interest payable and accrued other expenses payable	**3,741,442**	**11,470**	**160,435**	–	–	**3,913,347**
Other liabilities	**10,854,712**	–	–	–	**1,626,812**	**12,481,524**
Total financial liabilities	**₱834,561,789**	**₱119,863,308**	**₱23,074,507**	**₱17,347,949**	**₱28,203,566**	**₱1,023,051,119**

* *High-yield savings accounts are included under time deposits*

	Parent Company					
	2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱21,052,526	₱–	₱–	₱–	₱–	₱21,052,526
Due from BSP and other banks	109,049,601	–	–	–	–	109,049,601
Interbank loans receivable	27,292,838	4,711,253	733,840	1,023,160	–	33,761,091
Securities held under agreements to resell	69,812,071	–	–	–	–	69,812,071
Financial assets at FVTPL:						
Government securities	4,293,988	534,211	39,479	91,568	3,586,581	8,545,827
Private debt securities	–	28,463	17,295	991,188	509,839	1,546,785
Equity securities	–	–	–	–	–	–
Derivative assets:						
Gross contractual receivable	87,949,731	17,611,825	2,097,320	445,073	30,329	108,134,278
Gross contractual payable	(87,391,376)	(17,458,363)	(2,070,466)	(441,124)	(29,191)	(107,390,520)
Financial assets at FVOCI:						
Government securities	33,489,750	46,204,757	1,195,094	2,094,355	46,631,505	129,615,461
Private debt securities	938,132	1,112,051	1,986,905	2,369,485	9,443,984	15,850,557
Equity securities	1,336,148	–	–	–	24,567,213	25,903,361
Investment securities at amortized cost:						
Government securities	6,172,842	4,010,826	5,708,076	3,972,550	124,620,081	144,484,375
Private debt securities	1,347,262	3,824,893	1,334,269	1,704,803	27,484,727	35,695,954
Financial assets at amortized cost:						
Receivables from customers	145,196,835	57,624,975	27,195,621	21,636,212	506,344,765	757,998,408
Other receivables	14,282,566	649,818	2,968	240,464	1,371,742	16,547,558
Other assets	382,847	–	–	–	500	383,347
Total financial assets	₱435,205,761	₱118,854,709	₱38,240,401	₱34,127,734	₱744,562,075	₱1,370,990,680
Financial Liabilities						
Deposit liabilities:						
Demand	₱229,138,969	₱–	₱–	₱–	₱–	₱229,138,969
Savings *	366,321,763	–	–	–	–	366,321,763
Time and LTNCDs *	190,347,584	94,660,837	13,823,464	19,360,573	14,335,168	332,527,626

(Forward)

	Parent Company 2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual receivable	₱53,574,196	₱7,507,070	₱3,406,282	₱673,361	₱–	₱65,160,909
Gross contractual payable	(53,334,823)	(7,274,163)	(3,340,990)	(657,765)	–	(64,607,741)
Bills and acceptances payable	6,019,964	10,282,130	2,290,375	503,601	1,139,258	20,235,328
Bonds payable	–	15,134	–	42,762,166	–	42,777,300
Accrued interest payable and accrued other expenses payable	4,689,505	21,230	46,193	44,728	478,314	5,279,970
Other liabilities	7,366,066	2,756	–	76,930	1,215,351	8,661,103
Total financial liabilities	₱804,123,224	₱105,214,994	₱16,225,324	₱62,763,594	₱17,168,091	₱1,005,495,227

* *High-yield savings accounts are included under time deposits*

4.3.1 BSP Reporting for Liquidity Positions and Leverage

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

- over a 30-calendar day horizon, an adequate level of unencumbered high-quality liquid assets (HQLA) that consist of cash or assets that can be converted into cash to offset the net cash outflows they could encounter under a liquidity stress scenario; and
- a stable funding profile in relation to the composition of their assets and off-balance sheet activities.

To monitor the liquidity levels, the Group computes for its Liquidity Coverage Ratio (LCR), which is the ratio of HQLA to the total net cash outflows. As of December 31, 2024 and 2023, LCR reported to the BSP with certain adjustments is shown in the table below:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
LCR	**254.46%**	271.54%	**244.55%**	295.74%

The Group also computes for its Net Stable Funding Ratio (NSFR), which is the ratio of the available stable funding to the required stable funding. Both LCR and NSFR should be maintained no lower than 100.00% on a daily basis under normal situations. As of December 31, 2024 and 2023, NSFR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Available stable funding	**₱955,109**	₱894,199	**₱943,044**	₱884,747
Required stable funding	**598,326**	595,019	**600,847**	597,380
NSFR	**159.63%**	150.28%	**156.95%**	148.10%

4.4 Market Risk

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

4.4.1 Trading Market Risk

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

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

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

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

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

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

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

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

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

* *FX VaR is the bankwide foreign exchange risk*

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

Trading Portfolio	Foreign Exchange*	Interest Rate	Equities Price	Total VaR**
December 29, 2023	₱3.99	₱86.63	₱–	₱90.62
Average Daily	9.26	133.08	–	142.34
Highest	33.27	313.88	–	320.92
Lowest	1.78	62.67	–	67.76

* *FX VaR is the bankwide foreign exchange risk*

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

4.4.2 Non-Trading Market Risk

Interest rate risk

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

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

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

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

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

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

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

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

** *Receivables from customers excludes residual value of leased assets (Note 10)*

****Excludes LTNCD*

	Consolidated 2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱58,150,792	₱9,072,894	₱3,369,531	₱8,901,479	₱37,159,510	₱116,654,206
Interbank loans receivable and securities held under agreements to resell	98,092,798	5,439,375	733,899	1,062,906	–	105,328,978
Receivables from customers and other receivables - gross**	161,955,806	49,845,326	28,901,960	39,616,354	104,403,594	384,723,040
Total financial assets	₱318,199,396	₱64,357,595	₱33,005,390	₱49,580,739	₱141,563,104	₱606,706,224
Financial Liabilities*						
Deposit liabilities:						
Savings	₱158,675,307	₱56,242,019	₱27,795,826	₱49,149,862	₱249,146,435	₱541,009,449
Time***	81,037,001	40,011,529	6,280,461	5,894,523	12,528,547	145,752,061
Bonds payable	–	–	–	41,490,871	–	41,490,871
Bills and acceptances payable	10,303,062	5,296,850	1,746,803	185,016	2,630,872	20,162,603
Total financial liabilities	₱250,015,370	₱101,550,398	₱35,823,090	₱96,720,272	₱264,305,854	₱748,414,984
Repricing gap	₱68,184,026	(₱37,192,803)	(₱2,817,700)	(₱47,139,533)	(₱122,742,750)	(₱141,708,760)
Cumulative gap	68,184,026	30,991,223	28,173,523	(18,966,010)	(141,708,760)	

* *Financial instruments that are not subject to repricing/rollforward were excluded*
** *Receivables from customers excludes residual value of leased assets (Note 10)*
****Excludes LTNCD*

	Parent Company **2024**					
	Up to 1 Month	**More than 1 Month to 3 Months**	**More than 3 Months to 6 Months**	**More than 6 Months to 1 Year**	**Beyond 1 year**	**Total**
Financial Assets*						
Due from BSP and other banks	**₱33,464,849**	**₱5,593,770**	**₱1,899,764**	**₱4,386,159**	**₱21,261,952**	**₱66,606,494**
Interbank loans receivable and securities held under repurchase agreement	**107,900,848**	**16,861,438**	**–**	**–**	**–**	**124,762,286**
Receivable from customers and other receivables - gross**	**157,138,553**	**68,585,452**	**21,366,921**	**61,472,689**	**104,245,092**	**412,808,708**
Total financial assets	**₱298,504,250**	**₱91,040,660**	**₱23,266,685**	**₱65,858,848**	**₱125,507,044**	**₱604,177,487**
Financial Liabilities*						
Deposit liabilities:						
Savings	**₱158,530,209**	**₱72,580,213**	**₱27,612,373**	**₱51,165,635**	**₱264,350,130**	**₱574,238,560**
Time***	**87,650,002**	**40,764,217**	**6,585,830**	**4,955,855**	**4,186,727**	**144,142,631**
Bonds payable	**–**	**–**	**–**	**–**	**17,304,421**	**17,304,421**
Bills and acceptances payable	**7,869,449**	**2,324,009**	**2,295,405**	**7,719,588**	**–**	**20,208,451**
Total financial liabilities	**₱254,049,660**	**₱115,668,439**	**₱36,493,608**	**₱63,841,077**	**₱285,841,278**	**₱755,894,062**
Repricing gap	**₱44,454,590**	**(₱24,627,779)**	**(₱13,226,923)**	**(₱2,017,771)**	**(₱160,334,234)**	**(₱151,716,575)**
Cumulative gap	**44,454,590**	**19,826,811**	**6,599,888**	**8,617,659**	**(151,716,575)**	

* *Financial instruments that are not subject to repricing/rollforward were excluded.*
** *Receivable from customers excludes residual value of leased assets (Note 10).*
****Excludes LTNCD.*

	Parent Company 2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱53,163,321	₱8,466,394	₱3,186,263	₱7,166,464	₱37,054,532	₱109,036,974
Interbank loans receivable and securities held under repurchase agreement	96,853,751	4,713,657	733,899	830,550	–	103,131,857
Receivable from customers and other receivables - gross**	161,955,806	49,845,326	28,901,960	39,616,354	104,403,594	384,723,040
Total financial assets	₱311,972,878	₱63,025,377	₱32,822,122	₱47,613,368	₱141,458,126	₱596,891,871
Financial Liabilities*						
Deposit liabilities:						
Savings	₱158,566,530	₱56,141,908	₱27,695,715	₱48,995,714	₱248,663,704	₱540,063,571
Time***	85,305,839	39,796,870	6,226,047	5,871,308	4,570,860	141,770,924
Bonds payable	–	–	–	41,490,871	–	41,490,871
Bills and acceptances payable	10,109,071	5,266,998	1,738,607	–	3,047,927	20,162,603
Total financial liabilities	₱253,981,440	₱101,205,776	₱35,660,369	₱96,357,893	₱256,282,491	₱743,487,969
Repricing gap	₱57,991,438	(₱38,180,399)	(₱2,838,247)	(₱48,744,525)	(₱114,824,365)	(₱146,596,098)
Cumulative gap	57,991,438	19,811,039	16,972,792	(31,771,733)	(146,596,098)	

* *Financial instruments that are not subject to repricing/rollforward were excluded*
** *Receivables from customers excludes residual value of leased assets (Note 10)*
****Excludes LTNCD*

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

	Consolidated			
	2024		2023	
	Statement of Income	**Equity**	Statement of Income	Equity
+50bps	**₱135,755**	**₱135,755**	₱119,977	₱119,977
-50bps	**(135,755)**	**(135,755)**	(119,977)	(119,977)
+100bps	**271,509**	**271,509**	239,954	239,954
-100bps	**(271,509)**	**(271,509)**	(239,954)	(239,954)

	Parent Company			
	2024		2023	
	Statement of Income	**Equity**	Statement of Income	Equity
+50bps	**₱73,918**	**₱73,918**	₱66,058	₱66,058
-50bps	**(73,918)**	**(73,918)**	(66,058)	(66,058)
+100bps	**147,837**	**147,837**	132,116	132,116
-100bps	**(147,837)**	**(147,837)**	(132,116)	(132,116)

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

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

The maximum negative Delta EVE capital coming from the steepening rates scenario is at ₱10.5 billion or 7.85% of CET1 and ₱6.2 billion or 5.43% of CET1, as of December 31, 2024 and December 31, 2023, respectively.

As of December 31, 2024, the maximum negative Delta EVE is at ₱10.5 billion or 7.85% of CET1 capital coming from the parallel up rates scenario.

Foreign currency risk

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

Foreign currency liabilities generally consist of foreign currency deposits in the Parent Company's FCDU books, accounts made in the Philippines or which are generated from remittances to the Philippines by Filipino expatriates and overseas Filipino workers who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Parent Company and foreign currency-denominated borrowings appearing in the regular books of the Parent Company.

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

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

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

	Consolidated					
	2024			2023		
	USD	Others*	Total	USD	Others*	Total
Assets						
COCI and due from BSP	₱116,927	₱823,342	₱940,269	₱119,469	₱425,096	₱544,565
Due from other banks	11,386,859	4,193,010	15,579,869	11,638,822	3,863,354	15,502,176
Interbank loans receivable and securities held under agreements to resell	1,993,708	3,683,161	5,676,869	15,134,491	4,827,144	19,961,635
Loans and receivables	18,941,355	11,721,952	30,663,307	26,835,528	11,551,544	38,387,072
Financial assets at FVTPL	812	–	812	5,029	–	5,029
Financial assets at FVOCI	975,132	1,579,942	2,555,074	866,362	732,743	1,599,105
Investment securities at amortized cost	381,987	621,679	1,003,666	476,337	624,203	1,100,540
Other assets	13,371,776	963,598	14,335,374	11,779,548	1,030,816	12,810,364
Total assets	47,168,556	23,586,684	70,755,240	66,855,586	23,054,900	89,910,486
Liabilities						
Deposit liabilities	₱8,740,905	₱8,643,238	₱17,384,143	₱8,849,451	₱8,963,600	₱17,813,051
Derivative liabilities	2,413	–	2,413	1	–	1
Bills and acceptances payable	8,221,706	79,267	8,300,973	10,510,491	–	10,510,491
Accrued interest payable	41,372	1,580	42,952	86,808	21,671	108,479
Other liabilities	7,719,166	2,301,882	10,021,048	9,378,454	2,494,000	11,872,454
Total liabilities	24,725,562	11,025,967	35,751,529	28,825,205	11,479,271	40,304,476
Net Exposure	₱22,442,994	₱12,560,717	₱35,003,711	₱38,030,381	₱11,575,629	₱49,606,010

**Other currencies pertain to third currencies*

	Parent Company					
	2024			2023		
	USD	Others*	Total	USD	Others*	Total
Assets						
COCI and due from BSP	₱52,070	₱246,546	₱298,616	₱51,226	₱167,776	₱219,002
Due from other banks	5,738,354	923,894	6,662,248	6,136,432	1,144,815	7,281,247
Interbank loans receivable and securities held under agreements to resell	1,594,955	2,573,865	4,168,820	14,362,997	3,348,733	17,711,730
Loans and receivables	16,779,768	22,100	16,801,868	24,700,030	24,636	24,724,666
Financial assets at FVTPL	–	–		44	–	44
Financial assets at FVOCI	975,132	1,415,646	2,390,778	866,362	572,357	1,438,719
Investment securities at amortized cost	–	621,679	621,679	6,376	624,203	630,579
Other assets	13,364,004	–	13,364,004	11,745,510	–	11,745,510
Total assets	38,504,283	5,803,730	44,308,013	57,868,977	5,882,520	63,751,497
Liabilities						
Deposit liabilities	2,404,861	5,314,275	7,719,136	2,275,877	5,538,066	7,813,943
Derivative liabilities	53	–	53	1	–	1
Bills and acceptances payable	8,221,706	79,267	8,300,973	10,510,491	–	10,510,491
Accrued interest payable	41,372	1,580	42,952	54,986	1,499	56,485
Other liabilities	7,309,695	1,877,022	9,186,717	9,036,932	1,996,722	11,033,654
Total liabilities	17,977,687	7,272,144	25,249,831	21,878,287	7,536,287	29,414,574
Net Exposure	₱20,526,596	(₱1,468,414)	₱19,058,182	₱35,990,690	(₱1,653,767)	₱34,336,923

* *Other currencies pertain to third currencies*

The exchange rates used to convert the Group and the Parent Company's US dollar-denominated assets and liabilities into Philippine peso were ₱57.85 to USD1.00 as of December 31, 2024 and ₱55.37 to USD1.00 as of December 31, 2023. The following tables set forth the impact of the range of reasonably possible changes in the USD:PHP exchange rate on the Group and the Parent Company's income before income tax and equity which includes the impact on the income (due to the revaluation of monetary assets and liabilities) for the years ended December 31, 2024 and 2023:

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

	2023			
	Consolidated		Parent Company	
	Statement of Income	Equity	Statement of Income	Equity
+1.00%	₱371,640	(₱380,304)	₱351,243	(₱359,907)
-1.00%	(371,640)	380,304	(351,243)	359,907

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

5. Fair Value Measurement

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

Assets and Liabilities	Fair value methodologies
Cash equivalents	At carrying amounts due to their relatively short-term maturity
Derivatives	Based on either: • quoted market prices; • prices provided by independent parties; or • prices derived using acceptable valuation models
Debt securities	For quoted securities – based on market prices from debt exchanges For unquoted securities [1] – estimated using either: • quoted market prices of comparable investments; or • discounted cash flow methodology
Equity securities	For quoted securities – based on market prices from stock exchanges For unquoted securities – estimated using either: • quoted market prices of comparable investments [2]; 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

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

	Consolidated				
	2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	**₱16,181,821**	**₱9,280,986**	**₱6,900,835**	**₱–**	**₱16,181,821**
Private debt securities	**649,191**	**646,996**	**2,195**	**–**	**649,191**
Derivative assets	**1,087,107**	**–**	**1,087,107**	**–**	**1,087,107**
Equity securities	**2,866**	**2,866**	**–**	**–**	**2,866**
Financial assets at FVOCI:					
Government securities	**167,824,773**	**84,332,614**	**83,492,159**	**–**	**167,824,773**
Equity securities	**28,339,810**	**2,390,053**	**671,154**	**25,278,603**	**28,339,810**
Private debt securities	**15,578,200**	**8,144,021**	**7,434,179**	**–**	**15,578,200**
	₱229,663,768	**₱104,797,536**	**₱99,587,629**	**₱25,278,603**	**₱229,663,768**
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	**₱924,053**	**₱–**	**₱924,053**	**₱–**	**₱924,053**
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	**₱112,422,382**	**₱44,626,557**	**₱67,159,150**	**₱–**	**₱111,785,707**
Receivables from customers**	**626,089,235**	**–**	**–**	**657,189,212**	**657,189,212**
	₱738,511,617	**₱44,626,557**	**₱67,159,150**	**₱657,189,212**	**₱768,974,919**
Nonfinancial Assets					
Investment property:					
Land***	**₱12,656,948**	**₱–**	**₱–**	**₱30,731,999**	**₱30,731,999**
Buildings and improvements***	**3,307,319**	**–**	**–**	**5,820,255**	**5,820,255**
	₱15,964,267	**₱–**	**₱–**	**₱36,552,254**	**₱36,552,254**
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	**₱147,368,732**	**₱–**	**₱–**	**₱147,177,687**	**₱147,177,687**
LTNCDs	**4,598,770**	**–**	**4,541,491**	**–**	**4,541,491**
Bonds payable	**17,304,421**	**–**	**17,001,745**	**–**	**17,001,745**
Bills payable	**14,152,442**	**–**	**–**	**14,152,442**	**14,152,442**
	₱183,424,365	**₱–**	**₱21,543,236**	**₱161,330,129**	**₱182,873,365**

* *Net of expected credit losses (Note 9)*

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

*** *Net of impairment losses (Note 13)*

	Consolidated				
	2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱8,174,405	₱2,633,602	₱5,540,803	₱–	₱8,174,405
Private debt securities	1,590,489	914,210	676,279	–	1,590,489
Derivative assets	749,199	–	749,199	–	749,199
Equity securities	2,771	2,771	–	–	2,771
Financial assets at FVOCI:					
Government securities	124,372,410	46,682,566	77,689,844	–	124,372,410
Equity securities	25,978,530	200,709	1,014,081	24,763,740	25,978,530
Private debt securities	14,180,552	6,944,140	7,236,412	–	14,180,552
	₱175,048,356	₱57,377,998	₱92,906,618	₱24,763,740	₱175,048,356
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱555,811	₱–	₱555,811	₱–	₱555,811
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱123,200,427	₱24,840,676	₱98,730,596	₱–	₱123,571,272
Receivables from customers**	604,188,788	–	–	623,817,129	623,817,129
	₱727,389,215	₱24,840,676	₱98,730,596	₱623,817,129	₱747,388,401
Nonfinancial Assets					
Investment property:					
Land***	₱12,359,795	₱–	₱–	₱26,228,453	₱26,228,453
Buildings and improvements***	2,219,763	–	–	7,975,404	7,975,404
	₱14,579,558	₱–	₱–	₱34,203,857	₱34,203,857
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱145,752,061	₱–	₱–	₱145,538,240	₱145,538,240
LTNCDs	12,803,543	–	12,586,489	–	12,586,489
Bonds payable	41,490,871	–	40,625,938	–	40,625,938
Bills payable	10,607,626	–	–	10,559,411	10,559,411
	₱210,654,101	₱–	₱53,212,427	₱156,097,651	₱209,310,078

* *Net of expected credit losses (Note 9)*
** *Net of expected credit losses and unearned and other deferred income (Note 10)*
*** *Net of impairment losses (Note 13)*

	Parent Company				
	2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	**₱16,181,821**	**₱9,280,986**	**₱6,900,835**	**₱–**	**₱16,181,821**
Private debt securities	**502,026**	**499,831**	**2,195**	**–**	**502,026**
Derivative assets	**1,086,295**	**–**	**1,086,295**	**–**	**1,086,295**
Financial assets at FVOCI:					
Government securities	**167,529,568**	**83,864,849**	**83,664,719**	**–**	**167,529,568**
Equity securities	**28,166,082**	**2,389,883**	**497,596**	**25,278,603**	**28,166,082**
Private debt securities	**15,574,684**	**8,144,021**	**7,430,663**	**–**	**15,574,684**
	₱229,040,476	**₱104,179,570**	**₱99,582,303**	**₱25,278,603**	**₱229,040,476**
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	**₱921,693**	**₱–**	**₱921,693**	**₱–**	**₱921,693**

(Forward)

	Parent Company				
	2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost					
Investment securities at amortized cost*	**₱112,040,395**	**₱44,244,571**	**₱67,159,150**	**₱–**	**₱111,403,721**
Receivables from customers**	**612,043,695**	**–**	**–**	**643,143,671**	**643,143,671**
	₱724,084,090	**₱44,244,571**	**₱67,159,150**	**₱643,143,671**	**₱754,547,392**
Nonfinancial Assets					
Investment property:					
Land***	**₱12,089,552**	**₱–**	**₱–**	**₱30,395,861**	**₱30,395,861**
Buildings and improvements***	**3,455,365**	**–**	**–**	**5,755,096**	**5,755,096**
	15,544,917	**₱–**	**₱–**	**36,150,957**	**36,150,957**
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	**₱144,142,631**	**₱–**	**₱–**	**₱143,951,586**	**₱143,951,586**
LTNCDs	**4,598,770**	**–**	**4,541,491**	**–**	**4,541,491**
Bonds payable	**17,304,421**	**–**	**17,001,745**	**–**	**17,001,745**
Bills payable	**14,152,442**	**–**	**–**	**14,152,442**	**14,152,442**
	₱180,198,264	**₱–**	**₱21,543,236**	**₱158,104,028**	**₱179,647,264**

* *Net of expected credit losses (Note 9)*
** *Net of expected credit losses and unearned and other deferred income (Note 10)*
*** *Net of impairment losses (Note 13)*

	Parent Company				
	2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱8,174,405	₱2,633,602	₱5,540,803	₱–	₱8,174,405
Private debt securities	1,444,641	768,361	676,280	–	1,444,641
Derivative assets	744,213	–	744,213	–	744,213
Financial assets at FVOCI:					
Government securities	124,081,774	46,219,370	77,862,404	–	124,081,774
Equity securities	25,903,360	200,539	939,081	24,763,740	25,903,360
Private debt securities	14,151,837	6,915,425	7,236,412	–	14,151,837
	₱174,500,230	₱56,737,297	₱92,999,193	₱24,763,740	₱174,500,230
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱555,811	₱–	₱555,811	₱–	₱555,811
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost					
Investment securities at amortized cost*	₱122,730,465	₱24,370,714	₱98,730,596	₱–	₱123,101,310
Receivables from customers**	590,301,047	–	–	609,930,601	609,930,601
	₱713,031,512	₱24,370,714	₱98,730,596	₱609,930,601	₱733,031,911
Nonfinancial Assets					
Investment property:					
Land***	₱11,807,630	₱–	₱–	₱25,628,608	₱25,628,608
Buildings and improvements***	2,303,976	–	–	7,806,117	7,806,117
	₱14,111,606	₱–	₱–	₱33,434,725	₱33,434,725
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱141,770,924	₱–	₱–	₱141,557,103	₱141,557,103
LTNCDs	12,803,543	–	12,586,489	–	12,586,489
Bonds payable	41,490,871	–	40,625,938	–	40,625,938
Bills payable	10,607,626	–	–	10,559,411	10,559,411
	₱206,672,964	₱–	₱53,212,427	₱152,116,514	₱205,328,941

* *Net of expected credit losses (Note 9)*
** *Net of expected credit losses and unearned and other deferred income (Note 10)*
*** *Net of impairment losses (Note 13)*

As of December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

The following table summarizes the significant unobservable inputs used to calculate the fair value of Level 3 financial assets at FVOCI of the Group and the Parent Company as of December 31, 2024 and 2023 and the range of values indicating the highest and lowest level input used in the valuation techniques.

	Significant Unobservable Input	**2024**		2023	
		-2%	**+2%**	-2%	+2%
Equity securities	Discount for lack of marketability	**₱601,974**	**(₱601,974)**	₱588,436	(₱588,436)

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.

