



PNB

2025 Annual Report

SOARING STRONG

Towards a Century
and a Decade

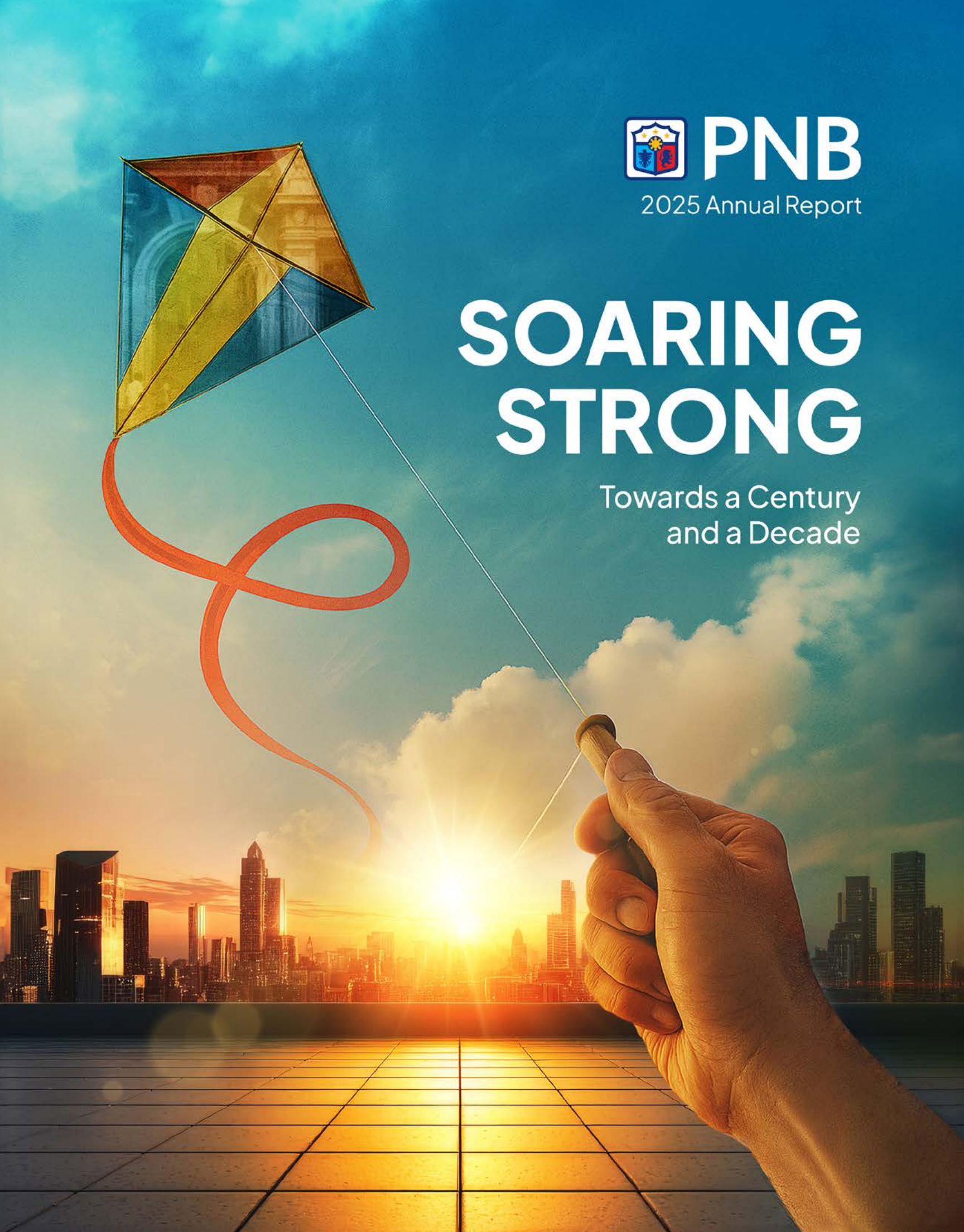
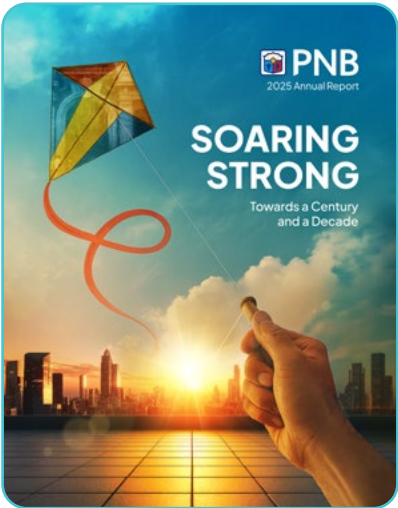


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Our Cover

This year’s theme reflects **PNB’s** enduring strength and forward momentum as it continues to soar into the future. The kite signifies aspiration and resilience, while the modern city skyline at sunrise embodies growth and expanding possibilities ahead.

Rooted in a proud legacy, PNB embraces innovation and a forward-looking mindset. By bridging its heritage with new capabilities, it is well-positioned to create lasting value, deepen partnerships, and contribute to nation-building—advancing with confidence toward a future defined by limitless potential.

Corporate Objective GRI 2-1

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

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.

Vision

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

Core Values

Our Shared Values bind everyone in PNB together, providing the basis for trusting one another and helping enable the Bank to achieve its mission and vision.

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 Forward: Banking with a Heart

At Philippine National Bank (PNB), every step forward carries both the strength of our heritage and the promise of the future. For more than a century, we have stood as a trusted partner to generations of Filipinos around the world. Yet even with this legacy, we know that standing still is never an option.

As the world evolves, we continue to rise with it—moving forward with purpose, resilience, and an enduring commitment to serve.

Our ideology is rooted in balance: honoring the foundations built over 100 years while embracing innovation to remain relevant in an ever-evolving banking landscape. We harness new technologies not as an end in themselves, but as tools to make banking simpler, smarter, and more meaningful for our customers. Every product, every service, and every process is designed with them in mind—reliable when they need it most and thoughtful in every detail.

“Innovation at PNB is not just about systems or technology. It is about enhancing experiences, understanding people’s needs, and supporting them through every challenge and aspiration—taking meaningful steps toward making a difference.”

– SVP Jennifer Y. Ng, PNB Chief Marketing and Customer Experience Officer

“At PNB, we take change to heart. Our legacy gives us strength, but it is our commitment to innovation that ensures we continue to serve our clients and communities in the best way we can. Each step we take is guided by dedication to excellence, adaptability, and care.”

– Edwin R. Bautista, PNB President & Chief Executive Officer

We invest in our people, equipping them with training and opportunities to master emerging technologies. This is more than a skills upgrade—it reflects a culture of continuous improvement that drives sustainability, empowers our teams, and ensures that every stride forward creates lasting impact.

Amid the rise of apps, platforms, and algorithms, we remain guided by the principles that have shaped us for more than a century: integrity that builds trust, passion that fuels our work, care that shapes our solutions, resilience that allows us to endure, and competence that delivers excellence. These principles are not merely values displayed on our screens—they are the heartbeat behind every click, every connection, and every tap in the digital world.

As we reflect on the progress we have made this year, we see a story of transformation: a bank that honors its past while steadily ascending toward the future. With each step forward, we continue soaring strong toward our 110th anniversary, guided by legacy, strengthened by innovation, and inspired by a purpose to serve generations to come.

Philippine National Bank

Every step of our journey is guided by care, purpose, and heart.

As PNB embraces innovation to meet the demands of a rapidly evolving world, one thing remains constant—YOU.

Every solution we build and every service we enhance is crafted with you at the center. Let’s continue our journey – Every Step Together.





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 has led the industry through the years with its agricultural modernization program and trade finance support for the country’s agricultural exports. In addition, the Bank pioneered efforts in the Overseas Filipino Worker (OFW) remittance business and introduced many innovations, such as the “Bank on Wheels,” computerized banking, Automated Teller Machine (ATM) banking, mobile money changing, domestic traveler’s checks, an electronic filing and payment system for large taxpayers, and Unit Investment Trust Fund (UITF) ATMs. PNB has the largest number of overseas offices and one of the largest domestic branch networks among local banks.

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

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

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

Retail Banking Sector. The core business of the Retail Banking Sector (RBS) focuses primarily on the Bank’s deposit-taking activities by offering a wide range of deposit products and services, such as peso accounts and variants like interest-bearing savings, time deposits, current accounts, and US dollar and other third-currency accounts. The 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. In support of sustained deposit growth and an enhanced customer journey, RBS continues to strengthen customer engagement through branch modernization initiatives, improving service delivery and overall customer experience.

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

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

International Banking and Remittance Group. PNB maintains the widest overseas network among Philippine banks, providing Global Filipinos with broad access to branches, representative offices, remittance centers, and subsidiaries across the United States, Canada, Europe, the Middle East, and Asia. Through its International

Banking and Remittance Group (IBRG), the Bank expands its reach beyond physical locations by forging partnerships with OFW-related organizations, government institutions, manning agencies, global remittance providers, and payout partners.