6. Segment Information

6.1 Business Segments

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

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

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

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

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

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

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

Business segment information of the Group follows:

	2024					
	Retail Banking	**Corporate Banking**	**Treasury**	**Others**	**Adjustments and Eliminations***	**Total**
Net interest margin						
Third party	**(₱2,452,001)**	**₱30,293,075**	**₱21,578,661**	**₱**	**(₱79,265)**	**₱49,340,470**
Inter-segment	**31,620,138**	**(18,404,659)**	**(13,215,479)**	**–**	**–**	**–**
Net interest margin after inter-segment transactions	**29,168,137**	**11,888,416**	**8,363,182**	**–**	**(79,265)**	**49,340,470**
Other income	**5,327,067**	**2,906,587**	**1,635,190**	**1,647,580**	**365,830**	**11,882,254**
Segment revenue	**34,495,204**	**14,795,003**	**9,998,372**	**1,647,580**	**286,565**	**61,222,724**
Other expenses	**14,742,420**	**7,046,665**	**1,357,644**	**1,079,763**	**286,565**	**24,513,057**
Segment result	**₱19,752,784**	**₱7,748,338**	**₱8,640,728**	**₱567,817**	**₱–**	**36,709,667**
Unallocated expenses						**10,431,970**
Income before income tax						**26,277,697**
Income tax						**5,099,732**
Net income						**21,177,965**
Non-controlling interests						**125,069**
Net income for the year attributable to equity holders of the Parent Company						**₱21,052,896**
Other segment information:						
Capital expenditures	**₱215,994**	**₱78,006**	**₱15,021**	**₱6,951**	**₱–**	**₱315,972**
Unallocated capital expenditures						**1,076,413**
Total capital expenditures						**₱1,392,386**
Depreciation and amortization	**₱1,053,740**	**₱670,686**	**₱22,533**	**₱146,894**	**₱–**	**₱1,893,854**
Unallocated depreciation and amortization						**1,765,162**
Total depreciation and amortization						**₱3,659,014**
Provision for impairment, credit and other losses	**₱318,822**	**₱3,450,344**	**₱53,875**	**₱45,071**	**₱–**	**₱3,868,111**

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

	2023					
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(₱717,463)	₱28,943,234	₱16,370,415	₱91,085	(₱94,428)	₱44,592,843
Inter-segment	28,959,163	(16,642,135)	(12,317,028)	–	–	–
Net interest margin after inter-segment transactions	28,241,700	12,301,099	4,053,387	91,085	(94,428)	44,592,843
Other income	5,053,691	6,180,122	1,433,814	1,580,429	(214,234)	14,033,822
Segment revenue	33,295,391	18,481,221	5,487,201	1,671,514	(308,662)	58,626,665
Other expenses	13,242,125	9,270,074	1,133,976	1,844,253	(308,662)	25,181,766
Segment result	₱20,053,266	₱9,211,147	₱4,353,225	(₱172,739)	₱–	33,444,899
Unallocated expenses						11,471,704
Income before income tax						21,973,195
Income tax						4,007,375
Net income						17,965,820
Non-controlling interests						(13,437)
Net income for the year attributable to equity holders of the Parent Company						₱17,979,257
Other segment information:						
Capital expenditures	₱348,679	₱147,739	₱5,350	₱141,085	₱–	₱642,853
Unallocated capital expenditures						375,975
Total capital expenditures						₱1,018,828
Depreciation and amortization	₱1,182,493	₱424,316	₱19,483	₱293,714	₱–	₱1,920,006
Unallocated depreciation and amortization						2,056,063
Total depreciation and amortization						₱3,976,069
Provision for impairment, credit and other losses	₱160,141	₱5,804,991	(₱69,600)	₱27,522	₱–	₱5,923,054

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

	2022					
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	₱1,067,003	₱27,860,354	₱8,535,524	₱20,517	(₱155,828)	₱37,327,570
Inter-segment	20,436,564	(13,698,864)	(6,737,700)	–	–	–
Net interest margin after inter-segment transactions	21,503,567	14,161,490	1,797,824	20,517	(155,828)	37,327,570
Other income	5,008,794	8,159,543	(128,555)	3,629,778	(488,667)	16,180,893
Segment revenue	26,512,361	22,321,033	1,669,269	3,650,295	(644,495)	53,508,463
Other expenses	13,047,668	9,261,629	628,690	2,069,057	(644,495)	24,362,549
Segment result	₱13,464,693	₱13,059,404	₱1,040,579	₱1,581,238	₱–	29,145,914
Unallocated expenses						12,630,698
Income before income tax						16,515,216
Income tax						4,931,228
Net income						11,583,988
Non-controlling interests						51,670
Net income for the year attributable to equity holders of the Parent Company						₱11,532,318
Other segment information:						
Capital expenditures	₱166,520	₱26,621	₱19,998	₱9,628	₱–	₱222,767
Unallocated capital expenditures						1,205,888
Total capital expenditures						₱1,428,655
Depreciation and amortization	₱1,308,317	₱399,629	₱45,770	₱351,829	₱–	₱2,105,545
Unallocated depreciation and amortization						2,120,201
Total depreciation and amortization						₱4,225,746
Provision for (reversal of) impairment, credit and other losses	₱840,755	₱5,281,808	(₱8,104)	₱1,083,658	₱–	₱7,198,117

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

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

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

	As of December 31, 2023					
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	₱681,077,435	₱296,973,331	₱162,833,376	₱91,208,829	(₱21,543,571)	₱1,210,549,400
Segment liabilities	₱655,716,486	₱277,504,592	₱73,979,402	₱34,548,168	(₱22,347,902)	₱1,019,400,746

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

6.2 Geographical Segments

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

	Non-current Assets*		**Liabilities**		**Credit Commitments**	
	2024	2023	**2024**	2023	**2024**	2023
Philippines	**₱512,659,841**	₱483,441,271	**₱1,004,841,665**	₱981,819,485	**₱53,614,874**	₱46,642,445
Asia (excluding Philippines)	**14,987,916**	15,782,479	**32,134,134**	31,573,388	**–**	–
USA and Canada	**2,705,244**	2,486,207	**3,879,385**	5,895,426	**–**	–
United Kingdom	**645**	328	**126,728**	112,447	**–**	–
	₱530,353,646	₱501,710,285	**₱1,040,981,912**	₱1,019,400,746	**₱53,614,874**	₱46,642,445

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

	Capital Expenditures			**Revenues**		
	2024	2023	2022	**2024**	2023	2022
Philippines	**₱1,369,057**	₱1,015,634	₱1,394,685	**₱75,345,161**	₱69,828,059	₱59,259,052
Asia (excluding Philippines)	**818**	2,173	33,178	**2,956,452**	2,639,017	1,221,488
USA and Canada	**2,227**	1,021	792	**913,107**	1,042,962	839,476
United Kingdom	**6,570**	–	–	**126,124**	118,313	105,279
	₱1,378,672	₱1,018,828	₱1,428,655	**₱79,340,844**	₱73,628,351	₱61,425,295

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

7. Due from Bangko Sentral ng Pilipinas

This account consists of:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Demand deposit (Note 17)	**₱44,628,316**	₱78,372,794	**₱44,628,316**	₱78,372,794
Overnight deposit facility (ODF)	**10,500,000**	15,000,000	**10,500,000**	15,000,000
Term deposit facility (TDF)	**–**	2,037,556	**–**	2,037,556
	₱55,128,316	₱95,410,350	**₱55,128,316**	₱95,410,350

In 2024, 2023 and 2022, the combined interest income on ODF and TDF of the Group and the Parent Company amounted to ₱1.0 billion, ₱1.8 billion and ₱1.2 billion, respectively, with interest rates ranging from:

	2024	2023	2022
ODF	**5.25% - 6.00%**	5.00% - 6.00%	1.50% - 5.00%
TDF	**6.00% - 6.65%**	6.28% - 6.75%	1.66% - 6.43%

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

8.1 Interbank Loans Receivables

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

	2024	2023	2022
Peso-denominated	**5.9% - 6.6%**	5.5% - 6.4%	1.5% - 6.4%
Foreign currency-denominated	**0.0% - 5.6%**	0.9% - 6.1%	0.4% - 5.3%

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

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Interbank loans receivable	**₱22,793,332**	₱35,642,485	**₱21,287,758**	₱33,445,364
Less: Allowance for credit losses (Note 16)	**6,138**	8,045	**5,591**	8,045
	22,787,194	35,634,440	**21,282,167**	33,437,319
Less: Interbank loans receivable not considered as cash and cash equivalents	**2,925,553**	4,678,674	**1,734,903**	3,502,399
	₱19,861,641	₱30,955,766	**₱19,547,264**	₱29,934,920

8.2 Securities Held Under Agreements to Resell

Securities held under agreements to resell bear interest ranging from 4.42% to 6.85% in 2024, from 4.20% to 7.00% in 2023, and from 2.00% to 5.50% in 2022. As of December 31, 2024 and 2023, allowance for credit losses on securities held under agreements to resell amounted to ₱46.2 million and ₱14.2 million, respectively (refer to Note 16.2).

The fair value of the treasury bills pledged under these agreements as of December 31, 2024 and 2023 amounted to ₱104.9 billion and ₱57.8 billion for the Group and the Parent Company (refer to Note 35).

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

In 2024, 2023 and 2022, interest income on interbank loans receivable and securities held under agreements to resell amounted to ₱4.6 billion, ₱3.4 billion, and ₱954.6 million, respectively, for the Group and ₱4.6 billion, ₱3.4 billion, and ₱896.7 million, respectively, for the Parent Company.

9. Trading and Investment Securities

This account consists of:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Financial assets at FVTPL	**₱17,920,985**	₱10,516,864	**₱17,770,142**	₱10,363,259
Financial assets at FVOCI	**211,742,783**	164,531,492	**211,270,334**	164,136,971
Investment securities at amortized cost	**112,422,382**	123,200,427	**112,040,395**	122,730,465
	₱342,086,150	₱298,248,783	**₱341,080,871**	₱297,230,695

9.1 Financial Assets at FVTPL

This account consists of:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Government securities	**₱16,181,821**	₱8,174,405	**₱16,181,821**	₱8,174,405
Private debt securities	**649,191**	1,590,489	**502,026**	1,444,641
Derivative assets (Notes 23 and 35)	**1,087,107**	749,199	**1,086,295**	744,213
Equity securities	**2,866**	2,771	**–**	–
	₱17,920,985	₱10,516,864	**₱17,770,142**	₱10,363,259

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

	2024	2023	2022
Government securities	**0.6% - 8.6%**	1.4% - 8.6%	1.4% - 8.0%
Private debt securities	**4.9% - 6.9%**	2.8% - 8.8%	4.9% - 6.9%

9.2 Financial Assets at FVOCI

This account consists of:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Government securities (Note 19)	**₱167,824,773**	₱124,372,410	**₱167,529,568**	₱124,081,774
Private debt securities (Note 19)	**15,578,200**	14,180,552	**15,574,684**	14,151,837
Equity securities				
Quoted	**2,831,277**	1,049,195	**2,657,550**	974,025
Unquoted (Note 33)	**25,508,533**	24,929,335	**25,508,532**	24,929,335
	₱211,742,783	₱164,531,492	**₱211,270,334**	₱164,136,971

Unquoted equity securities include the Parent Company's retained 49.00% interest in PNB Holdings Corporation (PNB Holdings) amounting to ₱25.1 billion and ₱24.6 billion as of December 31, 2024 and 2023, respectively (refer to Note 12.4). The fair value was determined using the adjusted net asset value method as discussed in Note 5. Further, the Parent Company applied 16.50% discount, being a non-listed company, by referring to a number of recent initial public offerings of comparative entities.

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

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

	2024	2023	2022
Government securities	**0.6% - 14.9%**	0.2% - 19.1%	0.2% - 26.2%
Private debt securities	**0.5% - 6.9%**	0.5% - 6.4%	0.5% - 6.4%

As of December 31, 2024 and 2023, the fair value of FVOCI in the form of government bonds pledged to fulfill its collateral requirements with securities sold under repurchase agreement transactions amounted to ₱12.0 billion and ₱6.5 billion, respectively (refer to Note 19.1). The counterparties have an obligation to return the securities to the Parent Company once the obligations have been settled. In case of default, the counterparties have the right to hold the securities and sell them as settlement of the repurchase agreement.

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

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Balance at the beginning of the year	**(₱1,722,653)**	(₱5,959,275)	**(₱1,722,653)**	(₱5,959,275)
Changes in fair values:				
Debt securities	**1,455,450**	2,581,505	**1,457,367**	2,558,481
Equity securities	**1,336,767**	1,368,570	**1,322,549**	1,368,570
Share swap transaction	**(894,900)**	–	**(894,900)**	–
Share in net unrealized gains (losses) of subsidiaries and an associate (Note 12)	**(49,895)**	362,392	**(35,694)**	382,058
Provisions for (reversals of) credit losses (Note 16)	**23,250**	(75,912)	**21,401**	(72,676)
Sale of equity securities	**(6,969)**	–	**(6,969)**	–
Realized losses (gains) on sale of debt securities	**51**	(122)	**–**	–
	141,101	(1,722,842)	**141,101**	(1,722,842)
Income tax effect (Note 30)	**1,033**	189	**1,033**	189
	₱142,134	(₱1,722,653)	**₱142,134**	(₱1,722,653)

As of December 31, 2024 and 2023, the allowance for credit losses on debt securities at FVOCI (included in 'Net unrealized losses on financial assets at FVOCI') amounted to ₱68.1 million and ₱45.7 million, respectively, for the Group, and ₱68.1 million and ₱46.8 million, respectively, for the Parent Company (refer to Note 16.2). Movements in ECL on debt securities at FVOCI are mostly driven by movements in the corresponding gross figures.

9.3 Investment Securities at Amortized Cost

This account consists of:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Government securities (Notes 19 and 32)	**₱96,817,380**	₱104,533,382	**₱96,435,393**	₱104,063,420
Private debt securities	**15,752,472**	18,822,880	**15,752,472**	18,822,880
	112,569,852	123,356,262	**112,187,865**	122,886,300
Less allowance for credit losses (Note 16)	**147,470**	155,835	**147,470**	155,835
	₱112,422,382	₱123,200,427	**₱112,040,395**	₱122,730,465

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

	2024	2023	2022
Government securities	**0.8% - 7.5%**	0.8% - 7.5%	0.8% - 7.5%
Private debt securities	**1.0% - 8.3%**	1.0% - 8.3%	0.8% - 8.3%

In 2024 and 2023, movements in allowance for expected credit losses on investment securities at amortized cost are mostly driven by newly originated assets which mostly remained in Stage 1.

As of December 31, 2024 and 2023, the fair value of investment securities at amortized cost in the form of government bonds pledged to fulfill its collateral requirements with securities sold under repurchase agreements transactions amounted to ₱2.4 billion and ₱5.5 billion, respectively, with corresponding carrying value of the same amount (refer to Note 19.1). As of December 31, 2024 and 2023, government securities with carrying values of ₱1.9 billion and ₱1.8 billion, respectively, are deposited with the BSP in compliance with trust regulations (refer to Note 32).

As of December 31, 2024 and 2023, the Group set aside government securities booked under 'Investment securities at amortized cost' with total carrying value of ₱363.4 million and ₱363.3 million, respectively, as liquidity cover for 50.0% of the outstanding balances of electronic money (e-money) products in compliance with BSP Circular 1166, *Amendments to the Regulations on Electronic Money and the Operations of Electronic Money Issuers in the Philippines*. This is on top of the fund held in trust to cover for the other 50.0% of the outstanding e-money balances (refer to Note 15).

9.4 Interest Income on Investment Securities at Amortized Cost and FVOCI

This account consists of:

	Consolidated			**Parent Company**		
	2024	2023	2022	**2024**	2023	2022
Financial assets at FVOCI	**₱10,407,888**	₱5,509,001	₱4,442,846	**₱10,375,649**	₱5,468,097	₱4,432,605
Investment securities at amortized cost	**6,369,819**	7,099,169	3,712,076	**6,357,707**	7,092,433	3,710,487
	₱16,777,707	₱12,608,170	₱8,154,922	**₱16,733,356**	₱12,560,530	₱8,143,092

9.5 Trading and Investment Securities Gains (Losses) - net

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Financial assets at FVTPL						
Government securities	₱619,254	₱411,828	(₱146,580)	₱619,254	₱411,828	(₱146,580)
Private debt securities	29,295	(12,928)	(64,458)	27,979	(12,280)	(61,631)
Equity securities	95	(170)	(197)	–	(44)	–
Derivatives (Note 23)	(1,115)	609	–	(1,115)	609	–
Financial assets at FVOCI						
Private debt securities	51	122	(1,058,318)	–	–	(1,058,318)
Government securities	–	–	–	–	–	–
Investment securities at amortized cost	–	(5,358)	(11,230)	–	(5,358)	(11,230)
	₱647,580	₱394,103	(₱1,280,783)	₱646,118	₱394,755	(₱1,277,759)

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

10. Loans and Receivables

10.1 Breakdown of Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Receivables from customers:				
Loans and discounts	₱627,885,539	₱607,065,797	₱614,772,869	₱593,955,389
Credit card receivables	18,063,885	15,232,845	18,063,885	15,232,845
Customers' liabilities on acceptances (Note 19)	6,126,005	9,533,137	6,012,626	9,533,137
Customers' liabilities on letters of credit and trust receipts	9,177,471	8,688,649	9,177,471	8,559,900
Bills purchased (Note 22)	3,829,665	1,949,627	3,265,010	1,560,465
Lease contracts receivable (Note 29)	–	8,399	–	–
	665,082,565	642,478,454	651,291,861	628,841,736
Other receivables:				
Accrued interest receivable	8,783,078	8,179,147	8,625,740	8,007,891
Accounts receivable	3,964,379	5,180,198	3,451,030	4,468,991
Sales contract receivables	1,589,298	3,760,162	1,565,601	3,722,879
Miscellaneous	454,556	366,090	441,651	347,797
	14,791,311	17,485,597	14,084,022	16,547,558
	679,873,876	659,964,051	665,375,883	645,389,294
Less: Unearned and other deferred income	845,862	681,399	828,479	663,303
Allowance for credit losses (Note 16)	42,208,389	42,571,906	42,155,234	42,567,228
	₱636,819,625	₱616,710,746	₱622,392,170	₱602,158,763

Included in 'Surplus reserves' is the amount of ₱4.2 billion and ₱3.9 billion as of December 31, 2024 and 2023, respectively, which pertains to the excess of 1.00% general loan loss provisions over the computed ECL for Stage 1 accounts as prescribed by BSP Circular 1011, *Guidelines on the Adoption of PFRS 9* (refer to Note 25.3).

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

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

	Consolidated								
	2023								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱553,835,945	₱2,275,508	₱–	₱5,313,357	₱28,300,937	₱6,501,496	₱10,838,554	₱–	₱607,065,797
Credit card receivables	–	–	15,232,845	–	–	–	–	–	15,232,845
Customers' liabilities on acceptances (Note 19)	9,533,137	–	–	–	–	–	–	–	9,533,137
Customers' liabilities on letters of credit and trust receipts	8,531,369	–	–	63,517	–	–	93,763	–	8,688,649
Bills purchased (Note 22)	551,939	–	–	2,503	–	–	1,395,185	–	1,949,627
Lease contracts receivable (Note 29)	–	–	–	8,399	–	–	–	–	8,399
	572,452,390	2,275,508	15,232,845	5,387,776	28,300,937	6,501,496	12,327,502	–	642,478,454
Other receivables:									
Accrued interest receivable	–	–	–	–	–	–	–	8,179,147	8,179,147
Accounts receivable	–	–	–	–	–	–	–	5,180,198	5,180,198
Sales contract receivables (Note 33)	–	–	–	–	–	–	–	3,760,162	3,760,162
Miscellaneous	–	–	–	–	–	–	–	366,090	366,090
	572,452,390	2,275,508	15,232,845	5,387,776	28,300,937	6,501,496	12,327,502	17,485,597	659,964,051
Less: Unearned and other deferred income	254,664	9,183	–	15,728	(354)	(1,287)	402,252	1,213	681,399
Allowance for credit losses (Note 16)	28,281,510	70,291	1,315,112	987,597	4,528,314	1,105,299	1,265,030	5,018,753	42,571,906
	₱543,916,216	₱2,196,034	₱13,917,733	₱4,384,451	₱23,772,977	₱5,397,484	₱10,660,220	₱12,465,631	₱616,710,746

	Parent Company								
	2024								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱568,979,597	₱1,728,247	₱–	₱5,337,167	₱25,959,737	₱6,225,467	₱6,542,654	₱–	₱614,772,869
Credit card receivables	–	–	18,063,885	–	–	–	–	–	18,063,885
Customers' liabilities on acceptances (Note 19)	6,012,626	–	–	–	–	–	–	–	6,012,626
Customers' liabilities on letters of credit and trust receipts	8,949,225	–	–	134,477	–	–	93,769	–	9,177,471
Bills purchased (Note 22)	1,129,366	–	–	19,290	–	–	2,116,354	–	3,265,010
	585,070,814	1,728,247	18,063,885	5,490,934	25,959,737	6,225,467	8,752,777	–	651,291,861
Other receivables:									
Accrued interest receivable	–	–	–	–	–	–	–	8,625,740	8,625,740
Accounts receivable	–	–	–	–	–	–	–	3,451,030	3,451,030
Sales contract receivables	–	–	–	–	–	–	–	1,565,601	1,565,601
Miscellaneous	–	–	–	–	–	–	–	441,651	441,651
	585,070,814	1,728,247	18,063,885	5,490,934	25,959,737	6,225,467	8,752,777	14,084,022	665,375,883
Less: Unearned and other deferred income	524,413	8,246	–	14,873	(362)	(95,094)	389,733	(13,330)	828,479
Allowance for credit losses (Note 16)	30,262,904	63,709	1,538,907	1,034,459	3,733,904	740,801	1,046,218	3,734,332	42,155,234
	₱554,283,497	₱1,656,292	₱16,524,978	₱4,441,602	₱22,226,195	₱5,579,760	₱7,316,826	₱10,363,020	₱622,392,170

Parent Company

2023

	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱541,592,975	₱2,275,508	₱–	₱5,310,846	₱27,523,918	₱6,501,496	₱10,750,646	₱–	₱593,955,389
Credit card receivables	–	–	15,232,845	–	–	–	–	–	15,232,845
Customers' liabilities on acceptances (Note 19)	9,533,137	–	–	–	–	–	–	–	9,533,137
Customers' liabilities on letters of credit and trust receipts	8,402,620	–	–	63,517	–	–	93,763	–	8,559,900
Bills purchased (Note 22)	162,777	–	–	2,503	–	–	1,395,185	–	1,560,465
	559,691,509	2,275,508	15,232,845	5,376,866	27,523,918	6,501,496	12,239,594	–	628,841,736
Other receivables:									
Accrued interest receivable	–	–	–	–	–	–	–	8,007,891	8,007,891
Accounts receivable	–	–	–	–	–	–	–	4,468,991	4,468,991
Sales contract receivables	–	–	–	–	–	–	–	3,722,879	3,722,879
Miscellaneous	–	–	–	–	–	–	–	347,797	347,797
	559,691,509	2,275,508	15,232,845	5,376,866	27,523,918	6,501,496	12,239,594	16,547,558	645,389,294
Less: Unearned and other deferred income	237,284	9,183	–	15,019	(361)	(1,287)	402,252	1,213	663,303
Allowance for credit losses (Note 16)	28,573,298	70,291	1,315,112	982,766	4,510,487	1,105,299	1,265,020	4,744,955	42,567,228
	₱530,880,927	₱2,196,034	₱13,917,733	₱4,379,081	₱23,013,792	₱5,397,484	₱10,572,322	₱11,801,390	₱602,158,763

10.2 Lease Contract Receivables

An analysis of the Group's lease contract receivables as of December 31, 2023 follows:

	2023
Minimum lease payments	
Due within one year	₱7
Due beyond one year but not over five years	2,734
	2,741
Residual value of leased equipment	
Due within one year	5,658
Due beyond one year but not over five years	–
	5,658
Gross investment in lease contract receivables (Note 29)	₱8,399

As of December 31, 2024, the Group's lease contract receivables are already reduced to nil as these were part of PMLFC and PMERC portfolio which are now in the process of winding down and liquidation (refer to Note 12.3).

10.3 Interest Income on Loans and Receivables

As of December 31, 2024 and 2023, 72.6% and 69.6%, respectively, of the total receivables from customers of the Group were subject to interest repricing. As of December 31, 2024 and 2023, 72.7% and 70.6%, respectively, of the total receivables from customers of the Parent Company were subject to interest repricing. Remaining receivables carry annual fixed interest rates ranging from 1.1% to 9.0% in 2024, 2023 and 2022 for foreign currency-denominated receivables, and from 1.1% to 31.5% in 2024, 2023 and 2022 for peso-denominated receivables.

Sales contract receivables bear fixed interest rates per annum ranging from 5.0% to 12.0% in 2024, 5.0% to 20.2% in 2023 and from 4.2% to 20.2% in 2022.

11. Property and Equipment

11.1 Details of Property and Equipment

The composition of and movements in property and equipment follow:

Consolidated

2024

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

Consolidated

2023

	Land	Building	Furniture, Fixtures and Equipment	Long-term Leasehold Land	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Note 33)	Total
Cost								
Balance at beginning of year	₱5,141,182	₱3,687,368	₱8,401,453	₱596,131	₱318,387	₱1,910,242	₱5,827,262	₱25,882,025
Additions	–	30,186	347,062	–	–	42,611	1,425,032	1,844,891
Disposals	(133,753)	(134,384)	(943,887)	–	–	(12,296)	–	(1,224,320)
Transfers/others	(75,412)	(5,939)	(21,944)	(2,599)	(2,768)	(60,632)	(1,307,244)	(1,476,538)
Balance at end of year	4,932,017	3,577,231	7,782,684	593,532	315,619	1,879,925	5,945,050	25,026,058
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	2,253,174	6,031,338	79,837	–	1,899,884	2,475,358	12,739,591
Depreciation and amortization	–	179,089	759,545	6,039	–	108,134	1,311,843	2,364,650
Disposals	–	(38,760)	(590,285)	–	–	(12,296)	–	(641,341)
Transfers/others	–	(246)	478,814	(1,185)	–	(528,646)	(1,272,888)	(1,324,152)
Balance at end of year	–	2,393,257	6,679,411	84,691	–	1,467,076	2,514,313	13,138,748
Allowance for Impairment Losses (Note 16)	539,725	593,567	–	–	–	–	–	1,133,292
Net Book Value at End of Year	₱4,392,292	₱590,407	₱1,103,273	₱508,841	₱315,619	₱412,849	₱3,430,737	₱10,754,018

Parent Company

2024

	Land	**Building**	**Furniture, Fixtures and Equipment**	**Construction in-Progress**	**Leasehold Improvements**	**Right-of-Use Asset – Bank Premises** (Note 33)	**Total**
Cost							
Balance at beginning of year	**₱4,932,018**	**₱3,500,371**	**₱6,724,154**	**₱315,619**	**₱1,781,197**	**₱6,252,240**	**₱23,505,599**
Additions	**–**	**44,446**	**330,196**	**23,622**	**37,722**	**936,169**	**1,372,155**
Disposals	**(3,735)**	**(16,589)**	**(279,942)**	**–**	**–**	**–**	**(300,266)**
Transfers/others	**(14,780)**	**(1,254)**	**(10,027)**	**(20,999)**	**569**	**(785,053)**	**(831,544)**
Balance at end of year	**4,913,503**	**3,526,974**	**6,764,381**	**318,242**	**1,819,488**	**6,403,356**	**23,745,944**
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	**2,377,063**	**5,827,361**	**–**	**1,377,400**	**2,928,264**	**12,510,088**
Depreciation and amortization	**–**	**156,526**	**475,784**	**–**	**77,348**	**1,079,792**	**1,789,450**
Disposals	**–**	**(9,028)**	**(279,165)**	**–**	**–**	**–**	**(288,193)**
Transfers/others	**–**	**2,738**	**(2,805)**	**–**	**1,421**	**(764,429)**	**(763,074)**
Balance at end of year	**–**	**2,527,299**	**6,021,175**	**–**	**1,456,169**	**3,243,627**	**13,248,270**
Allowance for Impairment Losses (Note 16)	**539,725**	**585,054**	**–**	**–**	**–**	**–**	**1,124,779**
Net Book Value at End of Year	**₱4,373,778**	**₱414,621**	**₱743,206**	**₱318,242**	**₱363,319**	**₱3,159,729**	**₱9,372,895**

	Parent Company 2023						
	Land	Building	Furniture, Fixtures and Equipment	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Note 33)	Total
Cost							
Balance at beginning of year	₱5,141,182	₱3,610,134	₱6,533,522	₱318,387	₱1,801,393	₱6,262,643	₱23,667,261
Additions	–	30,186	335,769	–	41,690	1,292,130	1,699,775
Disposals	(133,753)	(134,384)	(121,735)	–	–	–	(389,872)
Transfers/others	(75,411)	(5,565)	(23,402)	(2,768)	(61,886)	(1,302,533)	(1,471,565)
Balance at end of year	4,932,018	3,500,371	6,724,154	315,619	1,781,197	6,252,240	23,505,599
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	2,237,967	4,898,086	–	1,800,558	2,942,730	11,879,341
Depreciation and amortization	–	177,908	619,994	–	105,509	1,263,995	2,167,406
Disposals	–	(38,760)	(121,262)	–	–	–	(160,022)
Transfers/others	–	(52)	430,543	–	(528,667)	(1,278,461)	(1,376,637)
Balance at end of year	–	2,377,063	5,827,361	–	1,377,400	2,928,264	12,510,088
Allowance for Impairment Losses (Note 16)	539,725	593,567	–	–	–	–	1,133,292
Net Book Value at End of Year	₱4,392,293	₱529,741	₱896,793	₱315,619	₱403,797	₱3,323,976	₱9,862,219

The total recoverable value of certain property and equipment of the Group and the Parent Company for which impairment loss has been recognized amounted to ₱1.5 billion as of December 31, 2024 and 2023, the carrying value of which amounted to ₱2.5 billion as of December 31, 2024 and 2023.

Certain property and equipment of the Parent Company with carrying amount of ₱79.9 million and ₱90.0 million are temporarily idle as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, property and equipment of the Parent Company with gross carrying amount of ₱16.4 billion and ₱14.3 billion are fully depreciated but are still being used.

Gain on disposal of property and equipment in 2024, 2023 and 2022 amounted to ₱138.8 million, ₱712.5 million, and ₱34.9 million, respectively, for the Group and ₱135.2 million, ₱793.1 million and ₱32.0 million, respectively, for the Parent Company (refer to Note 26.2).

11.2 Depreciation and Amortization

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Depreciation						
Property and equipment (Note 33)	**₱1,865,848**	₱2,364,650	₱2,436,663	**₱1,789,450**	₱2,167,406	₱2,174,918
Investment properties (Note 13)	**215,569**	191,153	152,917	**195,518**	167,339	128,095
Chattel mortgage properties	**417,005**	296,105	242,260	**417,145**	285,610	235,884
Amortization of intangible assets (Note 14)	**1,160,592**	1,124,161	1,393,906	**1,146,235**	1,099,879	1,370,523
	₱3,659,014	₱3,976,069	₱4,225,746	**₱3,548,348**	₱3,720,234	₱3,909,420

12. Investments in Subsidiaries and an Associate

The consolidated financial statements of the Group include:

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

[a] *In the process of winding down and liquidation after shortening of corporate life until December 31, 2022*

[b] *Ceased operations on June 30, 2012 and license status became dormant thereafter*

[c] *Owned through PNB IIC*

[d] *Owned through PNB RCI*

[e] *Owned through PNB RHCL*

[f] *In the process of winding down and liquidation after shortening of corporate life until March 31, 2024*

[g] *Owned through PMLFC; In the process of winding down and liquidation after shortening of corporate life until December 31, 2024*

[h] *Owned through ABCHKL*

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

The details of this account follow:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Investment in Subsidiaries				
ACB	**₱–**	₱–	**₱6,087,520**	₱6,087,520
AIHI	**–**	–	**3,435,041**	3,435,041
PNB IIC	**–**	–	**2,028,202**	2,028,202
PNB Europe PLC	**–**	–	**1,327,393**	1,327,393
ABCHKL	**–**	–	**947,586**	947,586
PNB Capital	**–**	–	**850,000**	850,000
PNB GRF	**–**	–	**753,061**	753,061
PMLFC	**–**	–	**481,943**	481,943
OHBVI	**–**	–	**291,841**	291,841
PNB Securities	**–**	–	**62,351**	62,351
PNB Corporation – Guam	**–**	–	**7,672**	7,672
	–	–	**16,272,610**	16,272,610
Investment in an Associate – APLII	**3,242,589**	3,365,089	**3,242,589**	3,365,089
Accumulated equity in net earnings (losses) of subsidiaries and an associate:				
Balance at beginning of year	**426,972**	158,879	**(170,449)**	(281,942)
Equity in net earnings (losses) for the year	**419,505**	268,093	**831,256**	560,393
Cash dividends declared by a subsidiary	**–**	–	**–**	(448,900)
	846,477	426,972	**660,807**	(170,449)
Accumulated share in:				
Aggregate reserves on life insurance policies	**21,209**	24,246	**21,209**	24,246
Net unrealized losses on financial assets at FVOCI (Note 9)	**(666,910)**	(617,015)	**(622,589)**	(586,895)
Accumulated translation adjustments	**–**	–	**1,968,140**	1,565,092
Remeasurement gains (losses) on retirement plan	**3,248**	(168)	**87,439**	97,377
	(642,453)	(592,937)	**1,454,199**	1,099,820
	₱3,446,613	₱3,199,124	**₱21,630,204**	₱20,567,070

The Parent Company underwent a quasi-reorganization which was approved by the SEC on November 7, 2002. As of December 31, 2024 and 2023, the acquisition cost of the investments in the Parent Company's separate financial statements includes the balance of ₱2.1 billion consisting of the translation adjustment and accumulated equity in net earnings of investee companies, net of dividends subsequently received from the quasi-reorganization date, that were offset against capital deficit on restructuring date and are not available for dividend declaration.