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

Institutional Banking Sector. The Institutional Banking Sector (IBS) is the primary lending arm responsible for the establishment, expansion, and overall management of the Bank’s relationships with corporate and commercial clients. The Corporate Banking Group (CBG) supports 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.

The Cash Management Division (CMD) provides transaction banking solutions that support clients’ day-to-day liquidity, payments, and receivables management requirements, complementing the lending and relationship management efforts of the Sector.

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

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

Global Banking and Markets Sector. The Global Banking and Markets Sector (GBMS) is primarily tasked with managing the Bank’s liquidity and funding needs, as well as executing financial market transactions involving investments, fixed-income trading, foreign exchange, and 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 amid an interest rate easing cycle. The Sector provides a wide range of banking products and services to corporates, financial institutions, and individuals.

Its functions include developing the Bank’s wealth management proposition by providing both corporate and individual (retail and high-net-worth) clients access to financial markets, comprehensive solutions, and tailored investment strategies, while building long-term trust that spans generations.

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

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

Digital Channel Management and Innovation Group. The Digital Channel Management and Innovation Group (DCMIG) is responsible for driving PNB’s consumer digital strategy, ensuring that the Bank’s digital services are efficient, customer-centric, and aligned with its mission and vision. Committed to innovation and continuous improvement, the Group continuously 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.

In collaboration with stakeholders and technology partners, DCMIG is also responsible for the execution, delivery, implementation, and post-launch support of digital channels and services for both domestic and overseas markets. The Group also works closely 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	2025	2024	2025	2024
Profitability				
Net Interest Income	52,546,450	49,340,470	51,452,544	48,170,765
Non-Interest Income	12,732,594	10,435,018	12,114,912	9,832,772
Non-Interest Expenses	31,447,798	29,629,680	30,095,089	28,288,447
Pre-Provision Profit	33,831,246	30,145,808	33,472,367	29,715,090
Provision for Credit Losses	1,656,282	3,868,111	1,490,255	3,782,256
Income Tax Provision	6,833,202	5,099,732	6,726,950	4,896,173
Net Income	25,341,762	21,177,965	25,255,162	21,036,661
Selected Balance Sheet Data				
Liquid Assets	337,458,006	365,296,900	326,157,139	354,827,803
Gross Loans	761,855,686	665,082,565	747,374,066	651,291,861
Total Assets	1,374,833,853	1,257,610,853	1,364,276,497	1,248,257,101
Deposits	1,061,203,370	971,672,148	1,055,615,623	967,245,176
Total Equity	240,279,801	216,628,941	236,631,386	213,124,442
Selected Ratios				
Return on Equity	11.09%	10.39%	11.23%	10.49%
Return on Assets	1.93%	1.72%	1.93%	1.72%
Common Equity Tier 1 Ratio	19.31%	19.21%	17.33%	17.02%
Capital Adequacy Ratio	20.12%	20.10%	18.14%	17.91%
Per Common Share Data:				
Earnings Per Share:				
Basic	16.55	13.80	16.55	13.79
Diluted	16.55	13.80	16.55	13.79
Book Value	154.91	139.50	155.09	139.68
Others				
Headcount				
Officers			4,854	4,797
Staff			4,004	4,019

Message from the Chairman to Shareholders

GRI 2-11, 2-22



PNB will continue to strengthen its core businesses while advancing digital innovation, enhancing customer experience, and positioning the Bank to effectively capture emerging opportunities.

In a year shaped by shifting conditions and heightened uncertainty, the resilience of the Philippine economy—and of the institutions that support it—was once again put to the test. As we look back on 2025, I am reminded that progress is not always defined by speed, but by the strength and stability with which we move forward.

The Philippine economy grew by 4.4% in 2025, moderating from 5.7% in the previous year and falling short of the government's revised target. While growth slowed, it remained underpinned by steady consumption and timely policy support—clear indications that the country's economic foundations continue to hold firm despite a more complex operating environment.

Household consumption remained the principal driver of growth, increasing by 4.6% and reflecting sustained demand across essential and discretionary sectors. I note the continued strength in spending on health, transport, education, and hospitality, which speaks to the evolving needs and priorities of Filipino households. Government expenditure likewise accelerated, rising by 9.1%, largely due to election-related disbursements early in the year. At the same time, investment activity softened, with gross capital formation declining by 2.1%, driven primarily by

a contraction in public construction. External trade offered some support, as goods exports surged by 14.1% ahead of anticipated tariff adjustments in the United States.

Inflation continued to ease, averaging 1.7% for the year—below the Bangko Sentral ng Pilipinas' (BSP) target range. This moderation in prices provided relief to households and businesses alike. In response to these conditions, the BSP sustained its monetary easing cycle, reducing policy rates by a cumulative 125 basis points in 2025, bringing the rate to 4.50% by year-end.

Meanwhile, the peso depreciated modestly against the US dollar, closing at Php58.80/\$1, reflecting broader global trends and continued demand for safe-haven assets amid geopolitical uncertainties.

Against this backdrop, I am pleased to share that Philippine National Bank remained steady and forward-looking. In a year marked by moderation rather than momentum, our focus was clear: to preserve strength, deepen trust, and position the Bank for sustainable growth.

In 2025, we continued to strengthen the foundations of our business. We enhanced our governance framework, reinforced risk management practices, and sustained our investments in digital capabilities and operational efficiency.

We further strengthened our leadership with the appointment of our new President and Chief Executive Officer, Edwin Bautista, who brings with him extensive experience across universal banking, digital banking, and financial services. We also welcomed Judith Lopez, Marcia Uy, and Cesar Villanueva to the Board of Directors, whose diverse backgrounds and expertise add depth to our collective insight and perspective, reinforcing our governance and strategic oversight.

These efforts are not ends in themselves—they are essential to ensuring that we serve our customers better, respond more effectively to their needs, and deliver consistent value to our shareholders.

At the heart of our performance is the trust placed in us by our stakeholders. I have always believed that trust is the most valuable asset a bank can hold. It is earned through discipline, strengthened through consistency, and proven in times

of uncertainty. This year, more than ever, we remained committed to upholding that trust—through sound financial stewardship, responsible business practices, and a continued focus on meaningful, long-term outcomes.

Looking ahead, the outlook for 2026 remains modest. Economic growth is expected to hold at around 4.0%, with continued pressures from subdued investment activity and external uncertainties, including geopolitical developments and evolving global trade dynamics. Inflation may rise to 5.4%, driven by higher oil prices, wage adjustments, and base effects on key commodities. While monetary policy remains supportive, the broader environment calls for prudence and adaptability.

In this context, I assure you that the PNB Board and Management will continue to lead with clarity and discipline. We will remain focused on strengthening our core businesses, advancing digital innovation, enhancing customer experience, and ensuring that we are well-positioned to capture opportunities as they emerge.

As we approach 110 years of service, I reflect with pride on what we have built—and with confidence in what lies ahead. As reflected in our annual report theme, "*Soaring Strong Towards a Century and A Decade*," we are guided by both our legacy and our enduring commitment to evolve as a modern, inclusive, and responsive institution, while remaining grounded in the values that have defined PNB across generations.

Our journey has been shaped by resilience and guided by our vision. As we look ahead, we will continue to build on this foundation with focus and consistency, serving our customers with integrity and creating lasting value for our shareholders.

On behalf of the Board, I thank you for your continued trust and support. Together, we advance with confidence—soaring strong into the future and upholding a legacy that endures.

(Original Signed)
EDGAR A. CUA
Chairman



Message from the President and CEO to Shareholders

GRI 2-22



PNB's progress is anchored on a trifecta of strong capital, clear strategy, and capable people—working together to support disciplined execution and long-term success.

As I mark my first year as President and CEO of Philippine National Bank, I am encouraged by the progress we have made and the strength of the foundation we continue to build. The past year has been a period of transition—one where we began to more deliberately position the Bank for the future, while remaining grounded in the strengths that have defined PNB over time.

In 2025, we delivered solid financial performance, reflecting steady progress across our core businesses. We recorded a consolidated net income of ₱25.3 billion, up 20% from the previous year, with return on equity improving to 11.1%. This performance was supported by sustained lending growth, a stable funding base, and disciplined cost management. Our loan portfolio expanded by 15%, while deposits surpassed the one-trillion-peso mark led by consumer products to reach ₱1.06 trillion—an indication of the continued trust of our customers. Importantly, stable low-cost CASA comprised 75% of our deposits – the highest ratio among the top 10 banks. Asset quality also improved, with our non-performing loan ratio declining to 4.7%, reflecting the effectiveness of our risk management efforts. Our balance sheet is strong. Our capital adequacy ratio of 20.12% is currently the highest in the industry.

These results reflect a consistent approach: maintaining balance between growth and risk, while strengthening the Bank's financial position.

At the same time, we took deliberate steps to advance our capabilities—particularly in digital transformation and AI technology—while recognizing that banking remains, at its core, a business of trust and relationships. As we invest in platforms, data, and tools embedding artificial intelligence to improve efficiency and responsiveness, we remain equally committed to maintaining a strong physical presence through our branch network. This balance allows us to meet customers where they are—whether through digital channels or in person—and deliver a more meaningful and seamless banking experience.

Across our operating segments, this direction is evident.

Our Branch Banking Group sustained its leadership in deposit generation, supported by a nationwide network of 635 branches and continued expansion in key growth areas. At the same time, digital onboarding capabilities were enhanced to improve accessibility and convenience, reinforcing our ability to serve both traditional and digitally active customers.

In lending, our Mortgage and Auto Lending Group delivered strong growth, expanding its portfolio through deeper partnerships and improved turnaround times. These enhancements enable customers to move forward with greater speed and confidence, while strengthening our position in key segments.

Our Cards and Financial Solutions business likewise achieved double-digit growth across key metrics, driven by targeted acquisition strategies, product innovation, and improvements in service delivery—supporting more seamless and relevant payment experiences.

A defining example of this approach is the enduring partnership between Philippine National Bank—the country's first universal bank—and Philippine Airlines, the Philippines' flag carrier. United by a shared heritage and purpose, this collaboration has stood the test of time in serving Filipinos wherever their journeys take them. Through the co-branded PNB-PAL Mabuhay Miles Mastercard, we deliver thoughtfully curated travel and lifestyle experiences that go beyond transactions, creating lasting and distinctly Filipino value.



We move forward with confidence—grounded in our experience, guided by discipline, and focused on execution—as we continue soaring strong towards a century and a decade.

Internationally, we continued to extend our reach and deepen our engagement with Filipinos worldwide. Through our global network of offices and partners, we expanded access to remittance, housing, and digital banking services, while strengthening our connection with overseas communities through financial education and strategic partnerships.

Within our Institutional Banking Sector, we reinforced our role as a partner in nation-building by delivering financing solutions that support infrastructure, renewable energy, and key industries. At the same time, our Global Markets Group and Wealth Management Group contributed to our financial performance through disciplined market execution, investment solutions, and enhanced client advisory capabilities.

Trust Banking sustained its growth momentum, with assets under management increasing by 18.74% to ₱226.30 billion, supported by continued product innovation and expanding client access.

Digital transformation and AI are central to our strategy. Following the completion of key infrastructure upgrades, including our core banking system and ATM switch, we focused on scaling customer acquisition and enhancing service delivery. Our digital user base grew by 26%, supported by continuous platform enhancements and a stable operating environment with 99.7% uptime.

More importantly, we took a more deliberate approach to how technology can shape the way

we operate and serve. This includes the thoughtful adoption of emerging capabilities, such as artificial intelligence, to improve decision-making, streamline processes, and enable more responsive and personalized customer engagement. These efforts are not pursued for their own sake, but as part of a broader objective—to build a more agile, efficient, and customer-centric organization.

At the same time, we strengthened our payments ecosystem through partnerships that support tokenization and secure digital transactions, aligning our capabilities with global standards and evolving customer behavior.

Our return to the domestic capital market through a ₱15.7 billion ASEAN Sustainability Bond issuance reflects continued investor confidence in the Bank’s direction. The strong demand for this issuance demonstrates trust in our ability to deliver sustainable, long-term value.

At the heart of this progress is what I often describe as our “Trifecta”: **strong capital, clear strategy, and capable people**. Our robust capital position gives us the stability and flexibility to invest for the long term. A clearly defined strategy ensures that these investments are purposeful and aligned with where we aim to compete and win. Most importantly, our people bring this strategy to life—through disciplined execution, sound judgment, and a shared commitment to serve our customers well. Together, these three elements reinforce one another and form the foundation that will sustain PNB’s success.

These principles are closely aligned with our mission of promoting financial prosperity for all Filipinos and their businesses—locally and internationally—while contributing to a more competitive, inclusive, and sustainable economy.

Our success in 2025 reflects meaningful steps toward our vision of being among the country’s top banks in customer growth and satisfaction, and return on equity. While there is more to be done, we believe we are on the right track—strengthening our capabilities, deepening customer relationships, and building a more resilient and forward-looking organization.

Our milestones reflect the collective efforts of our employees, the trust of our clients, and the continued support of our shareholders.

We move forward with confidence—grounded in our experience, guided by discipline, and focused on execution—as we continue soaring strong towards a century and a decade.

Join us in the next stage of our journey and let’s take *Every Step Together*.

(Original Signed)
EDWIN R. BAUTISTA
 President and Chief Executive Officer

Our 2025 Highlights

In 2025, the Bank's business groups delivered strong, purpose-driven performance anchored on a shared commitment to serve our customers better. Teams sharpened their focus on responsiveness, convenience, and reliability—translating strategy into meaningful customer experiences.



Branch Banking

Expanding Reach, Driving Deposit Growth

The year 2025 was a dynamic period for the Branch Banking Group (BBG) under the Retail Banking Sector (RBS), as it sustained strong performance in the low-cost CASA segment. Total deposits surpassed the ₱1 trillion mark, underscoring the strength and reach of PNB's nationwide branch network.

The Bank opened four branches during the year: Cavite-Trece Martires, Parañaque-Better Living-Russia, CDO-Uptown, and Cotabato City-KCC Mall. PNB also opened a branch-lite unit (BLU), Siargao Island-General Luna, to strengthen its presence in this dynamic tourism hub. These newly opened branches conform to the Bank's official branding guidelines as part of its efforts to enhance the customer experience.

In addition, the Bank completed 30 renovation projects and seven branch relocations, all adopting the official brand look. By the end of 2025, PNB's domestic branch network stood at 635 branches. To supplement branch services, the Bank-on-Wheels continued its deployment across Metro Manila and nearby areas in Luzon, serving over 30 communities—a service sustained since the pandemic.

The Bank's ATM and Cash Accept Machine (CAM) fleet reached 1,730 units, an increase of 15 units year-on-year. As part of RBS' initiatives, the Bank plans to acquire 100 new machines in 2026 to make services more accessible to clients, particularly in high-foot-traffic areas within Metro Manila and key cities.

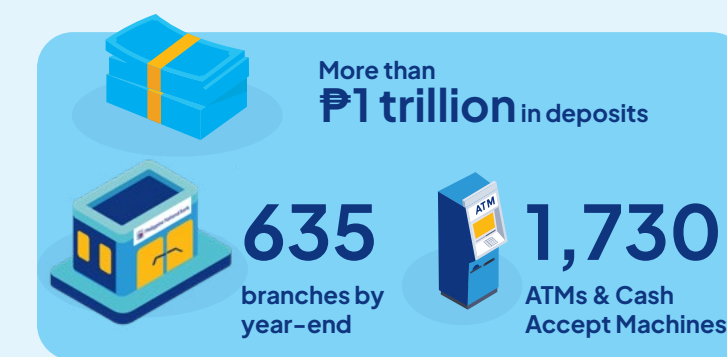
The Bank further accelerated its digital transformation with the continued rollout of the Mobile Account Application (MAA), launched in January 2025. Designed for ease and convenience, the platform empowers both new and existing clients to open a savings account anytime, anywhere—right from their mobile devices—without the need to visit a branch. With a secure, fully paperless, and streamlined onboarding experience, MAA delivers fast approvals and seamless access to essential banking services. By year-end 2025, the application had attracted strong customer



adoption, particularly from new-to-bank clients, and contributed substantially to deposit growth. This momentum underscores the Bank's success in expanding its customer base while strengthening its portfolio of low-cost deposits.

In March 2025, BBG launched the Top Booster 2 promotion to expand its low-cost CASA deposits in pesos. Account holders with incremental year-to-date average daily balances maintained for one year from enrollment became eligible for cash credits based on tiered deposit levels. The campaign generated strong participation and contributed significantly to BBG's deposit growth during the year.

Looking ahead to 2026, the Group will focus on advancing branch modernization and digitalization initiatives. It aims to strengthen all branches with a digitally adept workforce, further enhance customer experience through the rollout of self-service kiosks for one-touch transaction inputs, and upgrade select branches with improved facilities to create a modern, one-stop shop for clients. These initiatives reinforce PNB's strong commitment to innovation and delivering superior service to its customers.



Mortgage and Auto Lending

Making Aspirations a Reality

2025 was a milestone year for the Mortgage and Auto Lending Group, marked by strong portfolio growth and enhanced access to financing solutions that support customers in achieving their homeownership and mobility aspirations. Total loan portfolio expanded, driven by sustained demand for mortgage and contract-to-sell (CTS) financing, alongside continued growth in auto loans.

Building on its commitment to broaden access, the group strengthened its distribution channels through partnerships with leading property developers and car dealerships. These collaborations enabled the Bank to meet clients at key decision points—making financing more accessible, convenient, and seamlessly integrated into the homebuying and vehicle acquisition journey.

The group also deepened collaboration with Institutional Banking Sector (IBS) partners to establish CTS financing lines and corporate auto fleet lines, expanding its pipeline and allowing the Bank to serve a wider range of clients—from individual borrowers to corporate customers. This integrated approach enhances the Bank's ability to deliver tailored financing solutions that address diverse client needs.



A key focus for the year was improving turnaround time to elevate the overall customer experience. Through the implementation of targeted quick-win initiatives, processing time for conditional approvals was significantly reduced from 48 hours to just four hours. This substantial improvement enables faster credit decisions, allowing clients to move forward with greater speed and confidence.