12.1 Investment in AIHI

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

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

12.2 Investment in PNB Capital

On October 27, 2023 and December 16, 2022, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱448.9 million and ₱792.0 million, respectively, which were subsequently paid to the Parent Company on December 27, 2023 and December 22, 2022, respectively.

12.3 Investment in PMLFC

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

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

As of December 31, 2024 and 2023, the carrying value of the Parent Company's equity investment in PMLFC is already reduced to nil. However, by virtue of the Parent Company's commitment to provide further funding in PMLFC, the Parent Company recognized additional losses amounting to ₱18.6 million and ₱144.2 million in 2024 and 2023, respectively, representing its share in the accumulated net losses of PMLFC.

12.4 Investment in PNB Holdings

As of December 31, 2020, PNB owns all of the 2,551,000 shares issued by PNB Holdings, with par value of ₱100 per share. On January 13, 2021, the SEC approved the increase in the authorized capital stock of PNB Holdings from ₱500.0 million divided into 5,000,000 shares with par value of ₱100 per share, to ₱50.5 billion divided into 505,000,000 shares with the same par value. On the same date, the Parent Company proceeded with the subscription of additional 466,770,000 shares of PNB Holdings shares in exchange for certain real estate properties with fair values of ₱46.7 billion.

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

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

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

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

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

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

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

12.5 Investment in PNB General Insurers Co., Inc. (PNB Gen)

On December 29, 2020, the Parent Company and PNB Holdings entered into a Sale and Purchase Agreement (SPA) for the sale of all their respective shareholdings in PNB Gen to Alliedbankers Insurance Corporation (ABIC), an affiliate, for a total purchase price of ₱1.5 billion, which was paid as follows:

- PNB Holdings Purchase Price (₱521.8 million) – fully paid on December 28, 2020; and
- PNB Purchase Price (₱1.0 billion) – paid in four tranches until April 30, 2021, earning interest at 6.00% per annum.

The SPA also provides for a grant of an exclusive bancassurance arrangement with ABIC with a minimum guaranteed term of 15 years for an additional consideration of ₱50.0 million to the Parent Company, on top of the total purchase price.

On December 29, 2020, the Insurance Commission approved the above transaction. As of December 31, 2020, only the sale of PNB Holdings of its shares in PNB Gen met all the closing conditions for the sale. Accordingly, PNB Holdings closed and completed the sale of its 34.25% shareholdings in PNB Gen, with the excess of the purchase price over the carrying value of the proportionate interest of ₱344.7 million treated as an equity transaction in the consolidated financial statements of the Group as 'Other equity reserves'.

In 2021, the Parent Company completed the sale of its shares in PNB Gen, recognizing loss on sale amounting to ₱149.5 million and ₱134.9 million for the Group and the Parent Company, respectively, which was recorded under 'Gain on loss of control of subsidiaries - net'. Also in 2021, the Parent Company received interest income of ₱14.1 million from ABIC for this transaction.

12.6 Material Non-Controlling Interests

Proportion of equity interest held by material NCI follows:

		Equity interest of NCI		Accumulated balances of material NCI		Profit allocated to material NCI	
	Principal Activities	**2024**	2023	**2024**	2023	**2024**	2023
ABCHKL	Banking	**49.00%**	49.00%	**₱2,430,334**	₱2,230,261	**₱98,054**	₱71,784
OHBVI	Holding Company	**72.22%**	72.22%	**1,165,390**	1,095,965	**19,968**	24,332

The following table presents financial information of ABCHKL (unaudited) as of December 31, 2024 and 2023:

	2024	2023
Statement of Financial Position		
Current assets	**₱11,075,821**	₱10,285,643
Non-current assets	**1,718,803**	2,043,382
Current liabilities	**7,232,400**	7,177,792
Non-current liabilities	**670,967**	668,288
Statement of Comprehensive Income		
Revenues	**₱546,924**	₱477,646
Expenses	**346,815**	331,148
Net income	**200,109**	146,498
Total comprehensive income	**414,956**	110,472
Statement of Cash Flows		
Net cash provided used in operating activities	**(₱87,328)**	(₱804,162)
Net cash provided by investing activities	**35,753**	35,392

(Forward)

The following table presents financial information of OHBVI (unaudited) as of December 31, 2024 and 2023:

	2024	2023
Statement of Financial Position		
Current assets	**₱1,613,622**	₱1,517,493
Statement of Comprehensive Income		
Revenues/Net income/Total comprehensive income	**₱27,649**	₱33,692
Statement of Cash Flows		
Net cash provided by operating activities	**₱96,129**	₱23,442

12.7 Investment in APLII

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

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

After receiving approvals from the BSP on December 6, 2022 and June 14, 2021, the Parent Company recorded additional investments in APLII amounting to ₱392.0 million and ₱245.0 million, respectively. On June 27, 2024, the Parent Company recorded return of investment amounting to ₱122.5 million.

Summarized financial information of APLII (unaudited) as of December 31, 2024 and 2023 follows:

	2024	2023
Current assets	**₱3,045,524**	₱2,181,489
Noncurrent assets	**135,662,332**	113,166,291
Total assets	**138,707,856**	115,347,780
Current liabilities	**2,136,824**	1,404,749
Noncurrent liabilities	**132,365,045**	110,327,928
Total liabilities	**134,501,869**	111,732,677
Net assets	**4,205,987**	3,615,103
Percentage of ownership of the Group	**44%**	44%
Share in the net assets of the associate	**₱1,850,634**	₱1,590,645

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

Summarized statement of comprehensive income of APLII (unaudited) in 2024 and 2023 follows:

	2024	2023
Revenues	**₱7,900,955**	₱6,867,294
Costs and expenses	**6,919,372**	6,257,991
Net income (loss)	**981,583**	609,303
Other comprehensive loss	**(470,126)**	(357,591)
Total comprehensive income (loss)	**₱511,457**	₱251,712
Group’s share in comprehensive income (loss)	**₱225,041**	₱110,753

12.8 Significant Restrictions

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

13. Investment Properties

This account consists of real properties as follows:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Foreclosed or acquired in settlement of loans	**₱15,784,863**	₱14,399,995	**₱15,365,513**	₱13,932,044
Held for lease	**179,404**	179,563	**179,404**	179,563
Total	**₱15,964,267**	₱14,579,558	**₱15,544,917**	₱14,111,607

The composition of and movements in this account follow:

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

	Consolidated		
	2023		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,471,137	₱3,337,560	₱17,808,697
Additions	1,475,118	1,498,014	2,973,132
Disposals	(1,689,521)	(336,100)	(2,025,621)
Transfers/others	5,800	(34,037)	(28,237)
Balance at end of year	14,262,534	4,465,437	18,727,971
Accumulated Depreciation			
Balance at beginning of year	–	1,838,042	1,838,042
Depreciation (Note 11)	–	191,153	191,153
Disposals	–	(199,165)	(199,165)
Transfers/others	–	(517)	(517)
Balance at end of year	–	1,829,513	1,829,513
Allowance for Impairment Losses (Note 16)	1,902,739	416,161	2,318,900
Net Book Value at End of Year	₱12,359,795	₱2,219,763	₱14,579,558

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

	Parent Company		
	2023		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱13,915,473	₱3,188,687	₱17,104,160
Additions	1,475,118	1,498,014	2,973,132
Disposals	(1,689,521)	(336,100)	(2,025,621)
Transfers/others	8,588	1,610	10,198
Balance at end of year	13,709,658	4,352,211	18,061,869
Accumulated Depreciation			
Balance at beginning of year	–	1,688,372	1,688,372
Depreciation (Note 11)	–	167,339	167,339
Disposals	–	(199,165)	(199,165)
Transfers/others	–	(483)	(483)
Balance at end of year	–	1,656,063	1,656,063
Allowance for Impairment Losses (Note 16)	1,902,027	392,172	2,294,199
Net Book Value at End of Year	₱11,807,631	₱2,303,976	₱14,111,607

Foreclosed properties of the Parent Company still subject to redemption period by the borrowers amounted to ₱2.2 billion and ₱581.7 million, as of December 31, 2024 and 2023, respectively.

The total recoverable value of investment properties of the Group and the Parent Company that were impaired amounted to ₱13.4 billion and ₱9.6 billion as of December 31, 2024 and 2023, respectively. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

For the Group and the Parent Company, direct operating expenses on investment properties that generated rental income during the year (other than depreciation and amortization), included under ‘Litigation and assets acquired expenses’, amounted to ₱16.8 million, ₱33.0 million and ₱29.2 million in 2024, 2023, and 2022, respectively. Direct operating expenses on investment properties that did not generate rental income included under ‘Litigation and assets acquired expenses’, amounted to ₱231.7 million, ₱397.6 million and ₱208.3 million in 2024, 2023, and 2022, respectively (refer to Note 27.2).

14. Goodwill and Intangible Assets

These accounts consist of:

	Consolidated				**Parent Company**			
	2024		2023		**2024**		2023	
	Software Cost	**Goodwill**	Software Cost	Goodwill	**Software Cost**	**Goodwill**	Software Cost	Goodwill
Cost								
Balance at beginning of year	**₱6,039,747**	**₱10,184,843**	₱5,480,963	₱11,221,410	**₱6,983,715**	**₱10,325,201**	₱6,423,046	₱11,361,768
Additions	**946,940**	–	598,969	–	**943,546**	–	597,165	–
Impairment in value	–	–	–	(1,036,567)	–	–	–	(1,036,567)
Others	**(26,534)**	–	(40,185)	–	**(31,743)**	–	(36,496)	–
	6,960,153	**10,184,843**	6,039,747	10,184,843	**7,895,518**	**10,325,201**	6,983,715	10,325,201
Accumulated amortization								
Balance at beginning of year	**4,738,021**	–	3,637,073	–	**5,768,825**	–	4,689,462	–
Amortization (Note 11)	**1,160,592**	–	1,104,129	–	**1,146,235**	–	1,079,847	–
Others	**(23,415)**	–	(3,181)	–	**(27,002)**	–	(484)	–
	5,875,198	–	4,738,021	–	**6,888,058**	–	5,768,825	–
Net Book Value at End of Year	**₱1,084,955**	**₱10,184,843**	₱1,301,726	₱10,184,843	**₱1,007,460**	**₱10,325,201**	₱1,214,890	₱10,325,201

14.1 Software Cost

Software cost as of December 31, 2024 and 2023 includes capitalized development costs amounting to ₱2.0 billion, related to the Parent Company’s core banking system.

14.2 Goodwill

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

Goodwill is reviewed for impairment annually in the fourth quarter of the reporting period, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment test is done by comparing the recoverable amount of each CGU with its carrying amount. The carrying amount of a CGU is derived based on its net assets plus the amount of goodwill allocated to the CGU. The recoverable amount is the higher of a CGU’s fair value less costs to sell and its VIU.

In 2023 and 2021, the goodwill impairment test performed by the Parent Company resulted in an impairment in value of ₱1.0 billion in the Treasury CGU and ₱2.2 billion in the Corporate Banking CGU, respectively, with the recoverable amounts being lower than their carrying amounts.

As of December 31, 2024 and 2023, goodwill for each CGU amounted to:

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

As of December 31, 2024 and 2023, management believes that the carrying value of the goodwill will not materially exceed its recoverable value after consideration of all reasonably possible changes in the key assumptions discussed below.

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

The following rates were applied to the cash flow projections:

	2024			2023		
	Retail Banking	**Corporate Banking**	**Treasury**	Retail Banking	Corporate Banking	Treasury
Pre-tax discount rate	**11.43%**	**11.43%**	**11.43%**	11.92%	11.92%	10.06%
Projected growth rate	**5.73%**	**5.73%**	**5.73%**	5.30%	5.30%	5.30%

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

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

15. Other Assets

This account consists of:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Financial				
Fund for electronic money products	**₱400,000**	₱350,000	**₱400,000**	₱350,000
Returned checks and other cash items	**25,003**	28,298	**25,003**	28,298
Security deposits (Note 33)	**19,662**	18,279	**–**	–
Miscellaneous	**2,808**	5,680	**2,147**	5,049
	447,473	402,257	**427,150**	383,347

(Forward)

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Nonfinancial				
Deferred charges (Note 33)	**₱3,969,199**	₱2,065,324	**₱3,965,120**	₱2,060,909
Creditable withholding taxes	**1,467,670**	1,309,256	**1,253,129**	1,098,777
Real estate inventories held under development (Note 33)	**521,114**	519,448	**521,114**	519,448
Prepaid expenses	**474,397**	362,254	**391,743**	305,023
Documentary stamps on hand	**406,790**	471,092	**406,703**	470,537
Retirement asset (Note 28)	**302,797**	17,283	**302,797**	–
Stationeries and supplies	**81,937**	99,536	**81,767**	99,283
Chattel mortgage properties - net of depreciation	**75,432**	304,817	**75,432**	304,817
Other investments	**26,842**	26,335	**22,970**	22,609
Miscellaneous	**1,427,061**	912,319	**1,135,727**	523,505
	8,753,239	6,087,664	**8,156,502**	5,404,908
	9,200,712	6,489,921	**8,583,652**	5,788,255
Less allowance for credit and impairment losses (Note 16)	**1,050,083**	1,035,620	**1,050,033**	1,035,570
	₱8,150,629	₱5,454,301	**₱7,533,619**	₱4,752,685

'Fund for electronic money products' represents the fund set up held in trust by the Parent Company's Trust Banking Group (TBG) for the specific purpose of liquidation of balances of e-money products of the Group in compliance with BSP Circular 1166. Such amount held in the trust account shall not fall below the required minimum balance of at least 50.0% of the outstanding e-money balances. The remaining 50.0% are covered by government securities booked under 'Investment securities at amortized cost' amounting to ₱364.0 million and ₱364.3 million as of December 31, 2024 and 2023, respectively (refer to Note 9.3).

'Deferred charges' include the share of the Group in the cost of transportation equipment acquired under the Group's car plan, rental payment made on bank premises, and expense prepayments expected to benefit the Bank for a future period exceeding one (1) year which are amortized monthly over five years.

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

'Chattel mortgage properties' pertain to motor vehicles, equipment and assets other than real estate properties, which were acquired by the Group in settlement of loans. As of December 31, 2024 and 2023, accumulated depreciation on the chattel mortgage properties amounted to ₱511.5 million and ₱337.6 million, respectively, for the Group and ₱511.5 million and ₱337.6 million, respectively, for the Parent Company. As of December 31, 2024 and 2023, the total recoverable value of certain chattel mortgage properties of the Group and the Parent Company that were impaired is at ₱396.5 million and ₱264.3 million, respectively.

'Miscellaneous financial assets' include revolving fund, petty cash fund and miscellaneous cash and other cash items. 'Miscellaneous nonfinancial assets' include postages, refundable deposits, notes taken for interest and sundry debits.

16. Impairment, Credit and Other Losses

16.1 Provision for Impairment, Credit and Other Losses

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Provision for credit losses	**₱3,772,753**	₱5,613,112	₱7,159,781	**₱3,725,453**	₱5,390,322	₱7,171,812
Provision for impairment and other losses	**95,358**	309,942	38,336	**56,803**	309,942	133,841
	₱3,868,111	₱5,923,054	₱7,198,117	**₱3,782,256**	₱5,700,264	₱7,305,653

16.2 Allowance for Impairment and Credit Losses

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

	Consolidated					
	2024					
	Securities Held Under Agreements to Resell	**Due from Other Banks**	**Interbank Loans Receivable**	**Financial Assets at FVOCI**	**Investment Securities at Amortized Cost**	**Total**
Balance at beginning of year	**₱14,152**	**₱9,898**	**₱8,045**	**₱45,673**	**₱155,835**	**₱233,603**
Provisions (reversals)	**32,088**	**(5,154)**	**(1,907)**	**23,250**	**(8,365)**	**39,912**
Balance at end of year	**₱46,240**	**₱4,744**	**₱6,138**	**₱68,923**	**₱147,470**	**₱273,515**

	Consolidated					
	2023					
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Total
Balance at beginning of year	₱2,188	₱9,898	₱1,369	₱121,585	₱3,847,850	₱3,982,890
Provisions (reversals)	11,964	–	6,676	(75,912)	(15,770)	(73,042)
Accounts charged-off	–	–	–	–	(3,676,245)	(3,676,245)
Balance at end of year	₱14,152	₱9,898	₱8,045	₱45,673	₱155,835	₱233,603

	Parent Company					
	2024					
	Securities Held Under Agreements to Resell	**Due from Other Banks**	**Interbank Loans Receivable**	**Financial Assets at FVOCI**	**Investment Securities at Amortized Cost**	**Total**
Balance at beginning of year	**₱14,152**	**₱9,873**	**₱8,045**	**₱46,776**	**₱155,835**	**₱234,681**
Provisions (reversals)	**32,088**	**(5,099)**	**-2,454**	**21,401**	**(8,365)**	**37,571**
Balance at end of year	**₱46,240**	**₱4,774**	**₱5,591**	**₱68,177**	**₱147,470**	**₱272,252**

	Parent Company					
	2023					
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Total
Balance at beginning of year	₱2,188	₱9,873	₱1,369	₱119,452	₱3,847,850	₱3,980,732
Provisions (reversals)	11,964	–	6,676	(72,676)	(15,770)	(69,806)
Accounts charged-off	–	–	–	–	(3,676,245)	(3,676,245)
Balance at end of year	₱14,152	₱9,873	₱8,045	₱46,776	₱155,835	₱234,681

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

Consolidated

	2024				2023			
	Property and Equipment	**Investment Properties**	**Other Assets**	**Total**	Property and Equipment	Investment Properties	Other Assets	Total
Balance at beginning of year	**₱1,133,292**	**₱2,318,900**	**₱1,035,620**	**₱4,487,812**	₱1,168,887	₱2,175,669	₱1,041,840	₱4,386,396
Provisions (reversals)		**199,452**	**(104,093)**	**95,359**	(38)	166,099	143,881	309,942
Disposals	**(8,513)**	**(17,078)**	**(26,745)**	**(52,336)**	(35,557)	(27,151)	(248)	(62,956)
Transfers and others	**–**	**118,823**	**145,301**	**264,124**	–	4,283	(149,853)	(145,570)
Balance at end of year	**₱1,124,779**	**₱2,620,097**	**₱1,050,083**	**₱4,794,959**	₱1,133,292	₱2,318,900	₱1,035,620	₱4,487,812

Parent Company

	2024				2023			
	Property and Equipment	**Investment Properties**	**Other Assets**	**Total**	Property and Equipment	Investment Properties	Other Assets	Total
Balance at beginning of year	**₱1,133,292**	**₱2,294,199**	**₱1,035,570**	**₱4,463,061**	₱1,168,887	₱2,150,968	₱1,025,047	₱4,344,902
Provisions (reversals)	**–**	**162,755**	**(105,952)**	**56,803**	(38)	166,099	143,881	309,942
Disposals	**(8,513)**	**(17,078)**	**(26,745)**	**(52,336)**	(35,557)	(27,151)	(248)	(62,956)
Transfers and others	**–**	**155,520**	**147,160**	**302,680**	–	4,283	(133,110)	(128,827)
Balance at end of year	**₱1,124,779**	**₱2,595,396**	**₱1,050,033**	**₱4,770,208**	₱1,133,292	₱2,294,199	₱1,035,570	₱4,463,061

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

Consolidated

	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	**₱1,774,187**	**₱2,895,028**	**₱23,612,295**	**₱28,281,510**	1,455,038	5,954,356	17,270,216	24,679,610
Newly originated assets which remained in Stage 1 at yearend	**807,286**	**–**	**–**	**807,286**	825,411	–	–	825,411
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**704,905**	**397,431**	**1,102,336**	–	1,498,636	6,158,611	7,657,247
Transfers to Stage 1	**25,920**	**(25,799)**	**(121)**	**–**	22,816	(22,816)	–	–
Transfers to Stage 2	**(70,148)**	**839,542**	**(769,394)**	**–**	(572,482)	647,566	(75,084)	–
Transfers to Stage 3	**(280,840)**	**(346,220)**	**627,060**	**–**	(331,606)	(3,394,552)	3,726,158	–
Accounts charged off	**–**	**–**	**(686,290)**	**(686,290)**	–	–	(27,654)	(27,654)
Effect of collections, foreclosures, and provision	**(10,376)**	**(907,908)**	**1,380,542**	**462,258**	375,010	(1,788,162)	(3,439,952)	(4,853,104)
Ending Balance	**2,246,029**	**3,159,548**	**24,561,523**	**29,967,100**	1,774,187	2,895,028	23,612,295	28,281,510
LGU								
Beginning Balance	**391**	**6,684**	**63,216**	**70,291**	472	8,471	65,694	74,637
Effect of collections, foreclosures, and provision	**(104)**	**(1,306)**	**(5,172)**	**(6,582)**	(81)	(1,787)	(2,478)	(4,346)
Ending Balance	**287**	**5,378**	**58,044**	**63,709**	391	6,684	63,216	70,291
Credit Cards								
Beginning Balance	**508,446**	**109,883**	**696,783**	**1,315,112**	491,509	83,742	712,977	1,288,228
Newly originated assets which remained in Stage 1 at yearend	**78,851**	**–**	**–**	**78,851**	57,305	–	–	57,305
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**11,526**	**17,272**	**28,798**	–	6,813	9,999	16,812
Transfers to Stage 1	**49,370**	**(37,696)**	**(11,674)**	**–**	22,578	(16,917)	(5,661)	–
Transfers to Stage 2	**(16,596)**	**18,469**	**(1,873)**	**–**	(17,425)	17,465	(40)	–
Transfers to Stage 3	**(33,449)**	**(19,173)**	**52,622**	**–**	(25,370)	(12,031)	37,401	–
Accounts charged off	**–**	**–**	**(799,638)**	**(799,638)**	–	–	(892,571)	(892,571)
Effect of collections, foreclosures, and provision	**3,026**	**25,255**	**887,503**	**915,784**	(20,151)	30,811	834,678	845,338
Ending Balance	**589,648**	**108,264**	**840,995**	**1,538,907**	508,446	109,883	696,783	1,315,112
Retail SMEs								
Beginning Balance	**188,665**	**10,116**	**788,816**	**987,597**	200,621	26,631	1,337,812	1,565,064
Newly originated assets which remained in Stage 1 at yearend	**114,737**	**–**	**–**	**114,737**	180,263	–	–	180,263
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**13,621**	**12,785**	**26,406**	–	5,923	63,619	69,542
Transfers to Stage 1	**946**	**(946)**	**–**	**–**	110	–	(110)	–
Transfers to Stage 2	**(115)**	**430**	**(315)**	**–**	(1,051)	2,229	(1,178)	–
Transfers to Stage 3	**(26,339)**	**(6,257)**	**32,596**	**–**	–	(80,052)	80,052	–
Accounts charged off	**–**	**–**	**(115,370)**	**(115,370)**	–	–	(400,532)	(400,532)
Effect of collections, foreclosures, and provision	**1,071**	**3,095**	**16,923**	**21,089**	(191,278)	55,385	(290,847)	(426,740)
Ending Balance	**278,965**	**20,059**	**735,435**	**1,034,459**	188,665	10,116	788,816	987,597
Housing Loans								
Beginning Balance	**₱525,896**	**₱47,197**	**₱3,955,221**	**₱4,528,314**	₱447,670	₱115,108	₱3,785,067	₱4,347,845
Newly originated assets which remained in Stage 1 at yearend	**50,745**	**–**	**–**	**50,745**	49,994	–	–	49,994
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**2,016**	**13,444**	**15,460**	–	2,099	14,561	16,660
Transfers to Stage 1	**50,769**	**(3,234)**	**(47,535)**	**–**	43,356	(6,424)	(36,932)	–
Transfers to Stage 2	**(39,521)**	**53,677**	**(14,156)**	**–**	(30,074)	43,180	(13,106)	–
Transfers to Stage 3	**(60,880)**	**(25,729)**	**86,609**	**–**	(260,638)	(124,595)	385,233	
Effect of collections, foreclosures, and provision	**(430,615)**	**(15,134)**	**(392,607)**	**(838,356)**	275,588	17,829	(179,602)	113,815
Ending Balance	**96,394**	**58,793**	**3,600,976**	**3,756,163**	525,896	47,197	3,955,221	4,528,314
Auto Loans								
Beginning Balance	**25,693**	**686**	**1,078,920**	**1,105,299**	20,844	2,253	1,497,222	1,520,319
Newly originated assets which remained in Stage 1 at yearend	**5,154**	**–**	**–**	**5,154**	6,218	–	–	6,218
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**695**	**2,708**	**3,403**	–	125	450	575
Transfers to Stage 1	**188**	**(20)**	**(168)**	**–**	600	(131)	(469)	–
Transfers to Stage 2	**(459)**	**479**	**(20)**	**–**	(476)	525	(49)	–
Transfers to Stage 3	**(8,167)**	**(2,091)**	**10,258**	**–**	(21,039)	(10,155)	31,194	–
Accounts charged off	**–**	**–**	**(32,938)**	**(32,938)**	–	–	(47,526)	(47,526)
Effect of collections, foreclosures, and provision	**138**	**1,429**	**(341,684)**	**(340,117)**	19,546	8,069	(401,902)	(374,287)
Ending Balance	**22,547**	**1,178**	**717,076**	**740,801**	25,693	686	1,078,920	1,105,299
Other Loans								
Beginning Balance	**71,794**	**264,708**	**928,528**	**1,265,030**	15,780	78,197	1,168,060	1,262,037
Newly originated assets which remained in Stage 1 at yearend	**4,194**	**–**	**–**	**4,194**	42,043	–	–	42,043
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**–**	**23**	**23**	–	45,824	24,687	70,511
Transfers to Stage 1	**3,029**	**(85)**	**(2,944)**	**–**	1,364	(244)	(1,120)	–
Transfers to Stage 2	**(1,894)**	**5,594**	**(3,700)**	**–**	(148,740)	216,224	(67,484)	–
Transfers to Stage 3	**(2,523)**	**(44,240)**	**46,763**	**–**	(42,076)	(6,097)	48,173	–
Accounts charged off	**–**	**–**	**(19,654)**	**(19,654)**	–	–	–	–
Effect of collections, foreclosures, and provision	**(42,742)**	**(121,731)**	**(38,790)**	**(203,263)**	203,423	(69,196)	(243,788)	(109,561)
Ending Balance	**31,858**	**104,246**	**910,226**	**1,046,330**	71,794	264,708	928,528	1,265,030
Other Receivables								
Beginning Balance	**131,275**	**37,316**	**4,850,162**	**5,018,753**	87,993	148,230	3,970,848	4,207,071
Newly originated assets which remained in Stage 1 at yearend	**4,970**	**–**	**–**	**4,970**	3,310	–	–	3,310
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**2,971**	**5,511**	**8,482**	–	7,901	117,793	125,694
Transfers to Stage 1	**320**	**(268)**	**(52)**	**–**	162	(138)	(24)	–
Transfers to Stage 2	**(346)**	**2,209**	**(1,863)**	**–**	(4,115)	4,177	(62)	–
Transfers to Stage 3	**3,426**	**(3,615)**	**189**	**–**	(3,463)	(421,743)	425,206	–
Accounts charged off	**–**	**–**	**(1,271,421)**	**(1,271,421)**	–	–	(48,607)	(48,607)
Effect of collections, foreclosures, and provision	**40,969**	**550**	**258,617**	**300,136**	47,388	298,889	385,008	731,285
Ending Balance	**180,614**	**39,163**	**3,841,143**	**4,060,920**	131,275	37,316	4,850,162	5,018,753
Total Loans and Receivables								
Beginning Balance	**3,226,347**	**3,371,618**	**35,973,941**	**42,571,906**	2,719,927	6,416,988	29,807,896	38,944,811
Newly originated assets which remained in Stage 1 at yearend	**1,065,937**	**–**	**–**	**1,065,937**	1,164,544	–	–	1,164,544
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**735,734**	**449,174**	**1,184,908**	–	1,567,321	6,389,720	7,957,041
Transfers to Stage 1	**130,542**	**(68,048)**	**(62,494)**	**–**	90,986	(46,670)	(44,316)	–
Transfers to Stage 2	**(129,079)**	**920,400**	**(791,321)**	**–**	(774,363)	931,366	(157,003)	–
Transfers to Stage 3	**(408,772)**	**(447,325)**	**856,097**	**–**	(684,192)	(4,049,225)	4,733,417	–
Accounts charged off	**–**	**–**	**(2,925,311)**	**(2,925,311)**	–	–	(1,416,890)	(1,416,890)
Effect of collections, foreclosures, and provision	**(438,633)**	**(1,015,750)**	**1,765,332**	**310,949**	709,445	(1,448,162)	(3,338,883)	(4,077,600)
Ending Balance	**₱3,446,342**	**₱3,496,629**	**₱35,265,418**	**₱42,208,389**	₱3,226,347	₱3,371,618	₱35,973,941	₱42,571,906

(Forward)