The impact of these initiatives was immediately reflected in production, with new bookings reaching the highest level since inception. These results underscore the effectiveness of the group's strategy in enhancing responsiveness, strengthening partnerships, and delivering meaningful value to clients.

Through sustained innovation, stronger partnerships, and a clear focus on customer experience, PNB, through its Mortgage and Auto Lending Group, remains well-positioned to support more Filipinos in turning their aspirations into reality.



Cards and Financial Solutions

Elevating Customer Value Through Seamless Payments

2025 marked a year of sustained growth for the Cards and Financial Solutions Group, driven by customer-centric strategies and continued product innovation.

The Group's progress was supported by initiatives aimed at deepening relationships with high-value clients, enhancing product offerings through curated lifestyle privileges, and providing flexible installment solutions.

Performance was further bolstered by the continued strengthening of the PNB-PAL Mabuhay Miles portfolio, anchored on targeted acquisition strategies, enhanced value propositions, and deeper engagement with high-value customers. The portfolio maintained strong spend performance and reinforced its position in the travel and premium segments.

To further strengthen its product suite and broaden market reach, the Group launched the PNB Cashback Titanium Mastercard, designed to cater to the everyday spending needs of the emerging mass affluent segment. The product offers relevant cashback benefits across key spending categories.

Operationally, the Group continued to streamline processes and enhance service delivery through digital initiatives and improved fulfillment capabilities. Enhancements in application processing, servicing, and customer touchpoints contributed to more efficient service delivery and a more seamless customer experience.

The Cards business remains well-positioned to sustain its growth momentum. With a disciplined approach to portfolio and cost management, and a strong focus on innovation and customer value, the Group is set to further strengthen its contribution to the Bank's overall performance.



International Banking and Remittance

Extending Global Reach, Empowering Filipinos Worldwide

PNB continues to strengthen its global presence by delivering accessible and relevant financial solutions to Filipinos wherever they are in the world. Through the International Banking and Remittance Group (IBRG), the Bank leverages its extensive international network—comprising 67 overseas offices and 106 agents and tie-up partners across Asia, Europe, the Middle East, and North America—to connect clients to essential banking services and opportunities beyond borders.

Remittances remained at the core of the Bank's overseas operations, complemented by the continued growth of the OPHL housing loan program for foreigners and immigrants. IBRG further expanded its reach through digital innovations, including Mobile Account Facilitation via the PNB Digital app for clients in Hong Kong, Singapore, and Japan, and PNB e-Send in the USA. These initiatives, alongside strengthened partnerships with manning agencies and remittance providers such as Smiles in Japan, enhance accessibility and convenience for Filipinos overseas—making it easier to manage finances and support their families back home.

In 2025, IBRG reinforced its Global Filipino brand by actively collaborating with OFW-related organizations and institutions worldwide, promoting financial education, community engagement, and strategic partnerships. Key initiatives included PNB's participation in the 30th National Maritime Week; PNB Singapore's involvement in migrant



worker and caregiving events; the launch of the OWWA satellite desk and the PNB Global Hong Kong promo for OWWA members; and property roadshows and financial literacy sessions led by PNB Europe, PNB New York, and PNB Los Angeles. These efforts were further supported by the Miles to Home promo with Philippine Airlines and expanded partnerships with manning agencies and remittance providers—underscoring PNB's commitment to empowering overseas Filipinos with access to welfare programs, financial security, and homeownership opportunities.

In 2026, the Group will continue to expand its international presence through strategic partnerships, innovative technologies, and relevant initiatives. Through IBRG, PNB remains committed to serving as a trusted financial partner—supporting the evolving needs, communities, and long-term aspirations of Global Filipinos.



Institutional Banking

Strengthening Partnerships, Enabling Sustainable Growth

The Institutional Banking Sector (IBS) continues to play a pivotal role in supporting clients as they navigate an evolving economic landscape, delivering relevant financing solutions and deepening relationships across key industries. Guided by PNB's Vision and Mission, the sector remains focused on enabling business growth, strengthening client partnerships, and contributing to broader economic development.

The Corporate Banking Group (CBG) and Commercial Banking Group (COMMBG) remain partners in nation-building by successfully delivering landmark deals and timely financing solutions through a comprehensive suite of products.

The Cash Management Division (CMD) plays a critical role in supporting both CBG and COMMBG by strengthening transaction banking capabilities and integrating the Bank into clients' business ecosystems.

For 2025, IBS strengthened its portfolio through a holistic relationship banking approach by maximizing synergies with other business units to capture clients' ecosystems, boost deposit generation, and capitalize on growth opportunities. COMMBG focused on continued capacity building through infrastructure expansion, including the establishment of satellite offices, particularly in provincial areas, to broaden market reach and deepen relationships with middle-market and SME clients in priority industries. CBG demonstrated its firm commitment to promoting sustainable economic



progress with strong support for renewable energy and infrastructure projects in line with the Bank's Environmental, Social, and Governance (ESG) initiatives. CMD complemented these efforts by providing scalable collection, disbursement, and payroll solutions that enhance operational efficiency and deepen engagement across corporate, middle-market, and SME segments.

Looking ahead, IBS will advance its digital and operational capabilities by pursuing automation and digitization initiatives that streamline processes and improve efficiency while supporting continued growth in its customer base. By leveraging value chain-centric solutions, ESG-aligned programs, and technology-driven advancements, the sector remains committed to delivering responsive, end-to-end solutions—further strengthening its position as a trusted partner and reinforcing PNB's role as a preferred financial partner for its clients.



Committed to supporting national progress

Solid support for middle markets & SMEs

Global Banking and Markets

Supporting Growth and Investment Priorities

The Global Banking and Markets Sector (GBMS) manages the Bank’s liquidity and funding needs while carrying out financial market transactions, including fixed income, foreign exchange, and derivatives, and providing hedging solutions for clients. It strategically identifies opportunities in the capital markets and invests excess funds in high-quality, longer-term assets, particularly in a lower interest rate environment. Serving corporates, financial institutions, and individual clients, GBMS also strengthens the Bank’s wealth management offering by providing access to financial markets, innovative investment solutions, and tailored strategies—helping clients build and preserve wealth over the long term.

Global Markets Group

The Global Markets Group (GMG) continues to deliver holistic and relevant banking solutions while proactively managing risk and optimizing the Bank’s balance sheet. Backed by deep market expertise and a robust internal control framework, the Group guided both internal and external clients through the 2025 financial market landscape, providing technical and operational support while maintaining prudent risk management.

Working closely with internal stakeholders, GMG led the successful launch of the Bank’s multi-tranche ASEAN Sustainability Bond in December 2025, which was met with strong demand from institutional and retail investors and was 5.2 times oversubscribed.

GMG’s three revenue-generating divisions contributed significantly to its performance:

The **Trading Division** continued to deliver consistent and sustainable results by adapting to emerging opportunities, developing relevant client solutions, and executing disciplined trading strategies. As 2025 ushered in a global easing cycle, the Division capitalized on market



opportunities through high-conviction positions in fixed income, foreign exchange, and derivatives—transforming volatility into sustained performance anchored on disciplined risk management and diversified strategies. It maintained its leadership in key markets, solidifying its position as one of the top market makers in fixed income and foreign exchange, while providing liquidity and competitive pricing to internal and external counterparties. The Division also plays a critical role in supporting the Sector’s expanding Wealth Management offerings through competitive pricing and market analytics, ensuring seamless product support from ideation to execution.

The **Asset and Liability Management Division (ALMD)** plays a key role in safeguarding the Bank’s balance sheet by proactively managing liquidity and interest rate risks amid evolving market and regulatory conditions. It maintains robust liquidity buffers to meet internal and regulatory requirements, optimizes the High-Quality Liquid Assets (HQLA) portfolio for improved yield while preserving liquidity, and sustains active participation in wholesale markets to diversify funding sources and achieve optimal maturity profiles. In close coordination

with business, finance, and risk units, ALMD supports the Bank’s growth strategy, including liability management initiatives that contributed to the successful issuance of the PNB ASEAN Sustainability Bonds.

The **Global Markets Sales Division** serves as the marketing and sales arm of GMG, delivering best execution in fixed income, foreign exchange, and hedging solutions to corporates, financial institutions, and branch-referred clients. During the period, the Division conducted marketing calls and provincial visits in coordination with various Bank units, established satellite offices to bring services closer to clients, and organized economic briefings to provide timely market insights. With an expanded sales force, it accelerated client onboarding and achieved growth in forward and hedging solutions, enabling clients to effectively manage market risks. In line with the Bank’s digital transformation initiatives, branches now access competitive foreign exchange rates through PNB Digital Foreign Exchange (D-FX). The Division also continues to serve as the brokering arm for fixed income products for institutional clients, with PNB consistently ranked among the Top 3 PDEX Brokering Participants.

In 2026, GMG will continue to support PNB’s aspiration to be among the top three banks in customer growth and satisfaction by anticipating client needs and delivering relevant hedging solutions. The Group will drive financial performance while promoting efficiency, innovation, sustainability, and financial inclusion, contributing to nation-building.

Wealth Management Group

The Wealth Management Group (WMG) serves as PNB’s premier investment distribution arm, delivering comprehensive solutions to high-net-worth individuals, retail investors, and non-financial corporates. It is guided by a singular purpose: to help clients grow, manage, and preserve their wealth through tailored investment strategies and enduring relationships.

In 2025, WMG strengthened its value proposition by enhancing its suite of investment products, estate planning services, and alternative strategies, enabling clients to protect, grow, and transition their wealth with confidence. In response to shifting investor preferences amid policy rate adjustments by the Bangko Sentral ng Pilipinas, WMG introduced timely solutions such as USD-denominated structured notes (enabled by its Type 4 Special Broker License), foreign exchange forward contracts and asset swaps for currency risk hedging, sustainable investment options including Green Bonds and the Global Sustainability Equity Fund, and tailored estate planning services. These offerings are curated by the Wealth Solutions Department, which develops dynamic investment ideas and portfolio strategies aligned with evolving market conditions and client risk profiles.

The PNB Research Division, under the Office of the Chief Financial Officer, plays a critical role in delivering market intelligence and strategic guidance to clients and advisors. In 2025, PNB was named Best Bank for Investment Research in the Philippines at the Euromoney Private



Strong balance sheet



Sound investment strategies



Banking Awards—its fifth consecutive win since 2021. To support its financial literacy advocacy, WMG’s Investment Distribution Division, in collaboration with the Research Division, conducted 19 market briefings nationwide to empower clients to make informed decisions.

At the forefront of WMG’s premium offerings is PNB Private Banking, the Bank’s flagship platform for high-net-worth clients. It provides personalized portfolio management, goal-based advisory, consolidated portfolio access, residency-by-investment solutions, estate planning and succession tools, and exclusive partnerships such as its collaboration with Allianz PNB Life for protection and legacy planning.

In line with its vision to elevate the client experience, PNB Private Banking is establishing dedicated Private Banking Centers in key locations nationwide, beginning

with its flagship hub at the Makati-Allied Bank Branch and expanding to BGC, Greenhills, Pampanga, Cebu, Cagayan de Oro, and Davao. These centers are designed to deliver confidential, relationship-based service in a premium setting.

WMG is also expanding PNB’s global footprint by integrating investment services into its Singapore and Hong Kong branches, enabling qualified Philippine-based investors to access global markets seamlessly without separate onboarding or higher investment thresholds.

Looking ahead, WMG will leverage artificial intelligence to enhance portfolio analysis and enable Relationship Managers to provide real-time, personalized recommendations—making client interactions more insightful, responsive, and relevant.

Trust Banking

Enhancing Investment Solutions, Broadening Client Access

The Trust Banking Group (TBG) closed 2025 with ₱226.30 billion in assets under management, representing an 18.74% increase from ₱190.59 billion in 2024. This growth was driven by the continued expansion of individual Investment Management Accounts (IMA) and Corporate Fiduciary Accounts, reinforcing the group’s sustained growth momentum and its ability to meet evolving client investment needs.

Digital innovation remained a key growth enabler. The launch of PNB UITF Online via the PNB Digital mobile app significantly enhanced client access, leading to increased account activity and transaction volumes. This reflects growing client adoption of the platform and underscores the Bank’s commitment to delivering seamless, secure, and convenient digital investment solutions.

Investment performance and expertise continued to earn industry recognition. For the second consecutive year, The Asset named PNB among the Top Investment Houses in the country. The group also achieved notable individual distinctions. In addition, the PNB Profit Peso Bond Fund was awarded Best Peso Intermediate-Term Bond Fund by the CFA Society of the Philippines, affirming its appeal to moderate-risk investors.

TBG further strengthened investor engagement through nationwide financial wellness initiatives and investment forums. In July 2025, the group participated for the second consecutive year as an exhibitor in the BSP Economic and Financial Learning Program, reinforcing its commitment to promoting financial literacy.

Looking ahead to 2026, TBG will continue to expand its UITF business, broaden global investment offerings, enhance digital platforms, and deepen institutional market penetration—further strengthening its role as a trusted partner in helping clients grow and manage their investments.





Digital Channel Management and Innovation

Advancing Simple, Smart, and Secure Banking

GRI 3-3

Digital transformation and emerging technologies continued to shape the Bank's strategic direction, guided by its mission to enrich customer growth and satisfaction. To deliver effortless, secure, and meaningful digital experiences, the Bank strengthened its platforms, modernized its infrastructure, and enhanced customer engagement worldwide.

At the center of these efforts is the Bank's flagship mobile banking platform, PNB Digital, which continues to play a pivotal role in delivering convenient and secure digital banking services. The app expanded its suite of capabilities, enabling customers to seamlessly manage their financial needs—from account inquiries to payments, fund transfers, and investments—within a single, user-friendly platform. The Bank introduced several enhancements to further improve convenience and security. These include advanced credit card management tools such as View PIN and Card Lock/Unlock, which give users greater control over card security; expanded real-time biller posting, with major partners such as AutoSweep, Meralco, and Smart supporting instant payment updates; Mobile Account Application for both domestic customers and select overseas markets, allowing customers to open deposit accounts anytime and anywhere; and Transfer Device via QR, enabling customers to switch their PNB Digital access to another mobile device without visiting a branch.

These upgrades strengthened customer adoption and platform reliability. PNB Digital recorded 26% user growth, increased total transaction count by 16%, and maintained a 99.7% uptime, underscoring the platform's stability and performance. Its service excellence was recognized internationally, earning the "Best Mobile Banking Experience" award from International Business Magazine, reaffirming PNB's position as a leader in digital banking innovation.

Complementing these innovations is the Bank's sustained customer awareness and education program aimed at promoting safe and responsible digital banking. Through



in-app notifications, social media campaigns, SMS and email reminders, face-to-face seminars, and website advisories, the Bank equips customers with practical cybersecurity knowledge and promotes best practices for secure online financial transactions. These initiatives highlight the Bank's role not only as a provider of digital services but also as an advocate of responsible digital behavior.

The Bank strengthened its international digital footprint to ensure that Global Filipinos have convenient and secure ways to manage their finances wherever they are. A key milestone during the year was the rollout of the upgraded PNB e-Send platform—formerly PNB Web Remit RCI—which modernized the Bank's web-based remittance services. Featuring a refreshed interface, intuitive navigation, and improved processing capabilities, the upgraded platform delivers a smoother and more engaging experience for customers across select U.S. states.



Ensuring customer safety across all digital platforms and maintaining customer trust remain core priorities. During the year, the Bank deployed an Enterprise Fraud Management System (EFMS) in the PNB Singapore App, significantly improving its ability to detect, monitor, and block unauthorized transactions while delivering real-time protection and reinforcing its commitment to secure digital banking.

Meanwhile, the PNB Singapore Remittance App introduced the soft token feature and email one-time password (OTP) authentication, providing an additional layer of protection while enabling a more seamless verification experience for cross-border transactions.

The Bank began its journey toward artificial intelligence (AI) adoption with the integration of Microsoft 365 Copilot across business units. This initiative supports workflow optimization, enhances data-driven decision-making, and improves productivity by enabling teams to automate routine tasks and focus on higher-value activities.



Across both mobile and web platforms, the Bank's digital initiatives reflect a sustained investment in strengthening capabilities, improving service quality, and delivering customer-centric banking.

Looking ahead to 2026, the Bank will continue expanding its digital touchpoints, enhancing platform capabilities, and introducing new services designed to simplify and enrich customer experiences. By further leveraging AI, automation, and modernized infrastructure, the Bank aims to elevate service quality, security, and convenience—bringing it closer to its vision of making every interaction seamless, every transaction secure, and every customer experience more rewarding.

Learn more about PNB's digital transformation journey in the Sustainability Report section of this annual report.





Message from the Board Audit and Compliance Committee Chairperson



JUDITH V. LOPEZ
Independent Director

The Board Audit and Compliance Committee (BACC or the Committee) remains a cornerstone of the governance framework of Philippine National Bank (PNB). BACC's mandate is to provide independent assurance over the integrity of financial reporting, the robustness of internal controls, the effectiveness of risk management systems, and the adequacy of the internal and external audit functions, as well as the Bank's compliance framework. The Committee does this not merely as a compliance exercise, but as a vital function to protect the interests of PNB's shareholders and the stability of the Bank. These responsibilities are carried out in accordance with the Committee's Board-approved Charter, which is periodically reviewed to ensure alignment with evolving regulatory requirements and recognized best practices and is available on the Bank's website.

Enhancements were made to clarify the Committee's role in the review of the Bank's periodic financial statements prior to Board approval and regulatory submission, reinforcing disciplined and transparent financial reporting. The Committee also formalized the conduct of executive sessions with the external auditors, without Management present, with two executive sessions held in 2025 to enable candid and independent discussions on audit matters and key control issues.

As a key oversight committee, the BACC is composed of eight highly qualified Non-Executive Directors, five of whom are Independent Directors. Collectively, the members bring deep expertise in accounting, auditing, financial management, risk, and banking, as well as a diversity of perspectives that enrich the Committee's deliberations.

In 2025, the Committee convened 37 meetings: 24 regular meetings, 3 special meetings, and 10 joint meetings with the BSPC.