	Parent Company							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱1,648,613	₱2,895,028	₱24,029,657	₱28,573,298	1,671,731	5,954,139	18,336,117	25,961,987
Newly originated assets which remained in Stage 1 at yearend	807,286	–	–	807,286	825,411	–	–	825,411
Newly originated assets which moved to Stages 2 and 3 at yearend	–	704,905	397,431	1,102,336	–	1,498,636	6,158,611	7,657,247
Transfers to Stage 1	25,920	(25,799)	(121)	–	22,816	(22,816)	–	–
Transfers to Stage 2	(70,148)	839,542	(769,394)	–	(572,482)	647,566	(75,084)	–
Transfers to Stage 3	(280,840)	(346,220)	627,060	–	(331,606)	(3,394,552)	3,726,158	–
Accounts charged off	–	–	(686,290)	(686,290)	–	–	(27,654)	(27,654)
Loan settlement through dacion and assignment (Note 33)	–	–	–	–	–	–	(1,404,582)	(1,404,582)
Effect of collections, foreclosures, and provision	(403,414)	(907,908)	1,777,596	466,274	32,743	(1,787,945)	(2,683,909)	(4,439,111)
Ending Balance	1,727,417	3,159,548	25,375,939	30,262,904	1,648,613	2,895,028	24,029,657	28,573,298
LGU								
Beginning Balance	391	6,684	63,216	70,291	472	8,471	65,694	74,637
Effect of collections, foreclosures, and provision	(104)	(1,306)	(5,172)	(6,582)	(81)	(1,787)	(2,478)	(4,346)
Ending Balance	287	5,378	58,044	63,709	391	6,684	63,216	70,291
Credit Cards								
Beginning Balance	508,446	109,883	696,783	1,315,112	491,509	83,742	712,977	1,288,228
Newly originated assets which remained in Stage 1 at yearend	78,851	–	–	78,851	57,305	–	–	57,305
Newly originated assets which moved to Stages 2 and 3 at yearend	–	11,526	17,272	28,798	–	6,813	9,999	16,812
Transfers to Stage 1	49,370	(37,696)	(11,674)	–	22,578	(16,917)	(5,661)	–
Transfers to Stage 2	(16,596)	18,469	(1,873)	–	(17,425)	17,465	(40)	–
Transfers to Stage 3	(33,449)	(19,173)	52,622	–	(25,370)	(12,031)	37,401	–
Accounts charged off	–	–	(799,638)	(799,638)	–	–	(892,571)	(892,571)
Effect of collections, foreclosures, and provision	3,026	25,255	887,503	915,784	(20,151)	30,811	834,678	845,338
Ending Balance	589,648	108,264	840,995	1,538,907	508,446	109,883	696,783	1,315,112
Retail SMEs								
Beginning Balance	188,665	10,105	783,996	982,766	182,003	23,329	798,798	1,004,130
Newly originated assets which remained in Stage 1 at yearend	114,737	–	–	114,737	180,263	–	–	180,263
Newly originated assets which moved to Stages 2 and 3 at yearend	–	13,621	12,785	26,406	–	5,923	63,619	69,542
Transfers to Stage 1	946	(946)	–	–	110	–	(110)	–
Transfers to Stage 2	(115)	430	(315)	–	(1,051)	2,229	(1,178)	–
Transfers to Stage 3	(26,339)	(6,257)	32,596	–	–	(80,052)	80,052	–
Accounts charged off	–	–	(115,370)	(115,370)	–	–	(401,774)	(401,774)
Effect of collections, foreclosures, and provision	1,071	3,106	21,743	25,920	(172,660)	58,676	244,589	130,605
Ending Balance	278,965	20,059	735,435	1,034,459	188,665	10,105	783,996	982,766
Housing Loans								
Beginning Balance	524,616	47,197	3,938,674	4,510,487	445,982	114,780	3,776,024	4,336,786
Newly originated assets which remained in Stage 1 at yearend	50,745	–	–	50,745	49,994	–	–	49,994
Newly originated assets which moved to Stages 2 and 3 at yearend	–	2,016	13,444	15,460	–	2,099	14,561	16,660
Transfers to Stage 1	50,769	(3,234)	(47,535)	–	43,356	(6,424)	(36,932)	–
Transfers to Stage 2	(39,521)	53,677	(14,156)	–	(30,074)	43,180	(13,106)	–
Transfers to Stage 3	(60,880)	(25,729)	86,609	–	(260,638)	(124,595)	385,233	–
Effect of collections, foreclosures, and provision	(28,829)	(15,180)	(798,779)	(842,788)	275,996	18,157	(187,106)	107,047
Ending Balance	496,900	58,747	3,178,257	3,733,904	524,616	47,197	3,938,674	4,510,487
Auto Loans								
Beginning Balance	25,693	686	1,078,920	1,105,299	20,844	2,253	1,497,222	1,520,319
Newly originated assets which remained in Stage 1 at yearend	5,154	–	–	5,154	6,218	–	–	6,218
Newly originated assets which moved to Stages 2 and 3 at yearend	–	695	2,708	3,403	–	125	450	575
Transfers to Stage 1	188	(20)	(168)	–	600	(131)	(469)	–
Transfers to Stage 2	(459)	479	(20)	–	(476)	525	(49)	–
Transfers to Stage 3	(8,167)	(2,091)	10,258	–	(21,039)	(10,155)	31,194	–
Accounts charged off	–	–	(32,938)	(32,938)	–	–	(47,526)	(47,526)
Effect of collections, foreclosures, and provision	138	1,429	(341,684)	(340,117)	19,546	8,069	(401,902)	(374,287)
Ending Balance	22,547	1,178	717,076	740,801	25,693	686	1,078,920	1,105,299

(Forward)

	Parent Company							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Other Loans								
Beginning Balance	₱71,784	₱264,708	₱928,528	₱1,265,020	₱15,739	₱64,561	₱1,181,666	₱1,261,966
Newly originated assets which remained in Stage 1 at yearend	4,194	–	–	4,194	42,043	–	–	42,043
Newly originated assets which moved to Stages 2 and 3 at yearend	–	–	23	23	–	45,824	24,687	70,511
Transfers to Stage 1	3,029	(85)	(2,944)	–	1,364	(244)	(1,120)	–
Transfers to Stage 2	(1,894)	5,594	(3,700)	–	(148,740)	216,224	(67,484)	–
Transfers to Stage 3	(2,523)	(44,240)	46,763	–	(42,076)	(6,097)	48,173	–
Accounts charged off	–	–	(19,654)	(19,654)	–	–	–	–
Effect of collections, foreclosures, and provision	(42,758)	(121,731)	(38,876)	(203,365)	203,454	(55,560)	(257,394)	(109,500)
Ending Balance	31,832	104,246	910,140	1,046,218	71,784	264,708	928,528	1,265,020
Other Receivables								
Beginning Balance	22,665	32,893	4,689,397	4,744,955	34,342	37,308	3,926,135	3,997,785
Newly originated assets which remained in Stage 1 at yearend	4,970	–	–	4,970	3,310	–	–	3,310
Newly originated assets which moved to Stages 2 and 3 at yearend	–	2,971	5,511	8,482	–	7,901	117,793	125,694
Transfers to Stage 1	320	(268)	(52)	–	162	(138)	(24)	–
Transfers to Stage 2	(346)	2,209	(1,863)	–	(4,115)	4,177	(62)	–
Transfers to Stage 3	3,426	(3,615)	189	–	(3,463)	(421,743)	425,206	–
Accounts charged off	–	–	(1,269,650)	(1,269,650)	–	–	(49,305)	(49,305)
Effect of collections, foreclosures, and provision	35,247	550	209,778	245,575	(7,571)	405,388	269,654	667,471
Ending Balance	66,282	34,740	3,633,310	3,734,332	22,665	32,893	4,689,397	4,744,955
Total Loans and Receivables								
Beginning Balance	2,990,873	3,367,184	36,209,171	42,567,228	2,862,622	6,288,583	30,294,633	39,445,838
Newly originated assets which remained in Stage 1 at yearend	1,065,937	–	–	1,065,937	1,164,544	–	–	1,164,544
Newly originated assets which moved to Stages 2 and 3 as at year-end	–	735,734	449,174	1,184,908	–	1,567,321	6,389,720	7,957,041
Transfers to Stage 1	130,542	(68,048)	(62,494)	–	90,986	(46,670)	(44,316)	–
Transfers to Stage 2	(129,079)	920,975	(791,896)	–	(774,363)	931,366	(157,003)	–
Transfers to Stage 3	(408,772)	(447,325)	856,097	–	(684,192)	(4,049,225)	4,733,417	–
Accounts charged off	–	–	(2,923,540)	(2,923,540)	–	–	(1,418,830)	(1,418,830)
Loan settlement through dacion and assignment (Note 33)	–	–	–	–	–	–	(1,404,582)	(1,404,582)
Effect of collections, foreclosures, and provision	(435,623)	(1,016,360)	1,712,684	260,701	331,276	(1,324,191)	(2,183,868)	(3,176,783)
Ending Balance	₱3,213,878	₱3,492,160	₱35,449,196	₱42,155,234	₱2,990,873	₱3,367,184	₱36,209,171	₱42,567,228

16.3 Gross Carrying Amounts of Loans and Receivables

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

	Consolidated							
	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱511,739,263	₱27,482,301	₱32,976,162	₱572,197,726	₱439,476,954	₱73,633,834	₱27,884,820	₱540,995,608
Newly originated assets which remained in Stage 1 at yearend	313,540,235	–	–	313,540,235	256,828,762	–	–	256,828,762
Newly originated assets which moved to Stages 2 and 3 at yearend	–	14,542,849	6,213,419	20,756,268	–	12,486,650	7,244,151	19,730,801
Transfers to Stage 1	1,626,834	(1,538,339)	(88,495)	–	20,808,870	(20,808,870)	–	–
Transfers to Stage 2	(1,709,484)	3,688,218	(1,978,734)	–	(2,438,133)	2,776,640	(338,507)	–
Transfers to Stage 3	(496,633)	(1,087,075)	1,583,708	–	(851,326)	(5,941,406)	6,792,732	–
Accounts charged off	–	–	(686,290)	(686,290)	–	–	(27,654)	(27,654)
Collections and other movements	(287,030,529)	(18,416,515)	(3,024,592)	(308,471,636)	(202,085,864)	(34,664,547)	(8,579,380)	(245,329,791)
Ending Balance	537,669,686	24,671,439	34,995,178	597,336,303	511,739,263	27,482,301	32,976,162	572,197,726
LGU								
Beginning Balance	2,183,286	28,139	54,900	2,266,325	2,753,214	35,320	56,658	2,845,192
Collections and other movements	(536,416)	(5,529)	(4,379)	(546,324)	(569,928)	(7,181)	(1,758)	(578,867)
Ending Balance	1,646,870	22,610	50,521	1,720,001	2,183,286	28,139	54,900	2,266,325

(Forward)

Consolidated

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit Cards								
Beginning Balance	₱14,208,553	₱440,362	₱583,930	₱15,232,845	₱13,157,391	₱315,914	₱909,376	₱14,382,681
Newly originated assets which remained in Stage 1 at yearend	1,980,502	–	–	1,980,502	1,165,134	–	–	1,165,134
Newly originated assets which moved to Stages 2 and 3 at yearend	–	52,126	31,425	83,551	–	29,616	18,927	48,543
Transfers to Stage 1	149,502	(125,603)	(23,899)	–	69,818	(62,026)	(7,792)	–
Transfers to Stage 2	(319,966)	323,698	(3,732)	–	(325,428)	325,528	(100)	–
Transfers to Stage 3	(547,031)	(87,958)	634,989	–	(424,262)	(52,755)	477,017	–
Accounts charged off	–	–	(799,638)	(799,638)	–	–	(892,571)	(892,571)
Collections and other movements	1,685,900	(112,752)	(6,523)	1,566,625	565,900	(115,915)	79,073	529,058
Ending Balance	17,157,460	489,873	416,552	18,063,885	14,208,553	440,362	583,930	15,232,845
Retail SMEs								
Beginning Balance	4,153,369	151,456	1,067,223	5,372,048	3,995,703	342,969	1,961,582	6,300,254
Newly originated assets which remained in Stage 1 at yearend	3,539,950	–	–	3,539,950	3,924,066	–	–	3,924,066
Newly originated assets which moved to Stages 2 and 3 at yearend	–	114,725	50,153	164,878	–	112,457	72,686	185,143
Transfers to Stage 1	7,659	(7,659)	–	–	4,227	–	(4,227)	–
Transfers to Stage 2	(810)	2,953	(2,143)	–	(21,867)	31,237	(9,370)	–
Transfers to Stage 3	(71,839)	(7,659)	79,498	–	–	(119,106)	119,106	–
Accounts charged off	–	–	(115,370)	(115,370)	–	–	(401,774)	(401,774)
Collections and other movements	(3,267,400)	(129,967)	(88,078)	(3,485,445)	(3,748,760)	(216,101)	(670,780)	(4,635,641)
Ending Balance	4,360,929	123,849	991,283	5,476,061	4,153,369	151,456	1,067,223	5,372,048
Housing Loans								
Beginning Balance	20,130,870	248,682	7,921,739	28,301,291	18,886,113	673,099	9,029,811	28,589,023
Newly originated assets which remained in Stage 1 as at yearend	3,162,128	–	–	3,162,128	3,153,824	–	–	3,153,824
Newly originated assets which moved to Stages 2 and 3 at yearend	–	17,757	44,110	61,867	–	14,017	48,035	62,052
Transfers to Stage 1	1,577,780	(105,411)	(1,472,369)	–	1,234,984	(167,456)	(1,067,528)	–
Transfers to Stage 2	(209,603)	281,574	(71,971)	–	(160,577)	225,036	(64,459)	–
Transfers to Stage 3	(204,135)	(105,411)	309,546	–	(819,808)	(407,824)	1,227,632	–
Collections and other movements	(3,287,196)	(19,811)	(1,473,794)	(4,780,801)	(2,163,666)	(88,190)	(1,251,752)	(3,503,608)
Ending Balance	21,169,844	317,380	5,257,261	26,744,485	20,130,870	248,682	7,921,739	28,301,291
Auto Loans								
Beginning Balance	5,216,360	22,973	1,263,450	6,502,783	5,017,858	102,192	1,970,284	7,090,334
Newly originated assets which remained in Stage 1 at yearend	2,515,108	–	–	2,515,108	2,513,456	–	–	2,513,456
Newly originated assets which moved to Stages 2 and 3 at yearend	–	18,900	24,820	43,720	–	4,842	4,158	9,000
Transfers to Stage 1	32,064	(3,394)	(28,670)	–	78,374	(17,998)	(60,376)	–
Transfers to Stage 2	(15,561)	16,513	(952)	–	(15,461)	16,928	(1,467)	–
Transfers to Stage 3	(40,217)	(3,394)	43,611	–	(83,541)	(33,541)	117,082	–
Accounts charged off	–	–	(32,938)	(32,938)	–	–	(47,526)	(47,526)
Collections and other movements	(2,230,304)	(15,944)	(461,864)	(2,708,112)	(2,294,326)	(49,450)	(718,705)	(3,062,481)
Ending Balance	5,477,450	35,654	807,457	6,320,561	5,216,360	22,973	1,263,450	6,502,783
Other Loans								
Beginning Balance	8,187,643	2,087,478	1,650,129	11,925,250	9,131,926	1,546,924	1,976,100	12,654,950
Newly originated assets which remained in Stage 1 at yearend	5,119,859	–	–	5,119,859	6,201,837	–	–	6,201,837
Newly originated assets which moved to Stages 2 and 3 at yearend	–	–	31	31	–	1,244,295	39,581	1,283,876
Transfers to Stage 1	47,303	(3,435)	(43,868)	–	38,851	(7,370)	(31,481)	–
Transfers to Stage 2	(7,521)	22,220	(14,699)	–	(619,725)	836,675	(216,950)	–
Transfers to Stage 3	(11,694)	(3,435)	15,129	–	(141,647)	(20,036)	161,683	–
Accounts charged off	–	–	(19,654)	(19,654)	–	–	–	–
Collections and other movements	(6,441,872)	(1,755,234)	(266,303)	(8,463,409)	(6,423,599)	(1,513,010)	(278,804)	(8,215,413)
Ending Balance	6,893,718	347,594	1,320,765	8,562,077	8,187,643	2,087,478	1,650,129	11,925,250
Other Receivables								
Beginning Balance	11,130,475	270,041	6,083,868	17,484,384	15,069,109	289,229	3,828,316	19,186,654
Newly originated assets which remained in Stage 1 at yearend	1,312,023	–	–	1,312,023	1,334,540	–	–	1,334,540
Newly originated assets which moved to Stages 2 and 3 at yearend	–	64,105	40,349	104,454	–	49,057	126,499	175,556
Transfers to Stage 1	23,996	(13,905)	(10,091)	–	123,622	(118,182)	(5,440)	–
Transfers to Stage 2	(6,040)	17,059	(11,019)	–	(23,562)	24,591	(1,029)	–
Transfers to Stage 3	(6,464)	(8,587)	15,051	–	(9,949)	(925,493)	935,442	–
Accounts charged off	–	–	(1,271,421)	(1,271,421)	–	–	(49,305)	(49,305)
Collections and other movements	(3,667,397)	(154,373)	996,971	(2,824,799)	(5,363,285)	950,839	1,249,385	(3,163,061)
Ending Balance	8,786,593	174,340	5,843,708	14,804,641	11,130,475	270,041	6,083,868	17,484,384

(Forward)

Consolidated

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Total Loans and Receivables								
Beginning Balance	₱576,949,819	₱30,731,432	₱51,601,401	₱659,282,652	₱507,488,268	₱76,939,481	₱47,616,947	₱632,044,696
Newly originated assets which remained in Stage 1 at yearend	331,169,805	–	–	331,169,805	275,121,619	–	–	275,121,619
Newly originated assets which moved to Stages 2 and 3 at yearend	–	14,810,462	6,404,307	21,214,769	–	13,940,934	7,554,037	21,494,971
Transfers to Stage 1	3,465,138	(1,797,746)	(1,667,392)	–	22,358,746	(21,181,902)	(1,176,844)	–
Transfers to Stage 2	(2,268,985)	4,352,235	(2,083,250)	–	(3,604,753)	4,236,635	(631,882)	–
Transfers to Stage 3	(1,378,013)	(1,303,519)	2,681,532	–	(2,330,533)	(7,500,161)	9,830,694	–
Accounts charged off	–	–	(2,925,311)	(2,925,311)	–	–	(1,418,830)	(1,418,830)
Collections and other movements	(304,775,214)	(20,610,125)	(4,328,562)	(329,713,901)	(222,083,528)	(35,703,555)	(10,172,721)	(267,959,804)
Ending Balance	₱603,162,550	₱26,182,739	₱49,682,725	₱679,028,014	₱576,949,819	₱30,731,432	₱51,601,401	₱659,282,652

Parent Company

	2024				2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	₱499,062,930	₱27,447,702	₱32,943,593	₱559,454,225	₱427,520,330	₱73,589,787	₱28,922,622	₱530,032,739
Newly originated assets which remained in Stage 1 at yearend	311,255,404	–	–	311,255,404	249,130,331	–	–	249,130,331
Newly originated assets which moved to Stages 2 and 3 at yearend	–	14,542,849	5,601,615	20,144,464	–	12,486,650	7,244,151	19,730,801
Transfers to Stage 1	1,626,834	(1,538,339)	(88,495)	–	20,808,870	(20,808,870)	–	–
Transfers to Stage 2	(1,709,484)	3,688,218	(1,978,734)	–	(2,438,133)	2,776,640	(338,507)	–
Transfers to Stage 3	(496,633)	(1,087,075)	1,583,708	–	(851,326)	(5,941,406)	6,792,732	–
Accounts charged off	–	–	(686,290)	(686,290)	–	–	(27,654)	(27,654)
Loan settlement through dacion and assignment (Note 33)	–	–	–	–	–	–	(1,404,582)	(1,404,582)
Collections and other movements	(284,347,175)	(18,416,515)	(2,857,712)	(305,621,402)	(195,107,142)	(34,655,099)	(8,245,169)	(238,007,410)
Ending Balance	525,391,876	24,636,840	34,517,685	584,546,401	499,062,930	27,447,702	32,943,593	559,454,225
LGU								
Beginning Balance	2,183,286	28,139	54,900	2,266,325	2,753,214	35,320	56,658	2,845,192
Collections and other movements	(536,416)	(5,529)	(4,379)	(546,324)	(569,928)	(7,181)	(1,758)	(578,867)
Ending Balance	1,646,870	22,610	50,521	1,720,001	2,183,286	28,139	54,900	2,266,325
Credit Cards								
Beginning Balance	14,208,553	440,362	583,930	15,232,845	13,157,391	315,914	909,376	14,382,681
Newly originated assets which remained in Stage 1 at yearend	1,980,502	–	–	1,980,502	1,165,134	–	–	1,165,134
Newly originated assets which moved to Stages 2 and 3 at yearend	–	52,126	31,425	83,551	–	29,616	18,927	48,543
Transfers to Stage 1	149,502	(125,603)	(23,899)	–	69,818	(62,026)	(7,792)	–
Transfers to Stage 2	(319,966)	323,698	(3,732)	–	(325,428)	325,528	(100)	–
Transfers to Stage 3	(547,031)	(87,958)	634,989	–	(424,262)	(52,755)	477,017	–
Accounts charged off	–	–	(799,638)	(799,638)	–	–	(892,571)	(892,571)
Collections and other movements	1,685,900	(112,752)	(6,523)	1,566,625	565,900	(115,915)	79,073	529,058
Ending Balance	17,157,460	489,873	416,552	18,063,885	14,208,553	440,362	583,930	15,232,845
Retail SMEs								
Beginning Balance	4,153,253	151,473	1,057,121	5,361,847	3,544,176	317,549	1,078,655	4,940,380
Newly originated assets which remained in Stage 1 at yearend	3,539,950	–	–	3,539,950	3,924,066	–	–	3,924,066
Newly originated assets which moved to Stages 2 and 3 at yearend	–	114,725	50,153	164,878	–	112,457	72,686	185,143
Transfers to Stage 1	7,659	(7,659)	–	–	4,227	–	(4,227)	–
Transfers to Stage 2	(810)	2,953	(2,143)	–	(21,867)	31,237	(9,370)	–
Transfers to Stage 3	(71,839)	(7,659)	79,498	–	–	(119,106)	119,106	–
Accounts charged off	–	–	(115,370)	(115,370)	–	–	(401,774)	(401,774)
Collections and other movements	(3,267,284)	(129,984)	(77,976)	(3,475,244)	(3,297,349)	(190,664)	202,045	(3,285,968)
Ending Balance	4,360,929	123,849	991,283	5,476,061	4,153,253	151,473	1,057,121	5,361,847
Housing Loans								
Beginning Balance	19,354,191	248,682	7,921,406	27,524,279	18,020,708	640,238	9,002,446	27,663,392
Newly originated assets which remained in Stage 1 at yearend	3,162,128	–	–	3,162,128	3,046,281	–	–	3,046,281
Newly originated assets which moved to Stages 2 and 3 at yearend	–	17,757	44,110	61,867	–	14,017	48,035	62,052
Transfers to Stage 1	1,577,780	(105,411)	(1,472,369)	–	1,234,984	(167,456)	(1,067,528)	–
Transfers to Stage 2	(204,457)	276,428	(71,971)	–	(160,577)	225,036	(64,459)	–
Transfers to Stage 3	(193,797)	(105,411)	299,208	–	(819,808)	(378,350)	1,198,158	–
Collections and other movements	(3,292,172)	(19,811)	(1,476,192)	(4,788,175)	(1,967,397)	(84,803)	(1,195,246)	(3,247,446)
Ending Balance	20,403,673	312,234	5,244,192	25,960,099	19,354,191	248,682	7,921,406	27,524,279

(Forward)

	Parent Company							
	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Auto Loans								
Beginning Balance	**₱5,216,360**	**₱22,973**	**₱1,263,450**	**₱6,502,783**	₱5,017,858	₱102,192	₱1,970,284	₱7,090,334
Newly originated assets which remained in Stage 1 at yearend	**2,515,108**	**–**	**–**	**2,515,108**	2,513,456	–	–	2,513,456
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**18,900**	**24,820**	**43,720**	–	4,842	4,158	9,000
Transfers to Stage 1	**32,064**	**(3,394)**	**(28,670)**	**–**	78,374	(17,998)	(60,376)	–
Transfers to Stage 2	**(15,561)**	**16,513**	**(952)**	**–**	(15,461)	16,928	(1,467)	–
Transfers to Stage 3	**(40,217)**	**(3,394)**	**43,611**	**–**	(83,541)	(33,541)	117,082	–
Accounts charged off	**–**	**–**	**(32,938)**	**(32,938)**	–	–	(47,526)	(47,526)
Collections and other movements	**(2,230,304)**	**(15,944)**	**(461,864)**	**(2,708,112)**	(2,294,326)	(49,450)	(718,705)	(3,062,481)
Ending Balance	**5,477,450**	**35,654**	**807,457**	**6,320,561**	5,216,360	22,973	1,263,450	6,502,783
Other Loans								
Beginning Balance	**8,099,735**	**2,087,478**	**1,650,129**	**11,837,342**	9,039,529	1,546,924	1,976,100	12,562,553
Newly originated assets which remained in Stage 1 at yearend	**5,119,859**	**–**	**–**	**5,119,859**	6,201,837	–	–	6,201,837
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**–**	**31**	**31**	–	1,244,295	39,581	1,283,876
Transfers to Stage 1	**47,303**	**(3,435)**	**(43,868)**	**–**	38,851	(7,370)	(31,481)	–
Transfers to Stage 2	**(3,492)**	**18,191**	**(14,699)**	**–**	(616,273)	833,223	(216,950)	–
Transfers to Stage 3	**(11,694)**	**(3,435)**	**15,129**	**–**	(141,647)	(20,036)	161,683	–
Accounts charged off	**–**	**–**	**(19,654)**	**(19,654)**				
Collections and other movements	**(6,439,617)**	**(1,755,234)**	**(379,683)**	**(8,574,534)**	(6,422,562)	(1,509,558)	(278,804)	(8,210,924)
Ending Balance	**6,812,094**	**343,565**	**1,207,385**	**8,363,044**	8,099,735	2,087,478	1,650,129	11,837,342
Other Receivables								
Beginning Balance	**10,449,820**	**266,357**	**5,830,168**	**16,546,345**	13,979,637	279,963	3,663,985	17,923,585
Newly originated assets which remained in Stage 1 at yearend	**1,312,023**	**–**	**–**	**1,312,023**	1,334,540	–	–	1,334,540
Newly originated assets which moved to Stages 2 and 3 as at year-end	**–**	**64,105**	**40,350**	**104,455**	–	49,057	126,499	175,556
Transfers to Stage 1	**23,996**	**(13,905)**	**(10,091)**	**–**	123,622	(118,182)	(5,440)	–
Transfers to Stage 2	**(6,040)**	**17,059**	**(11,019)**	**–**	(23,562)	24,591	(1,029)	–
Transfers to Stage 3	**(6,463)**	**(8,587)**	**15,050**	**–**	(9,949)	(925,493)	935,442	–
Accounts charged off	**–**	**–**	**(1,269,650)**	**(1,269,650)**	–	–	(49,305)	(49,305)
Collections and other movements	**(3,404,203)**	**(154,373)**	**962,755**	**(2,595,821)**	(4,954,468)	956,421	1,160,016	(2,838,031)
Ending Balance	**8,369,133**	**170,656**	**5,557,563**	**14,097,352**	10,449,820	266,357	5,830,168	16,546,345
Total Loans and Receivables								
Beginning Balance	**562,728,128**	**30,693,166**	**51,304,697**	**644,725,991**	493,032,843	76,827,887	47,580,126	617,440,856
Newly originated assets which remained in Stage 1 at yearend	**328,884,974**	**–**	**–**	**328,884,974**	267,315,645	–	–	267,315,645
Newly originated assets which moved to Stages 2 and 3 as at year-end	**–**	**14,810,462**	**5,792,473**	**20,602,935**	–	13,940,934	7,554,037	21,494,971
Transfers to Stage 1	**3,465,138**	**(1,797,746)**	**(1,667,392)**	**–**	22,358,746	(21,181,902)	(1,176,844)	–
Transfers to Stage 2	**(2,259,810)**	**4,343,060**	**(2,083,250)**	**–**	(3,601,301)	4,233,183	(631,882)	–
Transfers to Stage 3	**(1,367,674)**	**(1,303,519)**	**2,671,193**	**–**	(2,330,533)	(7,470,687)	9,801,220	–
Accounts charged off	**–**	**–**	**(2,923,540)**	**(2,923,540)**	–	–	(1,418,830)	(1,418,830)
Loan settlement through dacion and assignment (Note 33)	**–**	**–**	**–**	**–**	–	–	(1,404,582)	(1,404,582)
Collections and other movements	**(301,831,271)**	**(20,610,142)**	**(4,301,574)**	**(326,742,987)**	(214,047,272)	(35,656,249)	(8,998,548)	(258,702,069)
Ending Balance	**₱589,619,485**	**₱26,135,281**	**₱48,792,607**	**₱664,547,373**	₱562,728,128	₱30,693,166	₱51,304,697	₱644,725,991

17. Deposit Liabilities

17.1 Regulatory Reserve Requirements

As of December 31, 2024 and 2023, peso deposit liabilities are subject to reserves equivalent to 9.5%, while peso-denominated LTNCDs are subject to reserves equivalent to 4.0%.

Available reserves booked under 'Due from BSP' amounted to ₱44.6 billion and ₱78.4 billion as of December 31, 2024 and 2023, respectively (refer to Note 7).