In overseeing financial reporting, the Committee reviewed the periodic and annual financial statements and engaged in rigorous dialogue with Management and the External Auditor regarding accounting policies, significant estimates, and Key Audit Matters. By critically evaluating Management's judgments, the Committee ensured that the annual financial statements provide a fair and transparent view of PNB's financial position and operating results. It also evaluated Management's responses to audit findings prior to endorsing the financial statements to the Board for approval.

Consistent with its mandate, the Committee ensures that the Bank's financial, operational, and compliance controls, as well as its risk management systems, are reviewed regularly, and at least annually. The BACC actively oversees and monitors the effectiveness of the Bank's internal control framework, including controls over fraud risk management, anti-money laundering and counter-terrorism financing, information security and cybersecurity, business continuity, and technology-enabled processes. Based on the reviews undertaken, the Committee is satisfied that these controls are adequate and effective and are being further strengthened in response to evolving risks.

Oversight of the Internal Audit function remained a key focus. The Committee approved the 2025 annual risk-based Internal Audit Plan; monitored its completion and the resolution of key audit findings; and assessed the independence, performance, and adequacy of resources of the Internal Audit Group (IAG). In 2025, the IAG transformed its audit activities in line with the new Global Internal Audit Standards (GIAS) by enhancing its methodologies, tools, and staff competencies, and amending its Internal Audit Charter and Audit Manual to embed the requirements of GIAS in its practices. In support of the Bank's digital transformation agenda, the Committee also oversaw the Internal Audit's initiatives to strengthen audit readiness for emerging technologies and data-driven processes.

The IAG also implemented, in late 2025, the integrated GRC Audit Management System (AMS) to enhance the efficiency, consistency, and effectiveness of the internal audit function. The system automates the end-to-end audit lifecycle, from risk assessment and audit planning to execution, reporting, and follow-up, enabling risk-focused audit coverage, optimized resource utilization, standardized electronic workpapers, and streamlined issue remediation. With real-time dashboards and automated reporting, the GRC AMS provides the IAG and

the BACC with timely, accurate, and actionable insights on audit results and the status of key issues, while its centralized repository for policies, standards, and audit programs strengthens compliance, audit quality, and governance oversight. The Committee provided strong support in the implementation of the GRC AMS.

Compliance risk management remained integral to the Bank's governance framework, with the Global Compliance Group (GCG), under the leadership of the Chief Compliance Officer (CCO), overseeing the timely identification, monitoring, and mitigation of compliance risks. The enterprise-wide Compliance Program continued to define the GCG's mandate and authority, promote adherence to applicable laws and regulations, and support the safety and soundness of operations across all the Bank's domestic and foreign units, subject to host-country requirements. The Committee noted that the compliance framework remained effective during the year, with no significant deviations. Independent oversight was reinforced through the CCO's direct reporting line to the BACC, complemented by sustained regulatory awareness initiatives, including targeted training, advisories, and infographics. In 2025, oversight of overseas branches and subsidiaries was further strengthened through the annual international virtual compliance conference and quality assurance reviews, reinforcing consistent Group-wide standards.

The Bank also enhanced its AML/CTPF framework in line with its commitment to financial system integrity. The completion of the 2025 AML/CTPF Institutional Risk Assessment provided a forward-looking, enterprise-wide view of financial crime risks and guided targeted improvements to controls, monitoring, and resource allocation. Transaction monitoring capabilities were further strengthened to meet regulatory expectations, including compliance with GoTRACS, supported by continuous system optimization. The Bank enhanced transaction screening by integrating remittance platforms with a global risk intelligence solution for sanctions, PEPs, and adverse media screening, while further improving its risk-based, automated Customer Due Diligence and ongoing monitoring processes. In response to recent regulatory developments, including BSP Circular Nos. 1218 and 1230, controls over large-value cash transactions were strengthened, non-cash channels were promoted, and enhanced due diligence measures were implemented to improve transparency and mitigate money laundering and corruption risks.

The IAG and the GCG continued to integrate environmental, social, and governance (ESG) considerations into the Group's control and risk management processes. The BACC, in coordination with the Governance and Sustainability Committee, will oversee the integrity of processes and controls underpinning the Bank's sustainability- and climate-related disclosures under IFRS S1 and IFRS S2, with January 2026 effectivity. The IAG will support

this effort by providing independent assurance on the effectiveness of controls and the reliability of sustainability reporting.

In fulfilling its mandate to establish and oversee the Bank's whistleblowing framework, the BACC ensured that reporting channels and investigation processes remained sound, independent, and effective.

The BACC oversaw the selection, appointment, and performance of the External Auditor through a structured and independent process. It reviewed the External Auditor's 2025 audit plan to ensure alignment of audit scope with key risk areas and to confirm the timely completion of audit activities in support of PNB's reporting requirements and those of its parent company. The Committee also evaluated the engagement terms and fees and monitored compliance with policies on non-audit services to safeguard auditor independence. The Committee's oversight of the external audit continues to help ensure the integrity and quality of the Bank's financial reporting.

The Committee also conducted its annual self-assessment to evaluate its effectiveness in fulfilling its oversight responsibilities. This provided a structured opportunity to reflect on its performance and identify areas for further improvement, with the aim of strengthening its overall effectiveness and governance practices.

Amid a challenging economic environment, a rapidly evolving risk landscape shaped by geopolitical developments, and the Bank's accelerating digital transformation in the age of Artificial Intelligence (AI), the BACC remains steadfast in its commitment to disciplined oversight and sound governance. The Committee will continue to uphold the integrity of financial reporting, promote a strong control environment, and support the Bank's prudent and responsible pursuit of innovation, in close alignment with heightened regulatory expectations.

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JUDITH V. LOPEZ

Board Audit and Compliance Committee Chairperson



Message from the Board IT Governance Committee Chairperson



ISABELITA M. PAPA
Lead Independent Director

The Board IT Governance Committee (BITGC), established by the Board of Directors on April 10, 2014, assists the Board in exercising effective oversight over the Bank's information technology strategies, policies, expenditures, and major programs, as presented by the Information Technology Group (ITG) in support of the Bank's strategic objectives.

In 2025, the BITGC, composed of eight directors, one non-voting member and one board advisor, convened 12 regular monthly meetings conducted via Microsoft Teams. Discussion points covered regulatory compliance, approvals and notations for IT-related capital and operational expenditures, monitoring of strategic IT projects, IT risk management concerns raised at the Risk Oversight Committee (ROC) and the Board Audit and Compliance Committee (BACC), and IT budget utilization.

Two major projects undertaken by ITG to address technology obsolescence included: (1) the Connex-to-IST ATM Switch Replacement Project in March 2025; and (2) Systematics z/ VSE to z/OS Core Banking Upgrade Project in August 2025. These projects focused on modernizing critical core systems to make them more resilient, scalable, stable, and secure to provide consistent, reliable, and robust transactional performance. Other completed projects included: (3) IP PBX Project, which replaced the Bank's 1980s Nortel Meridian PABX, in April 2025; (4) Collateral and Limits Management System (CLMS) delivered in May 2025; and (5) Related Party Transactions Database System completed in June 2025.

For the Bank's mobile banking application projects, ITG's collaboration with Digital Channel Management and Innovation Group (DCMIG) delivered the following: (1)

runtime application self-protection (RASP) security solution in November 2025; (2) a mobile-responsive PNB Japan web remittance app, launched in time for Tokyo's Filipino Festival in November 2025; and (3) Tricentis Tosca automated software functional testing by January 2026.

In the area of business continuity and disaster recovery, ITG completed a broad set of IT infrastructure improvements focused on operational resiliency and strengthening cybersecurity. Key accomplishments included: (1) deployment of network access control (NAC) and virtual private network (VPN) solutions; (2) replacement of end-of-life firewalls across the Head Office, disaster recovery sites, and overseas offices; and (3) implementation of a comprehensive data protection, cyber recovery, and cyber resiliency solution. These initiatives will secure and strengthen the Bank's IT perimeter defenses and data protection, limit unauthorized user access, and improve system availability and recovery times.

The BITGC recognized and supported IT-driven initiatives that contributed meaningfully to the Bank's sustainability program. These included the responsible reuse and donation of refurbished IT assets to educational institutions and community partners, advancing digital inclusion while promoting environmental stewardship through reduced electronic waste. In 2025, ITG donated refurbished IT equipment to Sta. Teresita's Academy of Aritao, Inc., enabling students to access digital learning tools. It also provided two printers to BYSMP – Bless the Children Foundation to support its educational and administrative needs. These efforts reflect the Bank's ongoing commitment to bridging the digital divide through the sustainable reuse of IT resources.

The achievements realized in 2025 are a testament to the strong collaboration, leadership, and shared commitment of the Bank's President and Management Committee, the dedicated members of the Information Technology Group, and our valued technology partners. As the Bank continues to navigate an increasingly complex digital and a challenging cybersecurity landscape, the BITGC remains committed to supporting sustainable growth and long-term stakeholder value through disciplined oversight of the Bank's technology initiatives.