17.2 LTNCDs

LTNCDs issued by the Parent Company consist of:

				Interest	Carrying Value	
Issue Date	**Maturity Date**	**Face Value**	**Coupon Rate**	**Repayment Terms**	**2024**	2023
October 11, 2019	April 11, 2025	₱4,600,000	4.38%	Quarterly	**₱4,598,770**	₱4,591,288
February 27, 2019	August 27, 2024	8,220,000	5.75%	Quarterly	**–**	8,212,255
		₱12,820,000			**₱4,598,770**	₱12,803,543

17.3 Interest Expense on Deposit Liabilities

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Savings	**₱9,560,100**	₱6,989,245	₱1,589,891	**₱9,553,020**	₱6,984,663	₱1,605,241
Time	**6,130,302**	5,036,686	2,437,557	**6,111,730**	5,010,322	2,434,206
LTNCDs	**526,326**	776,034	1,140,954	**526,326**	776,034	1,140,954
Demand	**212,807**	203,681	203,265	**209,875**	200,798	202,752
	₱16,429,535	₱13,005,646	₱5,371,667	**₱16,400,951**	₱12,971,817	₱5,383,153

As of December 31, 2024 and 2023, noninterest-bearing deposit liabilities amounted to ₱26.8 billion and ₱27.1 billion, respectively, for the Group, and ₱27.0 billion and ₱27.7 billion, respectively, for the Parent Company.

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

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Peso-denominated	**0.10% - 6.1%**	0.10% - 7.50%	0.10% - 6.12%	**0.10% - 6.1%**	0.10% - 7.50%	0.10% - 6.12%
Foreign currency-denominated	**0.03% -5.5%**	0.10% - 6.10%	0.00% - 5.50%	**0.03% -5.5%**	0.10% - 6.10%	0.00% - 5.50%

In 2024, 2023 and 2022, interest expense on LTNCDs for both the Group and the Parent Company includes amortization of transaction costs amounting to ₱15.2 million, ₱23.5 million and ₱29.6 million, respectively. Unamortized transaction costs of the LTNCDs amounted to ₱1.3 million and ₱16.5 million as of December 31, 2024 and 2023, respectively.

18. Financial Liabilities at Fair Value Through Profit or Loss

As of December 31, 2024 and 2023, this account consists of currency forwards and spots with negative fair values amounting to ₱0.9 billion and ₱0.6 billion, respectively, for the Group and Parent Company (refer to Notes 23 and 35).

19. Bills and Acceptances Payable

19.1 Information on Bills and Acceptances Payable

This account consists of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Bills payable to:				
Foreign banks	**₱11,828,038**	₱10,607,231	**₱11,828,038**	₱10,607,231
BSP and local banks	**2,324,404**	395	**2,324,404**	395
	14,152,442	10,607,626	**14,152,442**	10,607,626
Acceptances outstanding (Note 10)	**6,056,009**	9,554,977	**6,056,009**	9,554,977
	₱20,208,451	₱20,162,603	**₱20,208,451**	₱20,162,603

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

	2024		2023	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets at FVOCI (Note 9.2)	**₱11,859,179**	**₱11,859,179**	₱6,464,743	₱6,464,743
Investment securities at amortized cost (Note 9.3)	**2,392,401**	**2,397,775**	5,472,805	5,478,115
	₱14,251,580	**₱14,256,954**	₱11,937,548	₱11,942,858

19.2 Interest Expense on Bills Payable and Other Borrowings

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Lease liabilities (Note 29)	**₱175,831**	₱171,570	₱171,885	**₱172,824**	₱168,285	₱170,692
Bills payable	**191,541**	129,031	229,600	**192,131**	118,534	163,385
Others	**83,566**	35,246	32,488	**82,152**	32,769	29,467
	₱450,938	₱335,847	₱433,973	**₱447,107**	₱319,588	₱363,544

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

	2024	2023	2022
Peso-denominated	**5.8% - 6.6%**	6.0% - 6.8%	1.9% - 5.5%
Foreign currency-denominated	**0.0% - 5.6%**	0.0% - 5.4%	0.3% - 4.3%

20. Accrued Taxes, Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Accrued taxes and other expenses	**₱6,652,716**	₱8,037,426	**₱6,456,764**	₱7,660,923
Accrued interest (Note 33)	**2,145,837**	2,427,947	**2,125,330**	2,388,727
	₱8,798,553	₱10,465,373	**₱8,582,094**	₱10,049,650

Accrued taxes and other expenses consist of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Financial liabilities:				
Promotional expenses	**₱1,100,694**	₱1,708,628	**₱1,100,500**	₱1,531,463
Rent and utilities payable	**414,424**	339,271	**410,792**	332,363
Information technology-related expenses	**145,090**	617,853	**145,090**	617,853
Repairs and maintenance	**105,759**	171,579	**105,759**	171,579
Professional fees	**50,431**	282,993	**25,877**	237,985
	1,816,398	3,120,324	**1,788,018**	2,891,243
Nonfinancial liabilities:				
Monetary value of leave credits	**1,813,772**	1,846,704	**1,784,289**	1,805,054
PDIC insurance premiums	**1,093,893**	1,055,331	**1,078,415**	1,039,853
Other taxes and licenses	**775,776**	889,776	**757,116**	878,562
Employee benefits	**103,099**	206,970	**95,198**	177,333
Other expenses	**1,049,778**	918,321	**953,728**	868,878
	4,836,318	4,917,102	**4,668,746**	4,769,680
	₱6,652,716	₱8,037,426	**₱6,456,764**	₱7,660,923

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

21. Bonds Payable

This account consists of:

					Carrying Value	
Issue Date	**Maturity Date**	**Face Value**	**Coupon Rate**	**Interest Repayment Terms**	**2024**	2023
October 23, 2024	October 23, 2029	USD 300,000	4.85%	Semi-annually	**₱17,304,421**	₱–
June 27, 2019	September 27, 2024	750,000	3.28%	Semi-annually	–	41,490,871
		USD1,050,000			**₱17,304,421**	₱41,490,871

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

The Parent Company's issued bonds are fixed-rate medium-term senior notes, which are drawdowns from its Medium Term Note Programme (the MTN Programme) established on April 13, 2018 with an initial nominal size of US$1.0 billion. On June 14, 2019, the Parent Company increased the size of its MTN Programme to US$2.0 billion. Both issuances are listed in the Singapore Exchange Securities Trading Limited.

As of December 31, 2024 and 2023, the unamortized transaction costs of bonds payable amounted to ₱49.1 million and ₱26.3 million, respectively. In 2024 and 2023, amortization of transaction costs amounting to ₱38.7 million and ₱66.5 million, respectively, were charged to 'Interest expense on bonds payable' in the statements of income.

22. Other Liabilities

This account consists of:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Financial				
Accounts payable	**₱3,714,056**	₱2,988,517	**₱3,379,103**	₱2,661,756
Bills purchased - contra (Note 10)	**3,196,612**	1,362,515	**3,196,612**	1,362,515
Due to other banks (Note 33)	**2,038,261**	744,625	**1,861,960**	509,915
Dormant credits	**1,700,209**	1,280,886	**1,625,299**	1,215,351
Manager's checks and demand drafts outstanding	**1,383,750**	1,296,191	**1,383,750**	1,296,191
Accounts payable - electronic money	**759,059**	628,449	**759,059**	628,449
Payment order payable	**180,883**	221,340	**180,883**	221,340
Deposits on lease contracts	**72,975**	76,028	**72,975**	76,028
Transmission liability	**48,612**	49,101	**–**	–
Margin deposits and cash letters of credit	**27,719**	686,130	**6,244**	673,639
Deposit for keys on safety deposit boxes	**15,639**	15,919	**15,639**	15,919
	13,137,775	9,349,701	**12,481,524**	8,661,103
Nonfinancial				
Due to Treasurer of the Philippines	**1,431,240**	1,444,009	**1,431,240**	1,444,009
Provisions (Notes 12 and 34)	**878,874**	1,068,215	**848,300**	992,950
Deferred revenue - Credit card-related	**598,593**	672,373	**598,593**	672,373
Withholding tax payable	**473,641**	374,139	**470,812**	370,340
Deferred revenue - Bancassurance (Note 12)	**322,031**	395,231	**322,031**	395,231
Deferred tax liabilities (Note 30)	**167,524**	166,091	**–**	–
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	**65,404**	54,638	**65,301**	54,617
Retirement benefit liability (Note 28)	**9,455**	281,585	**–**	269,390
Miscellaneous	**1,021,519**	935,940	**853,788**	693,850
	4,968,281	5,392,221	**4,590,065**	4,892,760
	₱18,106,056	₱14,741,922	**₱17,071,589**	₱13,553,863

'Deferred revenue - Bancassurance' pertains to the allocated portion of the consideration received for the disposal of APLII related to the EDR and the exclusive bancassurance arrangement for the non-life insurance business with ABIC (refer to Note 12.7). In 2024 and 2023, amortization of other deferred revenue amounting to ₱73.2 million were recognized under 'Service fees and commission income' (refer to Note 26.1).

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

23. Derivative Financial Instruments

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

The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2024 and 2023 and are not indicative of either market risk or credit risk (amounts in thousands, except average forward rate).

	Consolidated			
	2024			
	Assets	**Liabilities**	**Average Forward Rate***	**Notional Amount***
Currency forwards and spots:				
BUY:				
USD	**₱296,412**	**₱251,056**	**USD1.00**	**3,957,296**
SGD	**2,230**	**–**	**0.74**	**70**
EUR	**–**	**140,877**	**1.04**	**32,133**
JPY	**–**	**7,510**	**0.01**	**1,613,534**
CNY	**–**	**48**	**0.14**	**6,300**
GBP	**–**	**31**	**1.25**	**815**
SELL:				
USD	**706,649**	**518,175**	**1.00**	**1,199,419**
EUR	**75,962**	**340**	**1.04**	**36,133**
SGD	**1,895**	**20**	**0.74**	**3,107**
CAD	**1,121**	**–**	**0.69**	**1,000**
GBP	**924**	**22**	**1.25**	**1,795**
JPY	**826**	**–**	**0.01**	**53,344**
NZD	**682**	**–**	**0.56**	**500**
HKD	**406**	**1,213**	**0.13**	**2,953,553**
PHP	**–**	**4,749**	**0.02**	**3,186,225**
AUD	**–**	**12**	**0.62**	**500**
	₱1,087,107	**₱924,053**		

**The notional amounts pertain to original currencies.*

	Consolidated			
	2023			
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
JPY	₱90,263	₱190,651	USD0.01	17,322,000
USD	40,763	351,871	1.00	1,344,799
SGD	456	–	0.76	11
SELL:				
USD	615,180	7,147	1.00	1,661,278
HKD	2,493	1	0.13	345,477
GBP	44	395	1.27	1,970
SGD	–	2,840	0.76	863
EUR	–	2,006	1.11	3,300
CAD	–	405	0.76	800
PHP	–	300	0.02	830,850
NZD	–	195	0.63	400
	₱749,199	₱555,811		

**The notional amounts pertain to original currencies.*

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

**The notional amounts pertain to original currencies.*

	Parent Company			
	2023			
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱38,270	₱351,871	USD1.00	1,300,926
JPY	90,263	190,651	0.01	17,322,000
SGD	456	–	0.76	11
SELL:				
USD	615,180	7,147	0.02	1,661,278
SGD	–	2,840	0.76	863
EUR	–	2,006	1.11	3,300
CAD	–	405	0.76	800
GBP	44	395	1.27	1,970
PHP	–	300	0.02	830,850
NZD	–	195	0.63	400
HKD	–	1	0.13	2,700
	₱744,213	₱555,811		

**The notional amounts pertain to original currencies.*

The rollforward analysis of net derivative assets in 2024 and 2023 follows:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Balance at the beginning of the year:				
Derivative assets	**₱749,199**	₱1,361,951	**₱744,213**	₱1,359,828
Derivative liabilities	**555,811**	1,039,776	**555,811**	1,039,776
	193,388	322,175	**188,402**	320,052
Changes in fair value				
Currency forwards and spots*	**(74,512)**	(135,968)	**(79,497)**	(136,672)
Interest rate swaps and warrants**	**(1,115)**	609	**(1,115)**	609
	(75,627)	(135,359)	**(80,612)**	(136,063)
Net availments (settlements)	**45,293**	6,572	**56,812**	4,413
Balance at end of year:				
Derivative assets	**1,087,107**	749,199	**1,086,295**	744,213
Derivative liabilities	**924,053**	555,811	**921,693**	555,811
	₱163,054	₱193,388	**₱164,602**	₱188,402

* *Presented as part of 'Foreign exchange gains - net'*
** *Recorded under 'Trading and investment securities gains - net' (refer to Note 9.5)*

24. Maturity Analysis of Assets and Liabilities

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

	Consolidated					
	2024			2023		
	Less than Twelve Months	**Over Twelve Months**	**Total**	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	**₱20,638,033**	**₱–**	**₱20,638,033**	₱21,151,391	₱–	₱21,151,391
Due from BSP	**55,128,316**	**–**	**55,128,316**	95,410,350	–	95,410,350
Due from other banks	**20,188,638**	**–**	**20,188,638**	21,253,754	–	21,253,754
Interbank loans receivable (Note 8)	**22,793,332**	**–**	**22,793,332**	35,642,485	–	35,642,485
Securities held under agreements to resell (Note 8)	**103,526,359**	**–**	**103,526,359**	69,708,690	–	69,708,690
Financial assets at FVTPL (Note 9)	**17,920,985**	**–**	**17,920,985**	10,516,864	–	10,516,864
Financial assets at FVOCI (Note 9)	**125,158,359**	**86,584,424**	**211,742,783**	112,174,065	52,357,427	164,531,492
Investment securities at amortized cost (Note 9)	**17,873,615**	**94,696,237**	**112,569,852**	21,997,197	101,359,065	123,356,262
Loans and receivables (Note 10)	**330,821,051**	**349,052,823**	**679,873,874**	311,983,380	347,975,013	659,958,393
Other assets (Note 15)	**427,311**	**20,162**	**447,473**	383,478	18,779	402,257
	714,475,999	**530,353,646**	**1,244,829,645**	700,221,654	501,710,284	1,201,931,938
Nonfinancial Assets						
Property and equipment (Note 11)	**–**	**25,122,850**	**25,122,850**	–	25,026,058	25,026,058
Investment in an associate (Note 12)	**–**	**3,446,613**	**3,446,613**	–	3,199,124	3,199,124
Investment properties (Note 13)	**–**	**20,562,196**	**20,562,196**	–	18,727,971	18,727,971
Deferred tax assets (Note 30)	**–**	**7,460,676**	**7,460,676**	–	6,981,726	6,981,726
Goodwill (Note 14)	**–**	**10,184,843**	**10,184,843**	–	10,184,843	10,184,843
Intangible assets (Note 14)	**–**	**10,004,004**	**10,004,004**	–	8,329,479	8,329,479
Residual value of leased assets (Note 10)	**–**	**–**	**–**	5,658	–	5,658
Other assets (Note 15)	**6,942,022**	**1,811,217**	**8,753,239**	4,517,656	1,570,008	6,087,664
	6,942,022	**78,592,399**	**85,534,421**	4,523,314	74,019,209	78,542,523

(Forward)

	Consolidated					
	2024			2023		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Less: Allowance for impairment and credit losses (Note 16)			₱47,207,940			₱47,247,648
Unearned and other deferred income (Note 10)			845,859			681,399
Accumulated depreciation and amortization (Notes 11, 13 and 14)			24,699,414			21,996,014
			₱1,257,610,853			₱1,210,549,400
Financial Liabilities						
Deposit liabilities (Note 17)	₱966,381,587	₱5,290,561	₱971,672,148	₱917,137,058	₱10,833,860	₱927,970,918
Financial liabilities at FVTPL (Note 18)	924,053	–	924,053	555,811	–	555,811
Bills and acceptances payable (Note 19)	20,208,451	–	20,208,451	19,047,156	1,115,447	20,162,603
Accrued interest payable (Note 20)	2,145,487	350	2,145,837	2,426,973	974	2,427,947
Accrued other expenses payable (Note 20)	1,816,398	–	1,816,398	3,120,324	–	3,120,324
Bonds payable (Note 21)	–	17,304,421	17,304,421	41,490,871	–	41,490,871
Other liabilities (Note 22)	11,510,963	1,626,812	13,137,775	8,134,350	1,215,351	9,349,701
	1,002,986,939	24,222,144	1,027,209,083	991,912,543	13,165,632	1,005,078,175
Nonfinancial Liabilities						
Lease liabilities (Note 29)	997,127	2,811,870	3,808,997	815,279	3,017,605	3,832,884
Accrued taxes and other expenses (Note 20)	3,204,301	1,632,017	4,836,318	3,529,374	1,387,728	4,917,102
Income tax payable	159,233	–	159,233	180,364	–	180,364
Other liabilities (Note 22)	2,294,638	2,673,643	4,968,281	2,188,421	3,203,800	5,392,221
	6,655,299	7,117,530	13,772,829	6,713,438	7,609,133	14,322,571
	₱1,009,642,238	₱31,339,674	₱1,040,981,912	₱998,625,981	₱20,774,765	₱1,019,400,746

	Parent Company					
	2024			2023		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	₱20,522,258	₱–	₱20,522,258	₱21,052,526	₱–	₱21,052,526
Due from BSP	55,128,316	–	55,128,316	95,410,350	–	95,410,350
Due from other banks	11,482,953	–	11,482,953	13,636,497	–	13,636,497
Interbank loans receivable (Note 8)	21,287,758	–	21,287,758	33,445,364	–	33,445,364
Securities held under agreements to resell (Note 8)	103,526,359	–	103,526,359	69,708,690	–	69,708,690
Financial assets at FVTPL (Note 9)	17,770,142	–	17,770,142	10,363,259	–	10,363,259
Financial assets at FVOCI (Note 9)	125,166,623	86,103,711	211,270,334	112,186,240	51,950,731	164,136,971
Investment securities at amortized cost (Note 9)	17,845,947	94,341,918	112,187,865	21,859,529	101,026,771	122,886,300
Loans and receivables (Note 10)	319,396,422	345,979,459	665,375,881	301,689,657	343,699,637	645,389,294
Other assets (Note 15)	426,650	500	427,150	382,847	500	383,347
	692,553,428	526,425,588	1,218,979,016	679,734,959	496,677,639	1,176,412,598
Nonfinancial Assets						
Property and equipment (Note 11)	–	23,745,945	23,745,945	–	23,505,599	23,505,599
Investment in subsidiaries and an associate (Note 12)	–	21,630,204	21,630,204	–	20,567,070	20,567,070
Investment properties (Note 13)	–	19,929,744	19,929,744	–	18,061,869	18,061,869
Deferred tax assets (Note 30)	–	7,478,726	7,478,726	–	6,929,669	6,929,669
Goodwill (Note 14)	–	10,325,201	10,325,201	–	10,325,201	10,325,201
Intangible assets (Note 14)	–	9,747,958	9,747,958	–	8,836,155	8,836,155
Other assets (Note 15)	6,349,157	1,807,345	8,156,502	3,839,071	1,565,837	5,404,908
	6,349,157	94,665,123	101,014,280	3,839,071	89,791,400	93,630,471
Less: Allowance for impairment and credit losses (Note 16)			47,129,515			47,218,194
Unearned and other deferred income (Note 10)			828,479			663,302
Accumulated amortization and depreciation (Notes 11, 13 and 14)			23,778,201			21,787,417
			₱1,248,257,101			₱1,200,374,156

(Forward)

	Parent Company					
	2024			2023		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Liabilities						
Deposit liabilities (Note 17)	₱962,448,890	₱4,796,286	₱967,245,176	₱912,423,822	₱10,358,261	₱922,782,083
Financial liabilities at FVTPL (Note 18)	921,693	–	921,693	555,811	–	555,811
Bills and acceptances payable (Note 19)	20,208,451	–	20,208,451	19,047,156	1,115,447	20,162,603
Accrued interest payable (Note 20)	2,125,330	–	2,125,330	2,388,727	–	2,388,727
Accrued other expenses payable (Note 20)	1,788,018	–	1,788,018	2,891,243	–	2,891,243
Bonds payable (Note 21)	–	17,304,421	17,304,421	41,490,871	–	41,490,871
Other liabilities (Note 22)	10,854,712	1,626,812	12,481,524	7,445,752	1,215,351	8,661,103
	998,347,094	23,727,519	1,022,074,613	986,243,382	12,689,059	998,932,441
Nonfinancial Liabilities						
Lease liabilities (Note 29)	928,850	2,793,869	3,722,719	770,705	2,952,611	3,723,316
Accrued taxes and other expenses (Note 20)	3,048,642	1,620,104	4,668,746	3,381,952	1,387,728	4,769,680
Income tax payable	76,516	–	76,516	103,470	–	103,470
Other liabilities (Note 22)	1,956,451	2,633,614	4,590,065	1,759,137	3,133,623	4,892,760
	6,010,459	7,047,587	13,058,046	6,015,264	7,473,962	13,489,226
	₱1,004,357,553	₱30,775,106	₱1,035,132,659	₱992,258,646	₱20,163,021	₱1,012,421,667

25. Equity

25.1 Capital Stock

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

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

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

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

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

The Parent Company's shares are listed in the PSE. As of December 31, 2024 and 2023, the Parent Company had 35,918 and 36,081 stockholders, respectively.

On July 22, 2019, the Parent Company successfully completed its Stock Rights Offering (SRO) of 276,625,172 common shares with a par value of ₱40.0 per share at a price of ₱43.38 each, raising gross proceeds of ₱12.0 billion. Out of the total transaction costs from the SRO, underwriting fees amounting to ₱10.0 million paid to PNB Capital, being one of the joint lead managers, was eliminated against 'Capital paid in excess of par value' in the consolidated financial statements.

25.2 Surplus

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

As of December 31, 2024 and 2023, surplus amounting to ₱9.6 billion, representing the balances of the following equity items that have been applied to eliminate the Parent Company's deficit through quasi-reorganizations in 2002 and 2000 (refer to Note 12), is not available for dividend declaration without prior approval from the SEC and the BSP:

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

25.3 Surplus Reserves

This account consists of:

	2024	2023
Reserves under BSP Circular 1011 (Note 10)	**₱4,187,284**	₱3,912,672
Reserves for trust business (Note 32)	**674,753**	660,258
Reserves for self-insurance	**105,000**	105,000
	₱4,967,037	₱4,677,930

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

'Reserves for self-insurance' represents the amount set aside to cover losses due to fire or defalcation by, and other unlawful acts, of the Parent Company's personnel or third parties.

25.4 Accumulated Translation Adjustment

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

The SEC approval is subject to the following conditions:

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

25.5 Other Equity Reserves

On August 26, 2016, the Parent Company's BOD approved the grant of centennial bonus to its employees, officers and directors on record as of July 22, 2016, in the form of the Parent Company's shares of stock. The acquisition and distribution of the estimated 3.0 million shares were over a period of five years, were subject to service conditions. The grant is accounted for as equity-settled share-based payments. Grant date was April 27, 2017 when the fair value of the centennial bonus shares was at ₱65.20. In 2021, the Parent Company awarded 306 thousand centennial bonus shares and applied the settlement of the awards against 'Other equity reserves' amounting to ₱29.0 million.

As discussed in Note 9.2, the Bank and PAL Holdings, Inc. completed a share swap transaction in April 2024 wherein the Bank exchanged the 19.86 million PAL shares held to 309.15 million PAL Holdings, Inc. shares. The share swap transaction resulted in the recycling of OCI to Surplus in the amount of ₱894.90 million and recognition of Other Equity Reserves amounting to ₱940.17 million. PAL Holdings, Inc. shares are recognized in the books as FVOCI amounting P1.53 billion as of December 31, 2024.

25.6 Capital Management

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

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

25.6.1 BSP Reporting for Capital Management

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

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

As of December 31, 2024 and 2023, CAR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	2024		2023	
Consolidated	**Actual**	**Required**	Actual	Required
CET1 Capital (Gross)	**₱207,245**		₱182,490	
Less: Regulatory Adjustments to CET1	**48,157**		47,253	
CET1 Capital (Net) / Tier 1 Capital	**159,088**		135,237	
Add: Tier 2 Capital	**7,345**		6,822	
Total qualifying capital	**₱166,433**	**₱82,815**	₱142,059	₱80,251
Total risk-weighted assets	**₱828,154**		₱802,506	
CET1 / Tier 1 capital ratio	**19.21%**		16.85%	
Total capital ratio	**20.10%**		17.70%	

	2024		2023	
Parent Company	**Actual**	**Required**	Actual	Required
CET1 Capital (Gross)	**₱202,695**		₱178,004	
Less: Regulatory Adjustments to CET1	**66,225**		64,326	
CET1 Capital (Net) / Tier 1 Capital	**136,470**		113,678	
Add: Tier 2 Capital	**7,130**		6,602	
Total qualifying capital	**₱ 143,600**	**₱80,179**	₱120,280	₱77,514
Total risk-weighted assets	**₱801,791**		₱775,138	
CET1 / Tier 1 capital ratio	**17.02%**		14.67%	
Total capital ratio	**17.91%**		15.52%	

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

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

25.6.2 BSP Reporting for Basel III Leverage Ratio

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

As of December 31, 2024 and 2023, BLR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Tier 1 capital	**₱157,434**	₱135,237	**₱136,471**	₱113,678
Total exposure measure	**1,295,205**	1,242,728	**1,267,623**	1,213,940
BLR	**12.16%**	10.88%	**10.77%**	9.36%

BLR is computed based on RAP.

26. Other Operating Income

26.1 Service Fees and Commission Income

This account consists of:

	Consolidated			**Parent Company**		
	2024	2023	2022	**2024**	2023	2022
Deposit-related	**₱1,888,995**	₱1,773,546	₱1,585,441	**₱1,888,997**	₱1,773,546	₱1,585,441
Loan-related	**1,167,087**	1,098,218	1,122,258	**1,153,321**	1,086,777	1,114,379
Credit card-related	**1,141,819**	816,028	669,862	**1,141,819**	816,028	669,862
Remittance (Note 33)	**677,432**	674,873	680,875	**358,390**	353,722	357,161
Interchange fees	**591,637**	647,084	458,456	**591,637**	647,084	458,456
Bancassurance (Note 22)	**469,038**	476,056	873,039	**469,038**	476,056	873,039
Underwriting fees	**321,111**	433,172	1,032,640	**–**	–	–
Trust fees (Note 32)	**379,959**	373,721	317,782	**379,959**	373,721	317,782
Miscellaneous	**324,792**	298,558	257,256	**255,227**	227,949	187,249
	₱6,961,870	₱6,591,256	₱6,997,609	**₱6,238,388**	₱5,754,883	₱5,563,369

'Credit card-related fees' and 'Interchange fees' were generated from the credit card business of the Parent Company.

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

26.2 Net Gains on Sale or Exchange of Assets

This account consists of:

	Consolidated			**Parent Company**		
	2024	2023	2022	**2024**	2023	2022
Net gains from foreclosure and repossession of investment properties	**₱1,002,157**	₱238,112	₱1,751,739	**₱1,002,157**	₱238,112	₱1,751,739
Net gains from sale of investment properties	**569,409**	3,277,077	5,703,909	**569,409**	3,276,848	5,701,642
Net gains from sale of other assets	**284,675**	313,864	241,807	**284,496**	313,864	241,807
Net gains from sale of property and equipment (Note 11)	**138,801**	712,514	34,913	**135,248**	793,070	32,027
Net gains from sale of receivables	**–**	–	42,786	**–**	–	42,786
	₱1,995,042	₱4,541,567	₱7,775,154	**₱1,991,310**	₱4,621,894	₱7,770,001

27. Miscellaneous Income and Expenses

27.1 Miscellaneous Income

This account consists of:

	Consolidated			**Parent Company**		
	2024	2023	2022	**2024**	2023	2022
Recoveries	**₱169,156**	₱215,834	₱303,435	**₱168,903**	₱215,178	₱221,253
Income from assets acquired	**148,891**	74,074	95,736	**148,891**	74,074	95,736
Rental income (Notes 29 and 33)	**116,604**	257,758	275,865	**74,020**	133,392	47,345
Dividends	**25,093**	50,833	51,211	**23,196**	11,189	11,139
Others	**229,227**	272,895	410,445	**85,019**	191,074	345,960
	₱688,971	₱871,394	₱1,136,692	**₱500,029**	₱624,907	₱721,433

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

27.2 Miscellaneous Expenses

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Secretarial, janitorial and messengerial	**₱2,150,609**	₱1,939,219	₱1,790,422	**₱2,141,634**	₱1,929,196	₱1,779,543
Insurance	**1,957,262**	2,000,871	1,778,214	**1,941,535**	1,985,502	1,763,300
Marketing expenses	**1,487,066**	794,060	1,070,147	**1,479,877**	787,800	1,063,239
Information technology	**887,861**	1,001,111	1,193,975	**852,990**	968,654	1,165,865
Litigation and assets acquired expenses (Note 13)	**492,334**	662,610	373,740	**492,315**	661,214	373,549
Travelling	**454,731**	331,658	339,868	**448,431**	325,628	333,898
Stationery and supplies	**286,864**	217,194	269,669	**277,570**	208,160	260,333
Management and other professional fees	**250,228**	274,788	279,363	**200,311**	225,202	220,880
Common use service area (CUSA) charges (Note 33)	**219,235**	220,143	188,770	**219,235**	220,143	188,772
Entertainment, amusement and recreation (EAR) (Note 30)	**168,122**	30,031	154,987	**151,706**	16,778	145,423
Postage, telephone and cable	**156,991**	153,964	156,800	**123,335**	124,527	127,895
Value-added tax on leases	**138,676**	187,479	141,988	**138,676**	187,479	141,988
Freight	**50,455**	45,676	41,599	**50,450**	45,666	41,547
Repairs and maintenance	**45,777**	49,585	79,303	**45,777**	49,585	79,303
Fuel and lubricants	**12,185**	14,620	16,301	**10,083**	11,232	13,751
Others (Note 33)	**195,376**	295,162	176,796	**103,490**	202,181	111,144
	₱8,953,772	₱8,218,171	₱8,051,942	**₱8,677,415**	₱7,948,947	₱7,810,430

‘Others’ include stationery and supplies used, donation, fines, penalties, periodicals, magazines and other charges.