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ISABELITA M. PAPA
Board IT Governance Committee Chairperson

Message from the Board Oversight RPT Committee Chairperson



MARCIA T. UY
Independent Director

The Bank's commitment to integrity, transparency, fairness, and prudent risk management remains steadfast. The Board Oversight Related Party Transactions Committee (BORC) plays a critical role in safeguarding these principles by ensuring that all related party transactions (RPTs) are conducted strictly on an arm's-length basis and in the best interest of the Bank and its stakeholders.

The BORC oversees the implementation of the Bank's RPT Framework and Policy Guidelines and recommends revisions to the Board of Directors to ensure full alignment with applicable laws, rules, regulations, and recognized governance standards and best practices. The Framework is supported by five key pillars: (1) clear oversight by the Board and Senior Management; (2) up-to-date, Board-approved policies and procedures; (3) enterprise-wide RPT training programs; (4) robust management information system (MIS) reporting; and (5) effective monitoring and assessment mechanisms.

The Committee ensures, among others, that:

- Conflicts of interest are proactively identified, disclosed, and appropriately managed;
- Related party exposures remain within regulatory and internal prudential limits;
- Transactions are supported by objective benchmarking and comparability analyses;
- Material RPTs undergo rigorous review, including assessment of pricing fairness, risk concentration, and impact on the Bank's capital position;

- Conflicted directors abstain from deliberation and voting; recusals are recorded in the minutes, and no undue influence is permitted in the approval process.

Its mandate is anchored in the protection of stakeholders, preservation of capital, and prevention of undue influence or preferential treatment arising from related party relationships.

The Committee operates pursuant to the BORC Charter, which authorizes it to review and recommend material RPTs for Board approval. The Bank engages in various types of RPTs—including lending and credit accommodations, lease agreements, service arrangements, and investments—and the BORC conducts a comprehensive and independent review of these to assess potential governance and prudential risks, such as conflicts of interest, credit and concentration risks, and reputational and regulatory risks. In evaluating each proposal, the Committee considers the nature of the relationship, the transaction's terms and value, available alternatives, and the overall benefit to the Bank. All RPTs are assessed holistically and evaluated using standards consistent with those applied to non-related party transactions to ensure full alignment with the Bank's risk appetite and governance expectations.

In 2025, the Committee held a total of 15 meetings: 12 regular and three special sessions, during which it extensively reviewed at least 90 proposals from various Bank units. Where necessary, proposals were modified to strengthen pricing, risk mitigants, or structural safeguards.

A major accomplishment during the year was the successful completion and submission of the Bank's Conglomerate Structure Report. This initiative involved the comprehensive identification and mapping of the Bank's related parties within the conglomerate structure, including entities beyond the immediate banking group. The exercise enhanced organizational transparency, improved the accuracy of related party identification, and strengthened the Bank's ability to manage group-wide related party risks more effectively.



To further strengthen controls, Compliance Bulletins were issued to reinforce adherence to the arm's-length principle and established approval requirements. An enhanced BORC Memorandum Template for material RPT submissions was also introduced. The updated template includes expanded comparator tables outlining the minimum relevant parameters and evaluation factors based on transaction type to guide the business units. Additionally, reminders on RPT approval requirements and guidance on assessing arm's-length compliance during the RPT vetting process were disseminated.

Another milestone in 2025 was the deployment of the Related Party and Related Party Transactions Database System, reinforcing the Bank's broader automation and governance initiatives. The system serves as a centralized repository of related parties and RPTs, integrating data from multiple source systems while enabling direct data entry and streamlined report generation. It facilitates the preparation of the Bank's Material RPT Report for regulatory submission. The system likewise supports efficient related party identification and RPT reporting starting in the third quarter of the year.

Recognizing that effective RPT risk management requires collective responsibility, the Bank continues to foster a strong compliance culture. Targeted RPT training sessions were conducted under the Bank's Compliance Training Courses Plan to deepen awareness of related party risks and regulatory obligations, focusing on DOSRI regulations, arm's-length standards, documentation requirements, use of the Related Party Database, and accountability across business units.

For 2026, the Bank remains firmly committed to upholding the highest standards of corporate governance and ethical conduct. The BORC shall continue to exercise rigorous, independent, and principled oversight through strengthened analytics and continuous enhancement of benchmarking methodologies to reinforce arm's-length compliance. Through disciplined governance and proactive risk management, we will ensure that related party transactions are managed with prudence, transparency, and an unwavering focus on the best interests of the Bank and its stakeholders.

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MARCIAT T. UY
Board Oversight RPT Committee Chairperson

Message from the Board Strategy and Policy Committee Chairman



EUSEBIO V. TAN
Director

The Board Strategy and Policy Committee ("BSPC" or "the Committee"), composed of professionals with diverse and extensive expertise and experience in the fields of banking and finance, economics, law, and regulatory governance, plays a vital role in supporting the Board of Directors in shaping the Bank's strategic direction and ensuring that its policies, plans, and initiatives remain aligned with the Bank's long-term objectives, sound risk management, and regulatory expectations.

In accordance with its Charter, the BSPC provides oversight over the review, evaluation, and endorsement of key policies, procedures, and manuals governing the Bank's products and services. This includes the assessment of new products, enhancements to existing offerings, and related marketing programs, ensuring that these initiatives are consistent with the Bank's strategic priorities and risk appetite.

The Committee is also responsible for evaluating and endorsing the Bank's annual strategic plans, forecasts, and budget for Board approval. Through careful review and deliberation, the BSPC ensures that management's proposed strategies and financial plans are coherent, forward-looking, and supportive of sustainable growth.

As part of its regular oversight functions, the BSPC reviews the Bank's monthly financial performance and business models to assess alignment with approved strategies and business plans. These reviews enable the Committee to monitor performance trends, identify emerging risks and opportunities, and provide timely strategic guidance to management.

Capital planning and financial resilience remain key focus areas of the Committee. The BSPC reviews and endorses the Bank's capital planning framework, risk assessment processes, and related policies, including oversight of the adoption and implementation of the Board-approved Internal Capital Adequacy Assessment Process (ICAAP). In addition, the BSPC reviews, on an annual basis, the Bank's capital and debt structure to ensure that these remain compatible with its strategic goals and risk appetite. The Committee also evaluates requests for capital allocation, corporate guarantees, and business propositions involving the parent company, with due regard for the Bank's capital position and risk profile.

The BSPC likewise exercises oversight over the Bank's domestic and foreign offices and subsidiaries by reviewing their strategic objectives, business plans, performance, and compliance with regulatory requirements. This ensures that group-wide strategies are consistently implemented and remain responsive to evolving market and economic conditions.

In carrying out its mandate, the BSPC ensures that strategic plans and policies endorsed to the Board take into account the Bank's sustainability financing principles and comply with the Sustainability Financing Framework, relevant internal policies, and applicable regulatory issuances.

As the financial landscape continues to evolve, the BSPC remains committed to upholding strong governance and strategic discipline. Through close engagement with management and the Board, the Committee will continue to support the Bank in achieving sustainable growth, resilience, and long-term value for its stakeholders.

(Original Signed)

EUSEBIO V. TAN
Board Strategy and Policy Committee Chairman



Message from the Trust Committee Chairperson



SHEILA T. PASCUAL
Director

Growth and commitment—this is the story of the Trust Banking Group (TBG) for 2025. Our assets under management (AUM) have grown to ₱226.3 billion, marking a new milestone for the trust business. As we reach this achievement, the Trust Committee remains steadfast in prioritizing the interest of clients in all fiduciary activities of the Bank.

We view this growth as a clear affirmation of our clients' trust and confidence in PNB. In line with this responsibility, the Trust Committee held 12 regular meetings in 2025 to approve and adopt relevant, comprehensive, and effective policies and procedures for the prudent handling of client accounts and investments. TBG worked closely with the Enterprise Risk Management Group (ERMG) and the Global Compliance Group (GCG) to ensure that client investments are managed in accordance with their stated objectives and risk profiles.

Notably, in 2025, the Trust Committee approved enhancements to the review of accounts in compliance with BSP Circular No. 1204 – Amendments to the Regulations on the Periodic Review of Trust, Investment Management, and Other Fiduciary Accounts. This ensures that trust accounts undergo regular administrative and investment reviews.

During its meetings, the Trust Committee also approved and accredited various investment outlets to address the diverse investment needs of clients. In addition, risk and compliance matters, as well as marketing highlights, were consistently reported to support the Committee's oversight and governance of the trust business.

Recognizing the evolving needs of clients, the Board of Directors approved the expansion of the Trust Committee's composition from six to seven members. To reinforce independence from the Bank proper, the Committee welcomed new members in 2025. The addition of Board Chairman Edgar Cua, Director Cesar Villanueva, and President Edwin R. Bautista brings new expertise and fresh perspectives that strengthen public confidence in the prudent administration of fiduciary functions. Meanwhile, the continued service of Director Wilfrido Sanchez, Director Vivienne K. Tan, and Chief Trust Officer Joy Jasmin R. Santos ensures continuity in initiatives introduced over previous years. Board Advisor Florido Casuela also continues to provide invaluable guidance and support.

To safeguard client interests and investments, fiduciary activities are subject to regular audits performed by the Internal Audit Group, the Global Compliance Group, external auditors, and the Bangko Sentral ng Pilipinas (BSP).