28. Retirement Plan

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

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

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Net plan assets (included in ‘Other assets – miscellaneous’) (Note 15)	**₱302,797**	₱17,283	**₱302,797**	₱–
Retirement benefit liability (included in ‘Other liabilities’) (Note 22)	**9,455**	281,585	–	269,390
	₱293,342	(₱264,302)	**₱302,797**	(₱269,390)

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

The latest actuarial valuations for these retirement plans were made as of December 31, 2024.

The following table shows the actuarial assumptions as of December 31, 2024 and 2023 used in determining the retirement benefit obligation of the Group:

			Parent Company			
	Consolidated		Regular Plans		EIP	
	2024	2023	**2024**	2023	**2024**	2023
Discount rate	**6.10% - 6.12%**	6.03% - 7.15%	**6.12%**	6.03%	**6.12%**	6.03%
Salary rate increase	**5.00% - 10.00%**	5.00% - 10.00%	**5.00%**	5.00%	**–**	–

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

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

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

Consolidated
2024

		Net benefit costs *						Remeasurements in other comprehensive income					
	January 1, 2024	Current service cost	Past service cost	Net interest	Settlement loss	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2024
Fair value of plan assets	₱8,553,223	₱–	₱–	₱514,478	(₱21,594)	₱492,884	(₱895,037)	₱92,270	₱–	₱–	₱92,270	₱1,038,037	₱9,281,377
Present value of pension obligation	8,817,525	529,998	1,793	528,971	(7,588)	1,053,174	(895,037)	–	(45,106)	57,479	12,373	–	8,988,035
	(₱264,302)	(529,998)	(₱1,793)	(₱14,493)	(14,006)	(₱560,290)	₱–	₱92,270	₱45,106	(₱57,479)	₱79,897	₱1,038,037	₱293,342

**Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income*

In 2024, PNB Capital and PNB Securities amended certain provisions of its defined benefit retirement plan and EIP, resulting in the recognition of past service costs amounting to ₱1.8 million.

Consolidated
2023

		Net benefit costs *						Remeasurements in other comprehensive income					
	January 1, 2023	Current service cost	Past service cost	Net interest	Settlement loss	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2023
Fair value of plan assets	₱7,883,698	₱–	₱–	₱545,884	₱–	₱545,884	(₱909,969)	(₱123,225)	₱–	₱–	(₱123,225)	₱1,156,835	₱8,553,223
Present value of pension obligation	8,262,548	518,273	–	569,815	508	1,088,596	(909,969)	–	398,325	(21,975)	376,350	–	8,817,525
	(₱378,850)	(₱518,273)	₱–	(₱23,931)	(₱508)	(₱542,712)	₱–	(₱123,225)	(₱398,325)	₱21,975	(₱499,575)	₱1,156,835	(₱264,302)

**Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income*

In 2023, as part of the winding down of PMLFC, it has settled its obligations to all plan members under its defined benefit retirement plan, recognizing settlement loss amounting to ₱0.5 million.

Parent Company
2024

		Net benefit costs *					Remeasurements in other comprehensive income					
	January 1, 2024	Current service cost	Past service cost	Net interest	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2024
Fair value of plan assets	₱8,496,808	₱–	₱–	₱512,358	₱512,358	(₱893,922)	₱92,314	₱–	₱–	₱92,314	₱1,036,922	₱9,244,480
Present value of pension obligation	8,766,198	524,106	–	526,310	1,050,416	(893,922)	–	64,010	(45,019)	18,991	–	8,941,683
	(₱269,390)	(₱524,106)	₱–	(₱13,952)	(₱538,058)	₱–	₱92,314	(₱64,010)	₱45,019	₱73,323	₱1,036,922	₱302,797

**Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income*

Parent Company
2023

		Net benefit costs *					Remeasurements in other comprehensive income					
	January 1, 2023	Current service cost	Past service cost	Net interest	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2023
Fair value of plan assets	₱7,823,268	₱–	₱–	₱542,152	₱542,152	(₱899,272)	(₱120,898)	₱–	₱–	(₱120,898)	₱1,151,558	₱8,496,808
Present value of pension obligation	8,205,719	508,794	–	566,258	1,075,052	(899,272)	–	407,223	(22,524)	384,699	–	8,766,198
	(₱382,451)	(₱508,794)	₱–	(₱24,106)	(₱532,900)	₱–	(₱120,898)	(₱407,223)	₱22,524	(₱505,597)	₱1,151,558	(₱269,390)

**Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income*

The Group and the Parent Company expect to contribute ₱49.8 million and ₱34.2 million, respectively, to the defined benefit plans in 2025. The average duration of the retirement liability of the Group and the Parent Company as of December 31, 2024 is 14 years.

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

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Less than one year	**₱2,087,036**	₱2,006,787	**₱2,086,609**	₱2,006,149
More than one year to five years	**5,591,080**	5,561,003	**5,567,348**	5,536,660
More than five years to 10 years	**4,327,867**	4,216,312	**4,299,336**	4,181,267
More than 10 years to 15 years	**4,073,951**	3,796,315	**4,054,070**	3,776,079
More than 15 years	**8,396,828**	7,756,720	**8,059,770**	7,387,120

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

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Cash and cash equivalents (Note 33)	**₱1,278,835**	₱2,704,983	**₱1,272,878**	₱2,692,996
Equity investments				
Electricity, gas and water	**1,167,625**	1,023,715	**1,167,625**	1,023,715
Real estate, renting and business activities	**1,095,950**	377,728	**1,092,132**	376,478
Manufacturing	**569,242**	549,340	**569,242**	549,340
Financial institutions (Note 33)	**217,952**	157,649	**216,170**	152,059
Others	**47,810**	50,946	**44,302**	42,631
Debt investment				
Government securities	**2,720,023**	2,296,273	**2,706,530**	2,283,209
Private debt securities	**457,976**	218,317	**451,613**	212,419
Investment in UITFs (Note 33)	**956,607**	566,714	**954,822**	556,626
Loans and receivables	**668,250**	561,330	**668,250**	561,330
Interest and other receivables	**102,890**	48,797	**102,647**	48,493
	9,283,160	8,555,792	**9,246,211**	8,499,296
Accrued expenses	**(1,783)**	(2,569)	**(1,731)**	(2,488)
	₱9,281,377	₱8,553,223	**₱9,244,480**	₱8,496,808

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

The fair value of the plan assets as of December 31, 2024 and 2023 for the Group includes investments in the Parent Company shares of stock with fair value amounting to ₱227.7 million and ₱152.1 million, respectively (refer to Note 33.3).

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

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

	2024			
	Consolidated		**Parent Company**	
	Possible fluctuations	**Increase (decrease)**	**Possible fluctuations**	**Increase (decrease)**
Discount rate	**+1.00%**	**(₱477,127)**	**+1.00%**	**(₱472,397)**
	-1.00%	**531,118**	**-1.00%**	**525,378**
Salary increase rate	**+1.00%**	**497,980**	**+1.00%**	**492,376**
	-1.00%	**(472,301)**	**-1.00%**	**(467,537)**
Employee turnover rate	**+10.00%**	**58,540**	**+10.00%**	**58,074**
	-10.00%	**(58,540)**	**-10.00%**	**(58,074)**

	2023			
	Consolidated		Parent Company	
	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱476,282)	+1.00%	(₱470,919)
	-1.00%	531,114	-1.00%	524,667
Salary increase rate	+1.00%	491,712	+1.00%	485,411
	-1.00%	(460,915)	-1.00%	(455,512)
Employee turnover rate	+10.00%	61,646	+10.00%	61,050
	-10.00%	(61,646)	-10.00%	(61,050)

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

29. Leases

29.1 Group as Lessee

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

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

Rent expense charged against current operations (included in 'Occupancy and equipment-related costs' in the statements of income) amounted to ₱395.6 million, ₱264.1 million and ₱270.2 million in 2024, 2023 and 2022, respectively, for the Group, of which ₱291.7 million, ₱187.0 million and ₱201.6 million in 2024, 2023, and 2022, respectively, pertain to the Parent Company. Rent expenses in 2024, 2023 and 2022 pertain to expenses from short-term leases and leases of low-value assets.

As of December 31, 2024 and 2023, the Group has no contingent rent payable.

As of December 31, 2024 and 2023, the carrying amounts of 'Lease liabilities' are as follows:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Balance at beginning of year	**₱3,832,884**	₱3,636,391	**₱3,723,316**	₱3,604,077
Additions	**956,755**	1,340,509	**907,278**	1,185,129
Payments	**(1,127,583)**	(1,314,516)	**(1,052,523)**	(1,232,928)
Interest expense (Note 19)	**175,831**	171,570	**172,824**	168,285
Transfers	**(28,890)**	(1,070)	**(28,176)**	(1,247)
	₱3,808,997	₱3,832,884	**₱3,722,719**	₱3,723,316

The Parent Company has lease contracts with its affiliates (Note 33).

Future minimum rentals payable under non-cancelable leases follow:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Within one year	**₱1,119,742**	₱1,072,255	**₱1,064,269**	₱987,562
Beyond one year but not more than five years	**3,138,644**	3,171,247	**3,048,968**	3,057,198
More than five years	**265,883**	388,583	**152,045**	292,988
	₱4,524,269	₱4,632,085	**₱4,265,282**	₱4,337,748

29.2 Group as Lessor Under Operating Leases

The Parent Company has entered into commercial property leases on its investment properties. These non-cancelable leases have lease terms of one to five years. Some leases include escalation clauses (such as 5.00% per year). In 2024, 2023 and 2022, total rent income (included under 'Miscellaneous income') amounted to ₱116.6 million, ₱257.8 million and ₱275.9 million, respectively, for the Group and ₱74.0 million, ₱133.4 million and ₱47.3 million, respectively, for the Parent Company (refer to Note 27.1).

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

	2024	2023
Within one year	**₱35,891**	₱246,175
Beyond one year but not more than five years	**42,254**	77,745
	₱78,145	₱323,920

29.3 Group as Lessor Under Finance Leases

Leases where the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased asset are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease (effective interest method). Lease payments relating to the period are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

The future minimum lease receivables under finance leases are disclosed under 'Loans and Receivables' in Note 10.2.

30. Income and Other Taxes

30.1 Philippine Tax Landscape and Regulations

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

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

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

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

Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. EAR charged against current operations (included in 'Miscellaneous expenses' in the statements of income) amounted to ₱168.1 million in 2024, ₱30.0 million in 2023, and ₱155.0 million in 2022 for the Group, and ₱151.7 million in 2024, ₱16.8 million in 2023, and ₱145.4 million in 2022 for the Parent Company (refer to Note 27.2).

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

30.2 Provision for Income Tax

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Current						
Regular	**₱1,589,423**	₱1,404,428	₱3,463,008	**₱1,460,234**	₱1,327,057	₱3,238,970
Final	**4,011,481**	2,914,558	1,807,104	**3,980,539**	2,877,681	1,784,869
	5,600,904	4,318,986	5,270,112	**5,440,773**	4,204,738	5,023,839
Deferred	**(501,172)**	(311,611)	(338,884)	**(544,600)**	(356,770)	(339,814)
	₱5,099,732	₱4,007,375	₱4,931,228	**₱4,896,173**	₱3,847,968	₱4,684,025

30.3 Deferred Taxes

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

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Deferred tax assets	**₱7,460,676**	₱6,981,726	**₱7,478,726**	₱6,929,669
Deferred tax liabilities (Note 22)	**167,524**	166,091	–	–
	₱7,293,152	₱6,815,635	**₱7,478,726**	₱6,929,669

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

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Deferred tax assets on:				
Allowance for impairment, credit and other losses	**₱9,700,391**	₱9,281,393	**₱9,776,691**	₱9,331,283
Accumulated depreciation on properties	**546,490**	512,469	**546,490**	512,469
Accrued expenses	**444,217**	493,210	**442,771**	451,264
Unrealized trading losses on financial assets	**230,423**	–	**230,423**	–
Deferred revenues	**114,373**	185,317	**114,373**	185,317
Retirement liability	**50,842**	50,428	–	–
Unrealized losses on financial assets at FVTPL and FVOCI	**17,332**	–	**17,300**	–
Others	**6,587**	10,202	–	–
	11,110,655	10,533,019	**11,128,048**	10,480,333
Deferred tax liabilities on:				
Fair value adjustments on asset foreclosures and dacion transactions	**1,917,719**	1,590,559	**1,769,381**	1,442,221
Revaluation increment on land and buildings	**898,676**	1,516,383	**898,676**	1,516,383
Unrealized foreign exchange gains	**538,754**	186,371	**538,754**	186,339
Gain on remeasurement of previously held interest	**246,651**	246,651	**246,651**	246,651
Fair value adjustments due to business combination	**119,659**	155,541	**119,659**	155,541
Retirement assets	**75,699**	–	**75,699**	–
Unrealized gains on financial assets at FVTPL and FVOCI	**502**	3,571	**502**	3,529
Others	**19,843**	18,308	–	–
	3,817,503	3,717,384	**3,649,322**	3,550,664
	₱7,293,152	₱6,815,635	**₱7,478,726**	₱6,929,669

As of December 31, 2024 and 2023, the Group's net deferred tax liabilities as disclosed in 'Other liabilities' (refer to Note 22) include deferred tax liabilities on fair value adjustments due to business combination amounting to ₱148.3 million.

Benefit from deferred tax charged to OCI pertains to deferred tax on remeasurement gains on retirement plan amounting to ₱0.8 million and nil in 2024 and 2023, respectively, for the Group.

Provision for deferred tax charged directly to OCI pertains to deferred tax on net unrealized losses on financial assets at FVOCI amounting to ₱1.0 million for the Group and the Parent Company in 2024, and ₱0.2 million for the Group and the Parent Company in 2023.

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

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Allowance for impairment and credit losses	**₱4,459,922**	₱8,262,820	**₱4,459,922**	₱8,262,820
Unamortized past service cost	**2,099,740**	1,576,711	**2,099,740**	1,576,711
NOLCO	**972,676**	959,254	–	–
Lease liability	**564,752**	402,146	**562,990**	399,340
Derivative liabilities	–	555,811	–	555,811
Unrealized losses on financial assets	–	147,661	–	147,661
Unrealized foreign exchange loss	–	95,747	–	95,747
Retirement liability	–	269,391	–	269,391
	₱8,097,090	₱12,269,541	**₱7,122,652**	₱11,307,481

Details of the Group's NOLCO follow:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2020	₱89,960	₱–	₱89,960	2025
2021	50,841	–	50,841	2026
2022	830,749	–	830,749	2025
2023	1,126	–	1,126	2026
	₱972,676	₱–	₱972,676	

Unrecognized deferred tax liabilities
As of December 31, 2024 and 2023, there was a deferred tax liability of ₱986 million and ₱895.9 million for temporary differences of ₱3.9 billion and ₱3.6 billion related to investment in certain subsidiaries, respectively. However, this liability was not recognized because the Parent Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

30.4 Statutory Income Tax Reconciliation

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

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Statutory income tax rate	**25.00%**	25.00%	25.00%	**25.00%**	25.00%	25.00%
Tax effects of:						
Net unrecognized deferred tax assets	**(7.03)**	(11.20)	(6.04)	**(7.13)**	(11.74)	(6.36)
Non-deductible expenses	**5.62**	12.28	14.69	**5.20**	12.16	13.73
Tax-paid income	**(3.12)**	(2.76)	(2.01)	**(3.14)**	(2.82)	(2.05)
FCDU loss (income) before tax	**(0.75)**	(0.61)	1.49	**(0.76)**	(0.61)	1.52
Tax-exempt income	**(0.29)**	(4.36)	(2.91)	**(0.29)**	(4.38)	(2.96)
Optional standard deduction	**(0.02)**	(0.11)	(0.36)	–	–	–
Effective income tax rate	**19.41%**	18.24%	29.86%	**18.88%**	17.61%	28.88%

31. Earnings Per Share

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

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
a) Net income attributable to equity holders of the Parent Company	**₱21,052,896**	₱17,979,257	₱11,532,318	**₱21,036,661**	₱18,002,948	₱11,532,318
b) Weighted average number of common shares for basic earnings per share (Note 25)	**1,525,765**	1,525,765	1,525,765	**1,525,765**	1,525,765	1,525,765
c) Basic/Diluted earnings per share (a/b)	**₱13.80**	₱11.78	₱7.56	**₱13.79**	₱11.80	₱7.56

In 2024, 2023 and 2022, there are no potential common shares with dilutive effect on the basic earnings per share.

32. Trust Operations

Securities and other properties held by the Parent Company through its TBG in fiduciary or agency capacities for its customers are not included in the accompanying statements of financial position since these are not assets of the Parent Company. Such assets held in trust were carried at a value of ₱190.6 billion and ₱168.0 billion as of December 31, 2024 and 2023, respectively. In connection with the trust functions of the Parent Company, government securities amounting to ₱1.9 billion and ₱1.8 billion (included under 'Investment securities at amortized cost') as of December 31, 2024 and 2023, respectively, are deposited with the BSP in compliance with trust regulations (refer to Note 9.3).

Trust fee income in 2024, 2023 and 2022 amounting to ₱380.0 million, ₱373.7 million and ₱317.8 million, respectively, is included under 'Service fees and commission income' (refer to Note 26.1).

In compliance with existing banking regulations, the Parent Company transferred from surplus to surplus reserves the amounts of ₱14.5 million, ₱29.9 million and ₱24.7 million in 2024, 2023 and 2022, respectively, which correspond to 10.00% of the net income realized in the preceding years from its trust, investment management and other fiduciary business until such related surplus reserve constitutes 20.00% of its regulatory capital (refer to Note 25.3).

33. Related Party Transactions

33.1 Summary of Significant Related Party Transactions

Details on significant related party transactions of the Group and the Parent Company follow (transactions with subsidiaries have been eliminated in the consolidated financial statements). Transactions reported under subsidiaries represent companies where the Parent Company has control, while those under related parties represent companies which are under common control.

	2024		
Category	**Amount/ Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Significant Investors			
Deposit liabilities		**₱3,054,420**	Peso and foreign currency deposits with annual rates ranging from 0.00% to 6.25%
Net deposits	**₱777,494**		Net deposits during the period
Interest expense	**123,710**		Interest expense on deposits
Accrued interest payable		**8,729**	Accrued interest on deposit liabilities
Subsidiaries			
Credit facilities		**11,293,839**	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/ trust receipt lines; also includes irrevocable standby letters of credit;
Interbank loans receivable		**3,015**	Foreign currency-denominated interbank term loans with interest rates ranging from 2.95% to 5.05% with ACB, including foreign exchange revaluations
Availments	**162,078**		
Settlements and other movements	**211,743**		
Due from other banks		**197,801**	Foreign currency-denominated demand deposits
Accrued interest receivable		**2**	Interest accrual on receivables from customers and interbank loans receivable
Accounts receivable		**36,152**	Related to remittance transactions and amounts which are subject to clearing
Deposit liabilities		**4,230,583**	Peso and foreign currency-denominated deposits with annual fixed interest rates ranging from 0.0% to 5.70% and maturities up to 4 years
Net deposits	**1,075,214**		Net withdrawals during the period
Bills payable		–	Foreign currency-denominated bills payable with ACB with interest rate of 4.0%
Availments	**28,300**		
Settlements	**28,300**		
Due to other banks		**13,880**	Foreign currency-denominated clearing accounts used for funding and settlement of remittances
Accrued interest payable		**30,733**	Accrued interest on deposit liabilities and bills payable
Interest income	**1,549**		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	**213,269**		Interest expense on deposit liabilities and bills payable
Miscellaneous other income	**3,271**		Management and other professional fees; includes share of subsidiaries in maintenance costs of the HR system
Securities transactions			
Purchases	**5,026,632**		Outright purchase of securities
Sales	**1,621,332**		Outright sale of securities
Trading loss	**431**		Loss from sale of investment securities

(Forward)

	2024		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Other Related Parties			
Receivables from customers		**₱43,455,926**	Partly secured by real estate, vehicles, deposits, government securities, among others; with interest rates ranging from 2.75% to 12.00% with remaining maturity terms ranging from 2 days to over 24 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱87.8 million including foreign exchange revaluations.
Loan releases	**₱195,397,876**		
Loan collections and other movements	**207,240,908**		
Credit facilities		**92,058,444**	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Sales contract receivable		**734**	Receivable from sale of property paid in installments; with interest rate of 6.0% and maturing in July 2027
Financial assets at FVOCI		**26,687,751**	Majority represents the retained 49.00% interest in PNB Holdings, with unrealized gain of ₱2.1 billion recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		**175,958**	Accrued interest on receivables from customers
Security deposit		**175,513**	Amount given to fulfill the terms of the lease contract
Accounts Receivable		**116,760**	Receivable from conveyance of real estate inventories held under development
Right-of-use assets		**2,959,837**	Lease of office space with terms up to 10 years and the corresponding accumulated amortization
Accumulated depreciation of right-of-use assets		**1,236,440**	
Deposit liabilities		**49,367,453**	Peso-denominated and foreign currency-denominated demand, savings and time deposits with maturity terms ranging from 7 days to over 5 years and with interest rates ranging from 0.0% to 6.88%
Net deposits	**3,033,990**		Net deposits during the period
Accrued interest payable		**162,221**	Accrued interest payable from various deposits
Lease liabilities		**1,920,896**	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		**655,134**	Accruals in relation to promotional and utilities expenses
Deferred revenue		**37,778**	Unamortized portion of income related to the bancassurance agreement with ABIC
Accrued other expenses		**655,134**	Accruals in relation to promotional and utilities expenses
Deferred revenue		**37,778**	Unamortized portion of income related to the bancassurance agreement with ABIC
Service fees and commission income	**3,333**		Amortization of fees under the bancassurance agreement with ABIC
Interest income	**1,621,730**		Interest income on receivables from customers
Interest expense	**1,678,513**		Interest expense on deposit liabilities, bonds payable, bills payable and lease liabilities
Depreciation expense	**463,922**		Depreciation of right-of-use asset relating to leases of office spaces
Occupancy and equipment-related costs	**109,984**		Rentals from short-term leases
Miscellaneous expenses	**691,214**		Includes CUSA charges for the Parent Company's share in common areas on premises owned by PNB Holdings; promotional expenses for Mabuhay Miles redemption; includes management fees paid to Eton Properties Philippines, Inc.; and other expenses

(Forward)

	2024		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Securities transactions			
Purchases	**₱16,557,303**		Outright purchase of securities
Sales	**12,200,349**		Outright sale of securities
Trading gain	**4,671**		Gain from sale of securities
Associate			
Credit facilities		**₱120,000**	Pre-settlement risk line
Deposit liabilities		**881,014**	Peso and foreign currency-denominated deposits with annual interest rates ranging from 0.01% to 5%
Net deposits	**752,849**		
Accrued interest payable		**2**	Accrued interest on deposit liabilities
Rental deposits		**27**	Advance rental and security deposits received for three months
Deferred revenue		**322,031**	Unamortized portion of income related to the sale of APLII
Service fees and commission income	**73,199**		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Interest expense	**1,036**		Interest expense on deposit liabilities
Key Management Personnel			
Loans to officers		**162,370**	Housing loans to senior officers with interest rates ranging from 3% to 17.55%; Secured and unimpaired
Loan releases	**₱204,885**		
Loan collections	**43,586**		
Accrued interest receivable		**399**	Accrued interest on loans
Interest income	**9,811**		Interest income on housing loans
Deposit liabilities		**910,771**	Peso and foreign currency-denominated deposits with interest rates ranging from 0.0% to 4.75%
Net deposits	**42,921**		Net deposits during the period
Interest expense	**10,368**		Interest expense on deposits
Accrued interest payable		**1,227**	Accrued interest on deposit liabilities
Sales Contract Receivable		**1,359**	Receivable from personnel with interest rate of 5%, and maturing from Dec 2025 to Aug 2027

	2023		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investors			
Deposit liabilities		₱2,276,926	Peso and foreign currency deposits with annual rates ranging from 0.00% to 6.25%
Net deposits	₱953,917		Net deposits during the period
Interest expense	65,774		Interest expense on deposits
Accrued interest payable		2,188	Accrued interest on deposit liabilities
Subsidiaries			
Receivables from customers		–	Peso loans with terms ranging from 31 days to 354 days with annual rate of 9.00%; with reversal of provisions amounting to ₱165.6 million; written off in December 2023 (see discussion below)
Loan releases	465,142		
Loan collections	165,560		
Loan settlement through dacion and assignment	1,404,582		
Credit facilities		10,638,270	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/ trust receipt lines; also includes irrevocable standby letters of credit;

(Forward)

	2023		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Interbank loans receivable		₱52,680	Foreign currency-denominated interbank term loans with interest rates ranging from 3.92% to 3.94% with ACB
Availments	₱83,579		
Settlements	46,606		
Due from other banks		288,020	Foreign currency-denominated demand deposits
Accrued interest receivable		1,076	Interest accrual on receivables from customers and interbank loans receivable
Accounts receivable		17,276	Related to remittance transactions and amounts which are subject to clearing
Deposit liabilities		3,155,369	Peso and foreign currency-denominated deposits with annual fixed interest rates ranging from 0.0% to 4.95% and maturities up to 4 years
Net withdrawals	339,101		Net withdrawals during the period
Bills payable		–	Foreign currency-denominated bills payable with ACB with interest rate of 4.0%
Settlements	13,758		
Due to other banks		65	Foreign currency-denominated clearing accounts used for funding and settlement of remittances with GRFC, IIC, PNB Europe, and ACB
Accrued interest payable		21,113	Accrued interest on deposit liabilities and bills payable
Interest income	187,821		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	201,534		Interest expense on deposit liabilities and bills payable
Service fees and commission income	5,209		Various services rendered by PNB to its subsidiaries covered by a service level agreement; also includes PNB's share in service fees
Miscellaneous other income	2,580		Management and other professional fees; includes share of subsidiaries in maintenance costs of the HR system
Service fees and commission expense	57		Fees and other commission expense
Securities transactions			
Purchases	1,097,734		Outright purchase of securities
Sales	690,027		Outright sale of securities
Trading loss	42		Loss from sale of investment securities
Other Related Parties			
Receivables from customers		55,298,956	Partly secured by real estate, vehicles, deposits, government securities, among others; with interest rates ranging from 2.75% to 12.00% with remaining maturity terms ranging from 7 days to over 8 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱169.6 million
Loan releases	31,771,690		
Loan collections	18,659,908		
Credit facilities		77,116,535	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Sales contract receivable		2,173	Receivable from sale of property paid in installments; with interest rate of 5.0% and maturing in July 2027
Financial assets at FVOCI		24,587,068	Majority represents the retained 49.00% interest in PNB Holdings, with unrealized gain of ₱1.7 billion recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		297,551	Accrued interest on receivables from customers
Security deposit		176,082	Amount given to fulfill the terms of the lease contract
Right-of-use assets		3,136,508	Lease of office space with terms up to 10 years and the

(Forward)

	2023		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Accumulated depreciation of right-of-use assets		₱1,081,498	corresponding accumulated amortization
Deposit liabilities		46,333,463	Peso-denominated and foreign currency-denominated demand, savings and time deposits with maturity terms ranging from 7 days to over 13 years
Net deposits	₱5,980,997		Net deposits during the period
Accrued interest payable		267,825	Accrued interest payable from various deposits
Bills payable		–	Short-term borrowings with interest rate of 6.41%
Availment	400,000		
Settlement	400,000		
Lease liabilities		2,107,960	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		402,589	Accruals in relation to promotional and utilities expenses
Deferred revenue		41,111	Unamortized portion of income related to the bancassurance agreement with ABIC
Service fees and commission income	3,334		Amortization of fees under the bancassurance agreement with ABIC
Interest income	1,997,271		Interest income on receivables from customers
Interest expense	1,644,192		Interest expense on deposit liabilities, bonds payable, bills payable and lease liabilities
Depreciation expense	671,137		Depreciation of right-of-use asset relating to leases of office spaces
Occupancy and equipment-related costs	760,547		Rentals from short-term leases
Miscellaneous expenses	572,875		Includes CUSA charges for the Parent Company's share in common areas on premises owned by PNB Holdings; promotional expenses for Mabuhay Miles redemption; includes management fees paid to Eton Properties Philippines, Inc.; and other expenses
Rental income	151		Payment received for the use or occupation of property
Service fees and commission expenses	114		Fees and other commission expense
Securities transactions			
Purchases	7,106,329		Outright purchase of securities
Sales	9,103,280		Outright sale of securities
Remittance transactions			
Fund transfers	3,957,891		Peso equivalent of funds transferred
Service fees	10,976		Income share and commission on remittance transactions
Purchase of merchandise	249		Cost of various merchandise purchased
Associate			
Credit facilities		120,000	Pre-settlement risk line
Deposit liabilities		128,165	Peso and foreign currency-denominated deposits with annual interest rates ranging from 0% to 0.10%
Net withdrawals	339,881		
Accrued interest payable		41	Accrued interest on deposit liabilities
Rental deposits		27	Advance rental and security deposits received for three months
Deferred revenue		548,993	Unamortized portion of income related to the sale of APLII
Service fees and commission income	431,287		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Interest expense	1,300		Interest expense on deposit liabilities

(Forward)

	2023		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Loans to officers		₱1,071	Housing loans to senior officers with interest rates ranging from 3% to 15%; Secured and unimpaired
Loan releases	₱1,071		
Loan collections	2,778		
Accrued interest receivable		12	Accrued interest on loans
Interest income	277		Interest income on housing loans
Deposit liabilities		119,449	Peso and foreign currency-denominated deposits with interest rates ranging from 0.0% to 4.75%
Net deposits	118,975		Net deposits during the period
Interest expense	3,372		Interest expense on deposits
Accrued interest payable		801	Accrued interest on deposit liabilities

Remedies over a loan exposure to a related party
In April 2022, the Parent Company entered into a dacion agreement with a related party over an investment property with fair value at the time of dacion of ₱1.4 billion in settlement of certain loans. The remedy to settle the loan also provided for the conversion of the remaining debt to equity shares of the former borrower, where the Bank received 19.9 million shares. These shares were subsequently subjected to a share swap, as discussed in Note 9.2.

Transactions relating to the investment in PNB Holdings
As discussed in Note 12.4, the Parent Company executed a proxy in favor of LTG to vote for the remaining 49.00% held by the Group in PNB Holdings. As a result, the Group accounted for its retained interest in PNB Holdings as financial asset at FVOCI with no recycling to profit and loss. The Group and the Parent Company recognized in 2021 a gain of ₱33.5 billion from the loss of control and remeasurement of the retained interest in PNB Holdings (refer to Note 12.4).

In relation to the property dividend declaration, the Parent Company, as a withholding agent, remitted ₱404.4 million to the BIR in January 2022, representing final withholding taxes on the property dividends of concerned stockholders. This was recorded under 'Accounts receivable' in the statement of financial position. The Parent Company collected ₱162.7 million of its receivable from stockholders in 2024.

Financial assets at FVTPL traded through PNB Securities
As of December 31, 2024 and 2023, the Parent Company's financial assets at FVTPL include equity securities traded through PNB Securities with a fair value of ₱2.9 million and ₱2.6 million, respectively. The Parent Company recognized trading gains (losses) amounting to ₱0.2 million in 2024, (₱0.04 million) in 2023 and ₱0.1 million in 2022 from the transactions facilitated by PNB Securities.

Joint arrangements with Eton Properties Philippines, Inc. (EPPI)
The Parent Company and EPPI signed two agreements for the development of two real estate properties of the Parent Company included under 'Other assets' (refer to Note 15) and with carrying values of ₱1.2 billion at the time of signing. EPPI and the Group are under common control. These two projects are among the Parent Company's strategies in reducing its non-performing assets. The Parent Company made available the aforementioned properties which was approved by BSP. EPPI, on the other hand, provided its resources and technical expertise for the development of the properties. Income from the sale of the properties are shared by the Parent Company and EPPI in accordance with the terms of the agreement.

In July 2016, the Parent Company executed deeds of conveyance to EPPI on the areas of the land under the arrangement. The execution of the deeds of conveyance was made to facilitate the issuance of the condominium certificates of title to the buyers.

On December 27, 2024, EPPI and the Bank have agreed to terminate the arrangement due to market conditions. The termination of the arrangement involved the settlement of unsold condominium units and undeveloped properties between EPPI and the Bank. As of December 31, 2024, the carrying value of the properties subject of the arrangement included in 'Other assets' amounted to ₱220.64 million representing undeveloped property.

Transactions with PMLFC and PMERC
The Parent Company entered into the following transactions with PMLFC and PMERC as part of their winding down procedures:

- On various dates in 2022 and 2023, PMLFC transferred to the Parent Company certain receivables either via direct purchase or assignment. Details are as follows:

Year of transfer	**Underlying contract**	**Aggregate carrying values**	**Total consideration paid**
2022	Direct Purchase	₱122,306	₱115,866
2023	Direct Purchase	51,235	51,612
	Receivables Purchase Agreement	287,040	278,998
	Deed of Assignment	210,734	185,572

- On various dates in 2023, the BOD of the Parent Company approved to accept certain properties of PMLFC and PMERC as settlement through dacion en pago to partially pay their respective outstanding loans to the Parent Company. Details are as follows:

Date of BOD approval	**Borrower**	**Subject properties/ assets**	**Aggregate fair values**	**Dacion amount**
April 28, 2023	PMLFC	Condominium units	₱100,258	₱100,258
April 28, 2023	PMERC	Equipment and other properties held for lease (EOPL)	261,407	245,984
December 15, 2023	PMLFC	Repossessed chattels	7,867	3,933

  In 2023, rental income amounting to ₱54.6 million from the EOPL that were subject of the April 2023 dacion have accrued to the Parent Company after the dacion was implemented.

- Considering the transfer of the major assets of PMLFC and PMERC to the Parent Company and no other remaining leviable properties of PMLFC and PMERC to foreclose, on December 15, 2023, the BOD of the Parent Company approved to write off the remaining balance of the loans of PMLFC and PMERC amounting to ₱736.4 million and ₱242.4 million, respectively.

33.2 Remuneration of Key Management Personnel and Directors

The compensation of the key management personnel for the Group and Parent Company follows:

	2024	2023	2022
Short-term employee benefits	**₱527,036**	₱526,038	₱517,114
Post-employment benefits	**60,916**	53,041	47,424
	₱587,952	₱579,079	₱564,538

Non-executive directors are entitled to a per diem as follows: ₱50,000 for each BOD meeting attended and ₱25,000 for each BOD committee meeting attended, provided that in no case shall the total per diem exceed ₱0.25 million per month for committee meetings. No other emoluments are granted to non-executive directors of the Parent Company except for the aforementioned per diem. There is no profit-sharing arrangement between the Parent Company and its BOD. In 2024 and 2023, total per diem given to non-executive directors amounted to ₱96.3 million and ₱71.3 million, respectively, recorded in 'Miscellaneous expenses' in the statements of income. Directors' remuneration covers all BOD activities and membership of committees and subsidiary companies.

33.3 Transactions with Retirement Plans

Management of the retirement funds of the Group and the Parent Company is handled by TBG. The fair values and carrying values of the funds of the Group amounted to ₱9.3 billion and ₱8.6 billion as of December 31, 2024 and 2023, respectively, and the fair values of the funds of the Parent Company amounted to ₱9.2 billion and ₱8.5 billion as of December 31, 2024 and 2023, respectively.

Relevant information on transactions with the retirement plans follows:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Investment in PNB UITFs	**₱946,347**	₱559,461	**₱944,562**	₱556,626
Deposits with PNB	**13,274**	313,976	**10,774**	313,813
Investment in PNB shares	**227,678**	152,059	**227,678**	152,059
Investment in Mutual Fund PNB	**1,782**			
Total Fund Assets	**₱1,189,081**	₱1,025,496	**₱1,183,014**	₱1,022,498
Unrealized gain (loss) on PNB shares	**₱75,618**	(₱4,110)	**₱75,618**	(₱4,110)
Unrealized gain on PNB UITF	**11,535**	1,440	**11,535**	1,440
Interest income	**12,860**	27,584	**11,345**	26,063
	100,013	24,914	**98,498**	23,393
Trust fees	**(10,220)**	(9,496)	**(10,066)**	(9,350)
Net Fund Income	**₱89,793**	₱15,418	**₱88,432**	₱14,043

As of December 31, 2024 and 2023, the retirement funds of the Group and the Parent Company include 8,219,406 PNB shares, respectively, classified as financial assets at FVTPL. There are no limitations and restrictions over the PNB shares while the corresponding voting rights are exercised by a trust officer or any of its designated alternate officer of TBG.

In addition to the regular retirement funds, TBG also manages the funds of the Parent Company's EIP and fund for e-money products.

34. Provisions, Contingent Liabilities and Other Commitments

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

There were no significant settlements made in 2024 and 2023.

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

35. Offsetting of Financial Assets and Liabilities

The effects of rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements to the Group and the Parent Company's financial statements are disclosed in the succeeding tables.

Consolidated

2024

Financial assets recognized at end of reporting period by type	**Gross carrying amounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria**		**Net exposure [c-d]**
				Financial instruments	**Fair value of financial collateral**	
	[a]	[b]	[c]	[d]		[e]
Derivative assets	**₱87,097,900**	**₱86,010,793**	**₱1,087,107**	**₱104,745**	**₱–**	**₱982,362**
Securities held under agreements to resell (Note 8)	**103,480,119**	**–**	**103,480,119**	**–**	**104,909,516**	**–**
Total	**₱190,578,019**	**₱86,010,793**	**₱104,567,226**	**₱104,745**	**₱104,909,516**	**₱982,362**

2023

Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative assets	₱108,139,719	₱107,390,520	₱749,199	₱37,098	₱–	₱712,101
Securities held under agreements to resell (Note 8)	69,694,538	–	69,694,538	–	57,785,321	11,909,217
Total	₱177,834,257	₱107,390,520	₱70,443,737	₱37,098	₱57,785,321	₱12,621,318

2024

Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities	₱61,485,068	₱60,561,015	₱924,053	₱350,702	₱–	₱573,351
Securities sold under agreements to repurchase (Notes 9 and 19)*	12,338,999	–	12,338,999	–	14,221,461	–
Total	₱73,824,067	₱60,561,015	₱13,263,052	₱350,702	₱14,221,461	₱573,351

** Included in bills and acceptances payable in the statements of financial position*

2023

Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities	₱65,163,569	₱64,607,758	₱555,811	₱196,010	₱–	₱359,801
Securities sold under agreements to repurchase (Notes 9 and 19)*	10,053,531	–	10,053,531	–	11,972,805	–
Total	₱75,217,100	₱64,607,758	₱10,609,342	₱196,010	₱11,972,805	₱359,801

** Included in bills and acceptances payable in the statements of financial position*

Parent Company

2024

Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative assets	₱87,097,088	₱86,010,793	₱1,086,295	₱102,386	₱–	₱983,909
Securities held under agreements to resell (Notes 8 and 19)	103,480,119	–	103,480,119	–	104,909,516	–
Total	₱190,577,207	₱86,010,793	₱104,566,414	₱102,386	104,909,516	₱983,909

2023

Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative assets	₱108,134,733	₱107,390,520	₱744,213	₱37,098	₱–	₱707,115
Securities held under agreements to resell (Notes 8 and 19)	69,694,538	–	69,694,538	–	57,785,321	11,909,217
Total	₱177,829,271	₱107,390,520	₱70,438,751	₱37,098	₱57,785,321	₱12,616,332

2024

Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities	₱61,482,708	₱60,561,015	₱921,693	₱348,343	₱–	₱573,350
Securities sold under agreements to repurchase (Notes 9 and 19)*	12,338,999	–	12,338,999	–	14,221,461	–
Total	₱73,821,707	₱60,561,015	₱13,260,692	₱348,343	₱14,221,461	₱573,350

** Included in bills and acceptances payable in the statements of financial position*

2023

Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities	₱65,163,569	₱64,607,758	₱555,811	₱196,010	₱–	₱359,801
Securities sold under agreements to repurchase (Notes 9 and 19)*	10,053,531	–	10,053,531	–	11,972,805	–
Total	₱75,217,100	₱64,607,758	₱10,609,342	₱196,010	₱11,972,805	₱359,801

** Included in bills and acceptances payable in the statements of financial position*

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. This includes amounts related to financial collateral both received and pledged, excluding the extent of over-collateralization.

36. Events After the Reporting Date

There are no significant reportable events which occurred from December 31, 2024 until the date of this report.

37. Notes to Statements of Cash Flows

37.1 Cash Flows from Financing Activities

The changes in liabilities arising from financing activities in 2024 and 2023 follow:

	Consolidated			
	2024			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱20,162,603	₱378,200	(₱332,352)	₱20,208,451
Bonds payable	41,490,871	(26,079,791)	1,893,341	17,304,421
Lease liabilities	3,832,884	(1,127,583)	1,103,696	3,808,997
	₱65,486,358	(₱26,829,174)	₱2,664,685	₱41,321,869

	Consolidated			
	2023			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱14,980,373	₱4,937,366	₱244,864	₱20,162,603
Bonds payable	58,439,097	(16,560,000)	(388,226)	41,490,871
Lease liabilities	3,636,391	(1,314,516)	1,511,009	3,832,884
	₱77,055,861	(₱12,937,150)	₱1,367,647	₱65,486,358

	Parent Company			
	2024			
	Beginning balance	**Net cash flows**	**Others**	**Ending balance**
Bills and acceptances payable	**₱20,162,603**	**₱378,200**	**(₱332,352)**	**₱20,208,451**
Bonds payable	**41,490,871**	**(26,079,791)**	**1,893,341**	**17,304,421**
Lease liabilities	**3,723,316**	**(1,052,523)**	**1,051,926**	**3,722,719**
	₱65,376,790	**(₱26,754,114)**	**₱2,612,915**	**₱41,235,591**

	Parent Company			
	2023			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱13,888,035	₱6,029,703	₱244,865	₱20,162,603
Bonds payable	58,439,097	(16,560,000)	(388,226)	41,490,871
Lease liabilities	3,604,077	(1,232,928)	1,352,167	3,723,316
	₱75,931,209	(₱11,763,225)	₱1,208,806	₱65,376,790

Others include the effects of foreign exchange revaluations, additional lease liabilities, amortization of transaction costs, and accretion of interest.

37.2 Non-Cash Transactions

The following are non-cash transactions of the Group and the Parent Company in 2024 and 2023 relating to their long-term leases:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Additions to right-of-use assets (Note 11)	**₱950,548**	₱1,425,032	**₱936,169**	₱1,292,130
Additional lease liabilities (Note 29)	**956,755**	1,340,509	**907,278**	1,185,129

On December 17, 2021, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱300.0 million. The Parent Company received such cash dividends from PNB Capital on June 29, 2022 (refer to Note 12.2).

The Group and the Parent Company acquired investment properties through foreclosure, dacion and rescission amounting to ₱2.3 billion, ₱3.0 billion, and ₱4.3 billion in 2024, 2023 and 2022, respectively (refer to Note 13). Included in the foreclosures in 2024 and 2023 are dacion transactions in settlement of certain loans in exchange for an investment property (refer to Note 33.1). Foreclosures in 2023 also include the debt-to-equity conversion of the remaining loan exposures of a former borrower (refer to Note 33.1).

The Group and the Parent Company applied creditable withholding taxes against its income tax payable amounting to ₱1.5 billion, ₱1.2 billion and ₱2.4 billion in 2024, 2023 and 2022, respectively.

38. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the Parent Company's BOD on February 25, 2025.

39. Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010, which provides that the notes to the financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

39.1 Taxes Paid or Accrued During the Taxable Year

The Parent Company paid or accrued the following types of taxes for the tax period January to December 2024 (in absolute amounts):

Taxes and licenses

	Amount
Gross receipts tax	₱2,705,491,144
Documentary stamp taxes	4,200,000,000
Real estate tax	38,153,906
Local taxes	211,094,722
Others	101,375,401
	₱7,256,115,173

Withholding taxes

	Remitted	Outstanding
Withholding taxes on compensation and benefits	₱963,287,855	₱177,975,255
Final income taxes withheld on interest on deposits and yield on deposit substitutes	2,672,422,915	233,287,067
Expanded withholding taxes	240,096,410	22,821,111
Withholding taxes on the amount withdrawn from the decedent's deposit account	21,808,620	2,114,025
VAT withholding taxes	46,206,773	3,454,043
Other final taxes	263,128,522	34,488,472
	₱4,206,951,095	₱474,139,973

39.2 Tax Cases and Assessments

As of December 31, 2024 and 2023, the Parent Company has no final tax assessment but has outstanding cases filed in courts for various claims for tax refund. Management is of the opinion that the ultimate outcome of these cases will not have a material impact on the financial statements of the Parent Company.

40. Report on the Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks

40.1 Basic Quantitative Indicators of Financial Performance

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			**Parent Company**		
	2024	2023	2022	**2024**	2023	2022
Return on average equity	**10.39%**	9.95%	7.00%	**10.49%**	10.15%	7.10%
Return on average assets	**1.72%**	1.53%	0.99%	**1.72%**	1.54%	0.99%
Net interest margin on average earning assets	**4.50%**	4.23%	3.61%	**4.50%**	4.23%	3.62%

40.2 Description of Capital Instruments Issued

As of December 31, 2024 and 2023, the Parent Company has only one class of capital stock, which are common shares.

40.3 Significant Credit Exposures as to Industry Sector

An industry sector analysis of the Group's and the Parent Company's receivables from customers before taking into account allowance for credit losses is shown below.

	Consolidated				**Parent Company**			
	2024		2023		**2024**		2023	
	Carrying Amount	**%**	Carrying Amount	%	**Carrying Amount**	**%**	Carrying Amount	%
Primary target industry:								
Wholesale and retail	**₱118,612,698**	**17.86**	₱122,887,990	19.15	**₱112,781,724**	**17.34**	₱116,820,739	18.60
Financial intermediaries	**96,992,698**	**14.60**	92,281,412	14.38	**97,024,603**	**14.92**	92,321,118	14.70
Electricity, gas and water	**100,800,669**	**15.18**	83,942,305	13.08	**100,800,669**	**15.50**	83,942,305	13.36
Manufacturing	**68,291,738**	**10.28**	63,947,942	9.96	**66,250,095**	**10.19**	61,863,476	9.85
Transport, storage and communication	**35,413,742**	**5.33**	46,249,754	7.21	**34,979,930**	**5.38**	45,835,091	7.30
Agriculture, hunting and forestry	**8,960,007**	**1.35**	8,187,717	1.28	**8,801,474**	**1.35**	8,032,017	1.28
Public administration and defense	**1,739,998**	**0.26**	4,101,202	0.64	**1,739,998**	**0.27**	4,101,202	0.65
Secondary target industry:								
Real estate, renting and business activities	**109,274,926**	**16.45**	110,728,706	17.25	**106,134,407**	**16.32**	107,586,053	17.13
Construction	**46,132,885**	**6.95**	38,833,938	6.05	**46,132,885**	**7.09**	38,775,374	6.17
Others	**78,017,344**	**11.74**	70,637,302	11.00	**75,817,596**	**11.64**	68,902,271	10.96
	₱664,236,705	**100.00**	₱641,798,268	100.00	**₱650,463,381**	**100.00**	₱628,179,646	100.00

40.4 Breakdown of Total Loans

40.4.1 As to Security

The information relating to receivables from customers (gross of allowance for credit losses) as to secured and unsecured and as to collateral follows:

	Consolidated				**Parent Company**			
	2024		2023		**2024**		2023	
	Carrying Amount	**%**	Carrying Amount	%	**Carrying Amount**	**%**	Carrying Amount	%
Secured:								
Real estate mortgage	**₱68,136,306**	**10.26**	₱126,721,614	19.74	**₱57,583,167**	**8.85**	₱115,956,460	18.46
Chattel mortgage	**6,919,452**	**1.04**	15,319,855	2.39	**6,824,061**	**1.05**	15,104,719	2.40
Bank deposit hold-out	**3,855,505**	**0.58**	7,439,901	1.16	**3,686,444**	**0.57**	7,195,384	1.15
Others	**17,558,212**	**2.64**	1,551,354	0.24	**16,404,021**	**2.52**	191,774	0.03
	96,469,475	**14.52**	151,032,724	23.53	**84,497,693**	**12.99**	138,448,337	22.04
Unsecured	**567,767,230**	**85.48**	490,765,544	76.47	**565,965,689**	**87.01**	489,731,309	77.96
	₱664,236,705	**100.00**	₱641,798,268	100.00	**₱650,463,382**	**100.00**	₱628,179,646	100.00

40.4.2 As to Status

The table below shows the status of the Group and the Parent Company's loans (gross allowance for credit losses) as to performing and non-performing loans (NPL) per product line:

	Consolidated			
	2024		2023	
	Performing	**NPL**	Performing	NPL
Corporate	**₱564,341,348**	**₱34,714,958**	₱541,116,157	₱33,347,894
Commercial	**12,490,418**	**1,547,719**	14,804,205	2,493,093
Credit cards	**17,060,935**	**1,002,950**	14,394,103	838,742
Consumer	**25,364,872**	**7,700,175**	24,647,541	10,156,533
	₱619,257,573	**₱44,965,802**	₱594,962,006	₱46,836,262

	Parent Company			
	2024		2023	
	Performing	**NPL**	Performing	NPL
Corporate	**₱552,110,058**	**₱34,156,343**	₱528,492,120	₱33,228,430
Commercial	**12,291,386**	**1,547,719**	15,315,245	1,883,944
Credit cards	**17,060,935**	**1,002,950**	14,394,103	838,742
Consumer	**24,633,945**	**7,646,716**	23,923,855	10,103,207
	₱606,096,324	**₱44,353,728**	₱582,125,323	₱46,054,323

Loans and receivables are considered NPL, even without any missed contractual payments, when considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, are considered NPL if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement. Microfinance and other small loans with similar credit characteristics are considered NPL after contractual due date or after they have become past due. Restructured loans are considered NPL. However, if prior to restructuring, the loans were categorized as performing, such classification is retained.

NPLs remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.

In 2022, the Parent Company adopted BSP Memorandum No. M-2021-056, *Regulatory Treatment of Restructured Loans for Purposes of Measuring Expected Credit Losses*, which provides guidance on the regulatory treatment of loans with terms and conditions that have been modified due to the impact of the COVID-19 pandemic, especially consumption loans, for purposes of measuring ECL and classifying the accounts as NPL.

The table below shows the gross and net NPL ratios of the Group and the Parent Company as reported to the BSP (with certain adjustments) as of December 31, 2024 and 2023:

	2024		2023	
	Gross NPL	**Net NPL**	Gross NPL	Net NPL
Consolidated	**5.68%**	**1.81%**	6.26%	2.46%
Parent Company	**5.72%**	**1.77%**	6.29%	2.49%

40.5 Information on Related Party Loans

In the ordinary course of business, the Parent Company has loans and other transactions with its subsidiaries and affiliates, and with certain Directors, Officers, Stockholders and Related Interests (DOSRI). These loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of direct credit accommodations to each of the Parent Company's DOSRI, 70.00% of which must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Parent Company.

In the aggregate, DOSRI loans generally should not exceed the Parent Company's equity or 15.00% of the its total loan portfolio, whichever is lower. Total outstanding exposures to each of the Parent Company's subsidiaries and affiliates shall not exceed 10.00% of the Group's net worth, the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.00% of the net worth of the Parent Company. As of December 31, 2024 and 2023, the Parent Company is in compliance with such regulations.

The information relating to the DOSRI loans of the Parent Company follows:

	2024		2023	
	DOSRI loans	**Related party loans (inclusive of DOSRI loans)**	DOSRI loans	Related party loans (inclusive of DOSRI loans)
Total outstanding loans	**₱136,867**	**₱37,817,926**	₱2,701	₱36,185,463
Percent of DOSRI/related party loans to total loan portfolio	**0.02%**	**4.87%**	0.00%	4.95%
Percent of unsecured DOSRI/related party loans to total DOSRI/related party loans	**0.00%**	**85.25%**	0.00%	83.48%
Percent of past due DOSRI/related party loans to total DOSRI/related party loans	**0.00%**	**0.00%**	45.40%	0.31%
Percent of non-performing DOSRI/related party loans to total DOSRI/related party loans	**0.04%**	**0.00%**	43.08%	0.31%

40.6 Aggregate Amount of Secured Liabilities and Assets Pledged as Security

As of December 31, 2024 and 2023, 'Bills payable' amounting to ₱12.3 billion and ₱10.1 billion in Note 19, respectively, are secured by a pledge of certain 'Financial assets at FVOCI' amounting to ₱12.0 billion and ₱6.5 billion respectively, and 'Investment securities at amortized cost' amounting to ₱5.5 billion.

40.7 Contingencies and Commitments Arising from Off-Balance Sheet Items

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

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Derivative forwards	**₱132,737,169**	₱195,661,001	**₱126,839,248**	₱190,805,863
Trust department accounts	**190,585,195**	168,037,276	**190,585,195**	168,037,276
Standby letters of credit	**77,763,321**	65,344,786	**77,493,348**	65,255,715
Unutilized credit card lines	**51,886,113**	45,354,961	**51,886,113**	45,354,961
Deficiency claims receivable	**27,250,819**	23,953,740	**27,250,819**	23,953,740
Derivative spots	**22,847,762**	21,141,791	**22,847,762**	21,141,791
Unused commercial letters of credit	**353,457**	440,767	**353,457**	440,767
Inward bills for collection	**1,019,948**	434,566	**996,613**	431,741
Outward bills for collection	**210,031**	236,311	**89,460**	118,836
Confirmed export letters of credit	**100,940**	93,852	**100,940**	93,852
Items held as collateral	**23,101**	58,887	**23,092**	58,876
Shipping guarantees issued	**21,284**	23,101	**21,284**	20,975
Other contingent accounts	**38,677**	7,182	**2,663**	7,181

Item 6. Management's Discussion and Analysis

2024 vs 2023

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

- **Cash and Other Liquid Placements**

(In Thousands)	December 31, 2024	2023	Increase/ (Decrease)	%
Cash and Other Cash Items	**₱20,638,033**	₱21,151,391	(₱513,358)	(2.4)
Due from Bangko Sentral ng Pilipinas	**55,128,316**	95,410,350	(40,282,034)	(42.2)
Due from Other Banks	**20,183,894**	21,243,856	(1,059,962)	(5.0)
Interbank Loans Receivable	**22,787,194**	35,634,440	(12,847,246)	(36.1)
Securities Held under Agreements to Resell	**103,480,119**	69,694,538	33,785,581	48.5
	₱222,217,556	₱243,134,575	(₱20,917,019)	(8.6)

Total Cash and Other Liquid Placements as of December 31, 2024 stand at ₱222.2 billion, representing a decrease of ₱20.9 billion or 8.6% lower than the ₱243.1 billion reported on December 31, 2023.

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

- **Trading and Investment Securities**

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

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

- **Property and Equipment**

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

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

- **Investment in an Associate**

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

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

- **Investment Properties**

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

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

- **Deferred Tax Assets**

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

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

- **Intangible Assets**

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

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

- **Other Assets**

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

Other Assets grew by ₱2.7 billion or 49.4% to ₱8.2 billion as of December 31, 2024, from ₱5.5 billion as of December 31, 2023 mainly due to increases in deferred charges, retirement asset and miscellaneous assets.

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

- **Deposit Liabilities**

	December		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Demand	**₱244,369,119**	₱228,405,865	₱15,963,254	7.0
Savings	**575,335,527**	541,009,449	34,326,078	6.3
Time	**147,368,732**	145,752,061	1,616,671	1.1
Long Term Negotiable Certificates of Deposit	**4,598,770**	12,803,543	(8,204,773)	(64.1)
Deposit Liabilities	**₱971,672,148**	₱927,970,918	₱43,701,230	4.7

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

- **Financial Liabilities at FVTPL**

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

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

- **Bonds Payable**

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

Bonds payable relating to the USD750,000 3.28% Medium Term Note was fully settled following its maturity on September 27, 2024. Subsequently, on October 14, 2024, the Bank issued US$300 million benchmark-sized Sustainability Regulation S offering of 5-year senior notes under its US$2 billion Euro Medium Term Note programme. The 5-year bond was priced at T+102 basis points, with a fixed coupon rate of 4.85%.

- **Other Liabilities**

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

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

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

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

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

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

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

2023 vs 2022

The Group's consolidated total assets stood at ₱1,210.5 billion as of December 31, 2023, 5.7% or ₱65.4 billion higher compared to ₱1,145.2 billion reported as of December 31, 2022. Major changes (+/– 5% variance) in assets were registered in the following accounts:

- **Cash and Other Liquid Placements**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Cash and Other Cash Items	**₱21,151,391**	₱22,217,915	(₱1,066,524)	(4.8)
Due from Bangko Sentral ng Pilipinas	**95,410,350**	94,701,360	708,990	0.7
Due from Other Banks	**21,243,856**	26,010,183	(4,766,327)	(18.3)
Interbank Loans Receivable	**35,634,440**	16,290,101	19,344,339	118.7
Securities Held under Agreements to Resell	**69,694,538**	64,523,863	5,170,675	8.0
	₱243,134,575	₱223,743,422	₱19,391,153	8.7

Total Cash and Other Liquid Placements as of December 31, 2023 increased by ₱19.4 billion or 8.7%. Available liquid funds were either placed in loans to other banks which are booked under Interbank Loans Receivable or deployed to Loans and Receivables.

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

- **Trading and Investment Securities**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	**₱10,516,864**	₱7,347,201	₱3,169,663	43.1
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	**164,531,492**	158,183,525	6,347,967	4.0
Investment Securities at Amortized Cost	**123,200,427**	110,467,960	12,732,467	11.5
	₱298,248,783	₱275,998,686	₱22,250,097	8.1

Trading and Investment Securities, representing 24.6% and 24.1% of the Group's total assets as of December 31, 2023 and 2022, respectively, increased by ₱22.3 billion or 8.1%, mainly due to net purchases of financial assets at FVTPL, financial assets at FVOCI, and investment securities at amortized cost during the year.

- **Property and Equipment, Investment Properties and Intangible Assets (including Goodwill)**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Property and Equipment	**₱10,754,018**	₱11,973,547	(₱1,219,529)	(10.2)
Investment Properties	**₱14,579,558**	₱13,794,986	₱784,572	5.7
Intangible Assets	**₱1,301,726**	₱1,863,922	(₱562,196)	(30.2)
Goodwill	**₱10,184,843**	₱11,221,410	(₱1,036,567)	(9.2)

Property and Equipment and Intangible Assets as of December 31, 2023 at ₱10.8 billion and ₱1.3 billion, respectively, decreased by ₱1.2 billion and ₱0.6 billion, respectively, compared to ₱12.0 billion and ₱1.9 billion, respectively, as of December 31, 2022, mainly due to depreciation and amortization during the year.

Investment Properties amounted to ₱14.6 billion as of December 31, 2023, an increase by ₱0.8 billion or 5.7% compared to ₱13.8 billion as of December 31, 2022, due to new foreclosures of real and other properties, offset by disposals during the year.

Goodwill amounted to ₱10.2 billion as of December 31, 2023, a decrease of P1.0 billion, or 9.2%, as a result of impairment in value.

- **Investment in an Associate**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Investment in an Associate	**₱3,199,124**	₱2,688,764	₱510,360	19.0

Investment in an Associate increased by ₱0.5 billion or 19.0% from ₱2.7 billion as of December 31, 2022 to ₱3.2 billion as of December 31, 2023, as a result of the equity share in the net comprehensive income of the associate for the year.

- **Deferred Tax Assets**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Deferred Tax Assets	**₱6,981,726**	₱6,616,902	₱364,824	5.5

Deferred Tax Assets increased by ₱0.4 billion or 5.5%, at ₱7.0 billion as of December 31, 2023 from ₱6.6 billion as of December 31, 2022 mainly due to the recognition of additional deferred tax assets on allowance for credit losses.

- **Other Assets**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Other Assets	**₱5,454,301**	₱4,155,522	₱1,298,779	31.3

Other Assets as of December 31, 2023, at ₱5.5 billion, grew by ₱1.3 billion or 31.3% from ₱4.2 billion as of December 31, 2022, mainly due to increases in deferred charges, creditable withholding taxes, fund for electronic money products and documentary stamps on hand.

The Group's consolidated total liabilities were at ₱1,019.4 billion as of December 31, 2023, 4.5% or ₱44.1 billion higher from ₱975.3 billion as of December 31, 2022. Major changes (+/–5% variance) in liability accounts were as follows:

- **Deposit Liabilities**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Demand	**₱228,405,865**	₱220,043,866	₱8,361,999	3.8
Savings	**541,009,449**	519,940,535	21,068,914	4.1
Time	**145,752,061**	112,113,308	33,638,753	30.0
Long Term Negotiable Certificates	**12,803,543**	19,130,012	(6,326,469)	(33.1)
	₱927,970,918	₱871,227,721	₱56,743,197	6.5

Deposit Liabilities at ₱928.0 billion and ₱871.2 billion, which represent 91.0% and 89.3% of the Group's total liabilities as of December 31, 2023 and 2022, respectively, are higher by ₱56.7 billion or 6.5% mainly due to increase in Time Deposits by ₱33.6 billion or 30.0%, Savings Deposits by ₱21.1 billion or 4.1%, and Demand Deposits by ₱8.4 billion or 3.8%. The increase was offset by maturity of a Long Term Negotiable Certificate of Deposit amounting to ₱6.3 billion.

- **Financial Liabilities at FVTPL**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Financial Liabilities at FVTPL	**₱555,811**	₱1,039,776	(₱483,965)	(46.5)

Financial Liabilities at FVTPL as at December 31, 2023 are ₱0.5 billion lower than the 2022 year-end balance of ₱1.0 billion mainly from decreases in position and fair values of stand-alone forwards.

- **Bills and Acceptances Payable and Bonds Payable**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Bills and Acceptances Payable	**₱20,162,603**	₱14,980,373	₱5,182,230	34.6
Bonds Payable	**₱41,490,871**	₱58,439,097	(₱16,948,226)	(29.0)

Bills and Acceptances Payable increased by ₱5.2 billion or 34.6% from ₱15.0 billion as of December 31, 2022 to ₱20.2 billion as of December 31, 2023, mainly from borrowings from foreign banks.

Bonds Payable decreased by ₱17.0 billion or 29.0% from ₱58.4 billion as of December 31, 2022 to ₱41.5 billion as of December 31, 2023, mainly due to the maturity of the $300 million, 4.25% fixed rate bonds in April 2023.

- **Other Liabilities**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Lease Liabilities	**₱3,832,884**	₱3,636,391	₱196,493	5.4
Accrued Taxes, Interest and Other Expenses	**₱10,465,373**	₱9,117,393	₱1,347,980	14.8
Income Tax Payable	**₱180,364**	₱983,051	(₱802,687)	(81.7)
Other Liabilities	**₱14,741,922**	₱15,827,640	(₱1,085,718)	(6.9)

Lease Liabilities increased by ₱0.2 billion or 5.4% from ₱3.6 billion as of December 31, 2022 to ₱3.8 billion as of December 31, 2023, due to certain lease contract renewals entered into by the Group, partly offset by payments for the year.

Accrued Taxes, Interest and Other Expenses was higher by ₱1.3 billion, from ₱9.1 billion as of December 31, 2022 to ₱10.5 billion as of December 31, 2023, mainly due to the increase in accrued interest from deposits.

Income Tax Payable decreased by ₱0.8 billion or 81.7% from ₱1.0 billion as of December 31, 2022 to ₱0.2 billion as of December 31, 2023 mainly due to application of available creditable withholding taxes against income tax liability during the year.

Other Liabilities at ₱14.7 billion as of December 31, 2023 declined from ₱15.8 billion as of December 31, 2022 mainly due to decreases in accounts payable, manager's checks and demand drafts outstanding and dormant credits.

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

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Capital Stock	**₱61,030,594**	₱61,030,594	₱–	–
Capital Paid in Excess of Par Value	**32,116,560**	32,116,560	–	–
Surplus Reserves	**4,677,930**	4,929,242	(251,312)	(5.1)
Surplus	**91,979,317**	73,748,748	18,230,569	24.7
Net Unrealized Losses on Financial Assets at FVOCI	**(1,722,653)**	(5,959,275)	4,236,622	71.1
Remeasurement Losses on Retirement Plan	**(2,728,542)**	(2,222,945)	(505,597)	(22.7)
Accumulated Translation Adjustment	**1,999,668**	2,314,447	(314,779)	(13.6)
Other Equity Reserves	**248,830**	248,830	–	–
Share in Aggregate Reserves on Life Insurance Policies	**24,246**	136,096	(111,850)	(82.2)
Other Equity Adjustment	**13,959**	13,959	–	–
	187,639,909	166,356,256	21,283,653	12.8
Non-Controlling Interests	**3,508,745**	3,549,378	(40,633)	1.1
	₱191,148,654	₱169,905,634	₱21,243,020	12.5

Total Equity stood at ₱191.1 billion as of December 31, 2023 from ₱169.9 billion as of December 31, 2022, or an increase of ₱21.2 billion or 12.5% attributed mainly to the ₱18.0 billion consolidated net income reported for the year and ₱4.2 billion decrease in Net Unrealized Losses on Financial Assets at FVOCI.

Results of Operations

2024 vs 2023

For the year ended December 31, 2024, the Group recorded a consolidated net income of ₱21.2 billion against the ₱18.0 billion net income of the preceding year, reflecting a 17.9% year-on-year growth, supported by strong net interest income. The higher net income in 2024 is primarily due to the following:

- **Net Interest Income**

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Interest income	**₱67,458,590**	₱59,594,529	₱7,864,061	13.2
Interest expense	**18,118,120**	15,001,686	3,116,434	20.8
	₱49,340,470	₱44,592,843	₱4,747,627	10.6

Net interest income reached ₱49.3 billion for the year ended December 31, 2024, marking an increase of 10.6% or ₱4.7 billion compared to the same period last year. Gross interest income rose by 13.2% or ₱7.9 billion to ₱67.5 billion, driven primarily by higher yields and volume of loans, investment securities and interbank receivables. Gross interest expense went up by ₱3.1 billion or 20.8% at ₱18.1 billion, up from ₱15.0 billion for the same period last year, largely due to the increase in interest cost of deposit liabilities, reflecting both higher rates and an increased volume of deposits.

- **Net Services Fees and Commission Income**

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Services fees and commission income	**₱6,961,870**	₱6,591,256	₱370,614	5.6
Services fees and commission expense	**1,447,236**	1,266,613	180,623	14.3
	₱5,514,634	₱5,324,643	₱189,991	3.6

Net service fees and commission income increased by ₱0.2 billion or by 3.6% to ₱5.5 billion compared to the previous year. The increase was mainly due to the increases in credit card and deposit-related fees, partially offset by lower income from underwriting activities and increase in fees and commission expenses during the year.

- **Other Operating Income**

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Net gains on sale or exchange of assets	**₱1,995,042**	₱4,541,567	(₱2,546,525)	(56.1)
Foreign exchange gains - net	**1,169,286**	1,367,409	(198,123)	(14.5)
Trading and investment securities gains (losses) - net	**647,580**	394,103	253,477	64.3
Equity in net earnings of an associate	**419,505**	268,093	151,412	56.5
Miscellaneous	**688,971**	871,394	(182,423)	(20.9)
	₱4,920,384	₱7,442,566	(₱2,522,182)	(33.9)

Other operating income decreased by ₱2.5 billion, or by 33.9%, to ₱4.9 billion for the year ended December 31, 2024, compared to ₱7.4 billion in the previous year. The decline was mainly due to lower gains from sale of investment properties and a decrease in foreign exchange gains in

2024. Meanwhile, net trading gains and equity in net earnings of an associate increased by ₱0.3 billion and ₱0.2 billion, respectively.

- **Operating Expenses**

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Compensation and fringe benefits	**₱10,668,601**	₱10,464,071	₱204,530	2.0
Taxes and licenses	**5,230,401**	4,852,190	378,211	7.8
Depreciation and amortization	**3,659,014**	3,976,069	(317,055)	(8.0)
Occupancy and equipment-related costs	**1,117,892**	916,735	201,157	21.9
Miscellaneous	**8,953,772**	8,218,171	735,601	9.0
	₱29,629,680	₱28,427,236	₱1,202,444	4.2

Total operating expenses for the year ended December 31, 2024 amounted to ₱29.6 billion, reflecting an increase of ₱1.2 billion or 4.2% compared to the prior year. The increase was primarily attributed to higher compensation and fringe benefits, taxes and licenses, occupancy and equipment-related costs, and miscellaneous expenses from higher marketing fees. These increases were partially offset by lower depreciation and amortization expenses.

- **Provision for Impairment, Credit and Other Losses and Impairment in Value of Goodwill**

	December 31		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Provision for impairment, credit and other losses	**₱3,868,111**	₱5,923,054	(₱2,054,943)	(34.7)
Impairment in value of goodwill	**₱–**	₱1,036,567	(₱1,036,567)	(100.0)

Provisions for impairment, credit and other losses dropped to ₱3.9 billion for the year ended December 31, 2024, significantly lower than the ₱5.9 billion recorded in the previous year. This reduction reflects the improvement in the credit quality of the Group's loan portfolio as the economy continues to grow. In 2023, the goodwill impairment test performed by the Group resulted in an impairment in value of ₱1.0 billion.

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

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Net income	**₱21,177,965**	₱17,965,820	₱3,212,145	17.9
Other comprehensive income, net of tax	**3,365,695**	3,280,769	84,926	2.6
	₱24,543,660	₱21,246,589	₱3,297,071	15.5

Total comprehensive income for the year ended December 31, 2024 amounted to ₱24.5 billion, registering an increase of ₱3.3 billion compared to the previous year. This growth was primarily driven by higher net income during the year by ₱3.2 billion, ₱0.9 billion increase in accumulated translation adjustment, ₱0.6 billion net change in remeasurement gains (losses) on retirement plan, and ₱0.1 billion share in changes in aggregate reserves (losses) on life insurance policies. The increases were offset by lower net change in unrealized gains (losses) on Financial Assets at FVOCI by ₱1.5 billion.

2023 vs 2022

For the year ended December 31, 2023, the Group recorded a consolidated net income of ₱18.0 billion, growing by 55.1% year-on-year on the back of robust net interest income and lower credit provisions, compared to the ₱11.6 billion net income for the year ended December 31, 2022. The higher net income in 2023 is primarily due to the following:

- **Net Interest Income**

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Interest income	**₱59,594,529**	₱45,244,402	₱14,350,127	31.7
Interest expense	**15,001,686**	7,916,832	7,084,854	89.5
	₱44,592,843	₱37,327,570	₱7,265,273	19.0

Net Interest Income amounted to ₱44.6 billion, higher by 19.0% or ₱7.3 billion compared to the previous year. Gross Interest Income increased by 31.7% or ₱14.4 billion to ₱59.6 billion in 2023, mainly due to higher yields on loans, investment securities, deposits with banks and interbank receivables. Gross interest expense likewise increased by ₱7.1 billion or 89.5% to ₱15.0 billion from ₱7.9 billion in 2022 due to increase in interest cost of deposit liabilities.

- **Net Services Fees and Commission Income**

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Services fees and commission income	**₱6,591,256**	₱6,997,609	(₱406,353)	(5.8)
Services fees and commission expense	**1,266,613**	1,429,195	(162,582)	(11.4)
	₱5,324,643	₱5,568,414	(₱243,771)	(4.4)

Net service fees and commission income slightly decreased by ₱0.2 billion or 4.4% compared to the previous year to ₱5.3 billion for the year ended December 31, 2023, mainly due to lower underwriting and bancassurance revenues, partly offset by increases in deposit and credit card related, interchange, and trust fees.

- **Other Operating Income**

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Net gains on sale or exchange of assets	**₱4,541,567**	₱7,775,154	(₱3,233,587)	(41.6)
Foreign exchange gains - net	**1,367,409**	1,608,281	(240,872)	(15.0)
Trading and investment securities gains (losses) - net	**394,103**	(1,280,783)	1,674,886	130.8
Equity in net earnings (losses) of subsidiaries and an associate	**268,093**	(56,060)	324,153	578.2
Miscellaneous	**871,394**	1,136,692	(265,298)	(23.3)
	₱7,442,566	₱9,183,284	(₱1,740,718)	(19.0)

Other operating income decreased by ₱1.7 billion or 19.0% at ₱7.4 billion for the year ended December 31, 2023, compared to ₱9.2 billion in the previous year mainly due to lower net gain on sale or exchange of assets. This was offset by higher net trading and foreign exchange gains by ₱1.4 billion and equity in net earnings of an associate by ₱0.3 billion.

- **Operating Expenses**

(in thousands)	2023	2022	Increase/ (Decrease)	%
Compensation and fringe benefits	**₱10,464,071**	₱9,762,776	₱701,295	7.2
Taxes and licenses	**4,852,190**	5,225,595	(373,405)	(7.1)
Depreciation and amortization	**3,976,069**	4,225,746	(249,677)	(5.9)
Occupancy and equipment-related costs	**916,735**	1,099,876	(183,141)	(16.7)
Miscellaneous	**8,218,171**	8,051,942	166,229	2.1
	₱28,427,236	₱28,365,935	₱61,301	0.2

Total operating expenses is flat at ₱28.4 billion for the years ended December 31, 2023 and 2022.

- **Provision for Impairment, Credit and Other Losses and Impairment in Value of Goodwill**

	December 31		Increase/	
(in thousands)	2023	2022	(Decrease)	%
Provision for impairment, credit and other losses	**₱5,923,054**	₱7,198,117	(₱1,275,063)	(17.7)
Impairment in value of goodwill	**₱1,036,567**	₱–	₱1,036,567	100.0

Provisions for impairment, credit and other losses is lower at ₱5.9 billion for the year ended December 31, 2023 compared to the ₱7.2 billion provisions booked in the previous year. In 2023, the goodwill impairment test performed by the Group resulted in an impairment in value of goodwill by ₱1.0 billion.

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

(in thousands)	2023	2022	Increase/ (Decrease)	%
Net income	**₱17,965,820**	₱11,583,988	₱6,381,832	55.1
Other comprehensive income (loss), net of tax	**3,280,769**	(2,887,965)	6,168,734	(213.6)
	₱21,246,589	₱8,696,023	₱12,550,566	144.3

Total comprehensive income for the year ended December 31, 2023 amounted to ₱21.2 billion, registering an increase of ₱12.6 billion compared to the previous year mainly due to the higher net income during the period by ₱6.4 billion and reduction in unrealized losses on financial assets at FVOCI by ₱2.9 billion from a (₱5.7 billion) net change in 2022.

2022 vs 2021

For the year ended December 31, 2022, the Group posted a net income of ₱11.6 billion, ₱20.1 billion lower than the ₱31.7 billion net income last year due to one-off gains in 2021 as discussed below. Movements in net income are primarily due to the following:

- **Net Interest Income**

(in thousands)	2022	2021	Increase/ (Decrease)	%
Interest income	**₱45,244,402**	₱42,402,377	₱2,842,025	6.7
Interest expense	**7,916,832**	7,557,550	359,282	4.8
	₱37,327,570	₱34,844,827	₱2,482,743	7.1

Net interest income amounted to ₱37.3 billion, higher by 7.1% or ₱2.5 billion compared to last year. Total gross interest income increased by 6.7% or ₱2.8 billion to ₱45.2 billion for the year ended December 31, 2022, reflective of the rising interest rate environment in 2022. Total gross interest expense slightly increased by ₱0.4 billion to ₱7.9 billion in 2022 from ₱7.5 billion in 2021 primarily due to higher interest cost of deposit liabilities as compared to last year.

- **Net Services Fees and Commission Income**

(in thousands)	2022	2021	Increase/ (Decrease)	%
Services fees and commission income	**₱6,997,609**	₱6,340,326	₱657,283	10.4
Services fees and commission expense	**1,429,195**	1,051,376	377,819	35.9
	₱5,568,414	₱5,288,950	₱279,464	5.3

Net service fees and commission income increased by ₱0.3 billion or 5.3% at ₱5.6 billion for the year ended December 31, 2022, mainly due to increases in deposit-related, bancassurance, underwriting, remittance fees and interchange fees, partly offset by decreases in loan and credit card-related and trust fees and increases in banking fees and commission.

- **Other Operating Income**

(in thousands)	2022	2021	Increase/ (Decrease)	%
Net gains on sale or exchange of assets	**₱7,775,154**	₱981,462	₱6,793,692	692.2
Foreign exchange gains - net	**1,608,281**	743,549	864,732	116.3
Trading and investment securities gains (losses) - net	**(1,280,783)**	731,572	(2,012,355)	(275.1)
Equity in net earnings (losses) of subsidiaries and an associate	**(56,060)**	50,789	(106,849)	(210.4)
Miscellaneous	**1,136,692**	1,070,047	66,645	6.2
	₱9,183,284	₱3,577,419	₱5,605,865	156.7

Other operating income increased by ₱5.6 billion in 2022 or 156.7%, mainly coming from the sale of major investment properties as part of the Group's strategy to monetize the value of its low-earning assets. However, this was offset by the increase in trading and investment securities losses of ₱2.0 billion brought about by the continued hike in benchmark interest rates in 2022 affecting both the Bank and its associate.

- **Other Income**

(in thousands)	2022	2021	Increase/ (Decrease)	%
Gain on loss of control of subsidiaries - net	**₱–**	₱16,807,275	(₱16,807,275)	(100.0)
Gain on remeasurement of retained interest	**–**	16,477,968	(16,477,968)	(100.0)
	₱–	₱33,285,243	(₱33,285,243)	(100.0)

In 2021, the Group recognized one-off gains: gain on remeasurement of the retained interest in PNB Holdings of ₱16.5 billion; and gain on loss of control over PNB Holdings as a subsidiary of ₱16.8 billion in accordance with PFRS 10, *Consolidated Financial Statements*.

- **Operating Expenses**

(in thousands)	2022	2021	Increase/ (Decrease)	%
Compensation and fringe benefits	**₱9,762,776**	₱9,985,822	(₱223,046)	(2.2)
Taxes and licenses	**5,225,595**	3,988,371	1,237,224	31.0
Depreciation and amortization	**4,225,746**	2,845,717	1,380,029	48.5
Occupancy and equipment-related costs	**1,099,876**	1,124,166	(24,290)	(2.2)
Miscellaneous	**8,051,942**	8,202,755	(150,813)	(1.8)
	₱28,365,935	₱26,146,831	₱2,219,104	8.5

Total operating expenses amounted to ₱28.4 billion for the year ended December 31, 2022, ₱2.2 billion or 8.5% higher compared to last year, mainly due to the increase of ₱1.4 billion in Depreciation and amortization, and ₱1.2 billion in Taxes and licenses, offset by decreases in Compensation and fringe benefits by ₱0.2 billion.

- **Provision for Impairment, Credit and Other Losses and Impairment in Value of Goodwill**

	December 31		Increase/	
(in thousands)	**2022**	2021	(Decrease)	%
Provision for Impairment, Credit and Other Losses	**₱7,198,117**	₱10,725,014	(₱3,526,897)	(32.9)
Impairment in Value of Goodwill	**₱–**	₱2,153,997	(₱2,153,997)	(100.0)

The Group recorded lower provisions for impairment, credit and other losses at ₱7.2 billion for the year ended December 31, 2022 compared to the ₱10.7 billion provisions recorded in 2021 when the Group was still continuing to build its loan loss reserves in anticipation of the rise in nonperforming COVID-impacted accounts of the Group. In 2021, the goodwill impairment test performed by the Group resulted in an impairment in value of goodwill by ₱2.2 billion.

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

(in thousands)	**2022**	2021	Increase/ (Decrease)	%
Net income	**₱11,583,988**	₱31,690,038	(₱20,106,050)	(63.4)
Other comprehensive loss, net of tax	**(2,887,965)**	(2,052,906)	(835,059)	40.7
	₱8,696,023	₱29,637,132	(₱20,941,109)	(70.7)

Total comprehensive income for the year ended December 31, 2022 amounted to ₱8.7 billion, registering a decrease of ₱20.9 billion compared to last year mainly due to the lower net income during the year brought about by one-off gains totaling ₱33.3 billion recognized in 2021, and increase in net changes in other comprehensive loss by ₱0.8 billion or 40.7%.

Key Performance Indicators

- Capital Adequacy/Capital Management

  The Bank's Capital Management Sub-Committee (CMSC) of the Asset Liability Committee (ALCO) was created to specifically handle policies and procedures pertaining to the capital planning and assessment as well as possible equity investments of the Bank.

  The CMSC's responsibility are as follows:

  - Determine the appropriate level of capital that will support the attainment of the Bank's strategic objectives, meet the minimum regulatory requirements and cover all material risks that the Bank may encounter in the course of its business.

  - Periodically monitor and assess the capital ratios of the Bank. Monitoring shall include capital ratios with and without the regulatory stress test prescribed by the regulators, based on both the consolidated and solo financial statements of the Bank.

  - Report to the ALCO the Bank's capital ratio and position based the consolidated and solo financial statements on a monthly basis and to the Board ICAAP Steering Committee on a quarterly basis.

  - Inform the ALCO/Board ICAAP Steering Committee on possible breach of ICAAP capital thresholds, particularly during period of stress and activating the Bank's capital contingency plan, if needed.

    - ➢ The CMSC will evaluate and endorse to the Board the options to improve the Bank's capital adequacy as provided for in the Capital Contingency Plan.
    - ➢ In case of capital sourcing, the CMSC shall endorse to the Board ICAAP Steering Committee/Board the manner, the amount and time period for capital raising.

  - Ensure that the capital ratios resulting from the three-year strategic business plan under the Bank's ICAAP shall meet the minimum regulatory requirement as well as the Bank's internal thresholds.

    - ➢ The CMSC shall determine the Bank's internal thresholds and shall endorse the same to the Board ICAAP Steering Committee/Board.

  - Undertake the optimal allocation of the capital to the different business groups in accordance with the portfolio diversification policy and subject to the sustainability of earnings, risk weights of assets, among others.

  The Bank and its individual regulatory operations have complied with all externally imposed capital requirements throughout the year.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's "unimpaired capital" (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies, which differ from PFRS in some respects. The risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (parent bank and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Other minimum ratios include Common Equity Tier (CET) 1 ratio and Tier 1 capital ratios of 6.0% and 7.5%, respectively. A conservation buffer of 2.5%, comprised of CET 1 capital is likewise imposed.

Banks and their subsidiaries are subject to the following risk-based capital adequacy ratios (CAR):
a. Common Equity Tier 1 – must be at least 6.0% of risk weighted assets at all times;
b. Tier 1 capital must be at least 7.5% of risk weighted assets at all times; and
c. Qualifying capital (Tier 1 Capital plus Tier 2 Capital) must be at least 10.0% of risk weighted assets at all times.

Qualifying capital consists of the sum of the following elements, net of required deductions:
a. Common equity Tier 1 capital consists of 1) paid up common stock that meet the eligibility criteria, 2) common stock dividends distributable, additional paid in capital resulting from the issuance of common stock included in CET1 capital, 3) deposits for common stock subscription, 4) retained earnings, 5) undivided profits, 6) other comprehensive income (net unrealized gains or losses on available-for-sale securities and cumulative foreign currency translation) and minority interest on subsidiary banks which are less than wholly-owned
b. Additional Tier 1 (AT1) capital consists of instruments issued by the bank that are not included in CET 1 capital that meet the criteria for inclusion in additional tier 1 capital, meet the required loss absorbency features for instrument classified as liabilities and loss absorbency feature at point of non-viability as defined in the BSP guidelines.
c. Tier 2 (T2) capital is composed of 1) instruments issued by the Bank (and are not included in AT1 capital) that meet criteria for inclusion in Tier 2 and meet the required loss absorbency feature at point of non-viability as defined in the guidelines, 2) deposits for subscription of T2 capital, 3) appraisal increment reserves on bank premises as authorized by the Monetary Board, 4) general loan loss provision, limited to a maximum of 1.00% of credit risk weighted asset, and minority interest in subsidiaries which are less than wholly owned as defined in the guidelines.

A capital conservation buffer of 2.5% of risk weighted assets, comprised of CET 1 capital, shall be required. This buffer is meant to promote the conservation of capital and build-up of adequate cushion that can be drawn down to absorb losses during period of financial and economic stress.

The Group's consolidated CAR were 20.10%, 17.70%, and 15.38%, as of December 31, 2024, 2023, and 2022, respectively, above the minimum 10% required by the BSP. For the detailed calculation and discussion kindly refer to Item 1, No. 10 – Risk Management.

- Asset Quality

The NPL ratio of the Group, net of valuation reserves, is at 1.81% as of December 31, 2024, compared to 2.46% at the end of 2023. Gross NPL ratio is at 5.68% at the end of 2024 compared to 6.26% at the end of 2023.

- Profitability

	Years Ended	
	12/31/24	12/31/23
Return on equity (ROE)[1/]	**10.39%**	9.95%
Return on assets (ROA)[2/]	**1.72%**	1.53%
Net interest margin (NIM)[3/]	**4.50%**	4.23%

[1/] Net income divided by average total equity for the year indicated
[2/] Net income divided by average total assets for the year indicated
[3/] Net interest income divided by average interest-earning assets

- Liquidity

As of December 31, 2024 and 2023, the Liquidity Coverage Ratio reported to the BSP is at 254.46% and 271.54%, well-above the minimum regulatory requirement of 100.00% at all times. The ratio of current assets to current liabilities was at 71.45% as of December 31, 2024 compared to 70.57% as of December 31, 2023.

- Cost Efficiency

The ratio of total operating expenses to total operating income is at 49.57% for the year ended December 31, 2024 compared to 49.56% in the previous year.

Known Trends, Demands, Commitments, Events, and Uncertainties

The Bank presently has more than adequate liquid assets to meet known funding requirements, and there are no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Bank's liquidity.

Events that Will Trigger Direct or Contingent Financial Obligation

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

Material Off-Balance Sheet Transactions, Arrangement, or Obligation

The summary of material off-balance sheet transactions, arrangement, or obligations (including contingent obligations) is discussed in Note 40.7 (Report on the Supplementary Information Required Under BSP Circular No. 1074) of the accompanying audited financial statements of the Group.

Capital Expenditures

In line with the Bank's digital transformation initiatives and enhancing customer banking experience strategy, technology upgrades account for the bulk of the Bank's capital expenditures for 2024. Capital expenditures are funded from the proceeds of the sale of acquired assets and funds generated from the Bank's regular operations.

Significant Elements of Income or Loss

Significant elements of the Bank's revenues consist mainly of net interest income, service fees, net trading gains and gains from disposal of acquired properties while the Bank's expenses consist mainly of staff cost, depreciation and amortization of assets and provisions for probable losses. Please refer to the discussions on the results of operations for further details.

Seasonal Aspects

There was no seasonal aspect that had material effect on the Bank's financial condition or results of operations.

RECONCILIATION OF REGULATORY CAPITAL TO AUDITED FINANCIAL STATEMENTS

Presented below is the full reconciliation of all regulatory capital elements back to the Parent Company balance sheet in the audited financial statements of the Bank as at December 31, 2024 (amounts in Php thousands):

Accounts	Balance in Financial Reporting Package	Accounting differences and other adjustments	Balance in Audited Financial Statements
Capital stock	61,030,594	–	61,030,594
Additional paid-in capital	32,106,560	–	32,106,560
Surplus reserves	5,022,572	(55,535)	4,967,037
Surplus	106,425,689	7,397,903	113,823,592
Net unrealized gains on financial assets at FVOCI	281,371	(139,237)	142,134
Remeasurement losses on retirement plan	(2,655,218)	–	(2,655,218)
Accumulated translation adjustment	2,449,264	(91,420)	2,357,844
Other equity reserves	392,749	937,941	1,330,690
Share in aggregate reserves on life insurance policies	–	21,209	21,209
TOTAL	**205,053,581**	**8,070,861**	**213,124,442**

To view or download the digital copy of the full PNB 2024 Annual Report, Audited Financial Statements and Management's Discussion and Analysis, you may visit:

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