Consistent with our goal of promoting client protection and financial empowerment, the Trust Committee endorsed PNB's participation in Phase 1 of Open Finance for Personal Equity and Retirement Account (PERA). This joint initiative of the BSP and BSP-supervised financial institutions aims to advance financial wellness among Filipinos through a simplified PERA onboarding process. Soon, clients will be able to enroll in PERA via PNB Digital and invest in the PNB PERA Bond Fund for their retirement.

These achievements and initiatives reflect PNB's unwavering commitment to support our clients throughout their investment journey—so that one day, TBG's story becomes our clients' story of financial independence and stability.

Thank you for your continued trust and confidence.

(Original Signed)
SHEILA T. PASCUAL
Trust Committee Chairperson

Message from the Board Overseas Offices Oversight Committee Chairman



EDGAR A. CUA
Director

Formally established on October 27, 2023, the Board Overseas Offices Oversight Committee (BOOOC) continues to fulfill its mandate through monthly meetings focused on overseeing and monitoring operational, legal, and regulatory risks arising from PNB's foreign offices and subsidiaries.

In 2025, the Committee was chaired by PNB Chairman and Director Edgar A. Cua, together with one regular director and three independent directors. The Committee's collective expertise covers organizational, operational, financial, risk management, and technical areas of the banking industry. Over the year, the Committee held 12 regular meetings, during which it reviewed the performance of the Bank's overseas offices and subsidiaries under the International Banking and Remittance Group (IBRG). Proceedings also covered emerging developments in the global financial landscape and initiatives to ensure the Bank's continued competitiveness and relevance to Global Filipinos. In addition, the Committee assessed updates on local and international customer acquisition efforts, marketing initiatives, strategic partnerships, and digital projects or system enhancements that support long-term growth. With

IBRG serving as the primary facilitator and secretariat of the Committee, sessions were attended by key stakeholders and resource units, including the Internal Audit Group (IAG), Global Compliance Group (GCG), Enterprise Risk Management Group (ERMG), Operations Group (OG), Marketing Group (MG), Information Technology Group (ITG), and the Office of the Chief Financial Officer (OCFO).

Key updates cover the following areas:

Audit and Compliance: The 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: The ERMG presents updates on key risk domains, including reputational, operational, credit, liquidity, and interest rate risks, as well as updates on vendor management, data privacy, and information security.

As the international remittance landscape continues to evolve and the Bank advances its digital transformation, the BOOOC remains committed to ensuring that PNB's foreign operations stay competitive, compliant, and strategically positioned to achieve short- and long-term goals, while further enhancing services for Global Filipinos.

(Original Signed)
EDGAR A. CUA
Board Overseas Offices Oversight Committee Chairman

Capital Structure and Adequacy

The Group’s consolidated capital adequacy ratio were 20.12%, 20.10% and 17.70% as of December 31, 2025, 2024, and 2023 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, 2025, 2024, and 2023 (amounts in millions):

	Consolidated			Solo		
	2025	2024	2023	2025	2024	2023
Common Equity Tier 1 (CET1) Capital	230,097	207,245	182,490	225,244	202,695	178,004
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	127,352	107,204	86,524	128,892	108,216	86,964
Other comprehensive income	6,240	3,706	(241)	3,214	1,341	(2,096)
Undivided profits	-	-	-	-	-	-
Minority interest in subsidiary financial allied undertakings which are less than wholly-owned (for consolidated basis)	3,367	3,198	3,070	-	-	-
Regulatory Adjustments to CET1 Capital	48,297	48,157	47,253	66,835	66,225	64,326
Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)	1	-	1	-	-	-
Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries	190	27	61	190	27	61
Deferred tax assets	7,646	7,636	7,257	7,479	7,479	7,032
Goodwill	10,325	10,325	10,362	10,325	10,325	10,362
Other intangible assets	910	1,085	1,302	829	1,008	1,215
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	25,132	24,567	43,718	43,249	41,756
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)	-	-	-	200	186	198
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)	4,093	3,951	3,704	4,093	3,951	3,704
Other equity investments in non-financial allied undertakings and non-allied undertakings	-	-	-	-	-	-
TOTAL COMMON EQUITY TIER 1 CAPITAL	181,800	159,087	135,237	158,409	136,470	113,678

	Consolidated			Solo		
	2025	2024	2023	2025	2024	2023
Additional Tier 1 Capital (AT1)	-	-	-	-	-	-

	Consolidated			Solo		
	2025	2024	2023	2025	2024	2023
TOTAL TIER 1 CAPITAL	181,800	159,087	135,237	158,409	136,470	113,678
Tier 2 (T2) Capital	7,694	7,345	6,822	7,379	7,130	6,601
Appraisal increment reserve – bank premises, as authorized by the Monetary Board	-	-	-	-	-	-
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	7,694	7,345	6,822	7,379	7,130	6,601
Regulatory Adjustments to Tier 2 capital	-	-	-	-	-	-
Total Tier 2 Capital	7,694	7,345	6,822	7,379	7,130	6,601
TOTAL QUALIFYING CAPITAL	189,494	166,433	142,059	165,788	143,600	120,280

Risk Weighted Assets

The risk-weighted assets of the Group and Parent as of December 31, 2025, 2024 and 2023 are as follows:

	Consolidated			Solo		
	2025	2024	2023	2025	2024	2023
Total Risk Weighted On-Balance Sheet Assets	747,051	666,376	628,212	724,516	645,172	606,350
Total Risk-Weighted Off-Balance Sheet Assets	78,997	63,320	51,907	78,835	63,050	51,785
Total Counterparty Risk-Weighted Assets in the Banking Book (Derivatives and Repo-style Transactions)	653	2,916	378	653	2,916	378
Total Counterparty Risk-Weighted Assets in the Trading Book (Derivatives and Repo-style Transactions)	1,882	1,907	1,654	1,855	1,877	1,627
Total Risk-Weighted Amount of Credit Linked Notes in the Banking Book	-	-	-	-	-	-
Total Risk-Weighted Securitization Exposures	-	-	-	-	-	-
General loan loss provision [in excess of the amount permitted to be included in Upper Tier 2]	-	1,124	4,036	-	1,201	4,033
Total Credit Risk Weighted Assets	828,583	733,394	678,114	805,859	711,814	656,109
Market Risk Weighted Assets	13,084	5,862	42,037	12,914	5,798	41,630
Operational Risk-Weighted Assets	99,983	88,898	82,355	95,376	84,179	77,400
Total Risk Weighted Assets	941,650	828,154	802,506	914,149	801,791	775,138

Capital Adequacy Ratios

Capital Ratios	Consolidated			Solo		
	2025	2024	2023	2025	2024	2023
CET1 Capital (BASEL III)	19.31%	19.21%	16.85%	17.33%	17.02%	14.67%
Capital Conservation Buffer	13.31%	13.21%	10.85%	11.33%	11.02%	8.67%
Tier 1 capital ratio	19.31%	19.21%	16.85%	17.33%	17.02%	14.67%
Countercyclical Buffer ^{1/}	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Adequacy Ratio	20.12%	20.10%	17.70%	18.14%	17.91%	15.52%

^{1/} Countercyclical capital buffer of 0% subject to approval adjustment to a rate determined by the Monetary Board when systemic conditions warrant but not to exceed 2.5%

ICAAP and Capital Adequacy Ratio Report

The Group’s consolidated Qualifying Capital (QC) as of December 31, 2025 stands at Php189,494 million with a corresponding Capital Adequacy Ratio (CAR) of 20.12%. The current consolidated QC still provides a good and sufficient margin above the minimum regulatory capital requirement of Php94,165 million, 10% of the Group’s Php941,650 million Risk Weighted Assets (RWA).

PNB – Consolidated (in Php Million)	As of date indicated			
	Mar-25	Jun-25	Sep-25	Dec-25
Total Qualifying Capital	168,634	175,010	184,693	189,494
CAR	19.62%	20.14%	20.79%	20.12%
CET 1/Tier 1 Ratio	18.76%	19.28%	19.95%	19.31%
Total RWA – Pillar 1	859,571	869,050	888,384	941,650

Figure 1: PNB Consolidated CAR 2025

Under Solo basis, current QC of Php165,788 million and CAR of 18.14% still has 814 bps leeway above the regulatory capital requirement of Php91,415 million to cover the Ph914,149 million RWA as of December 31, 2025.

PNB – Solo (in Php Million)	As of date indicated			
	Mar-25	Jun-25	Sep-25	Dec-25
Total Qualifying Capital	145,801	152,146	160,967	165,788
CAR	17.43%	18.01%	18.68%	18.14%
CET 1/Tier 1 Ratio	16.57%	17.16%	17.84%	17.33%
Total RWA – Pillar 1	836,546	844,689	861,513	914,149

Figure 2: PNB Solo CAR 2025



Message from the Risk Oversight Committee Chairperson



MARIA ALMASARA CYD N. TUAÑO-AMADOR
Independent Director

Risk management has often been likened to a canary in a coal mine—calling out things that could possibly go wrong. In the past, this was sometimes perceived as pessimism, negative thinking, or, at the extreme, a doomsayer attitude. However, in recent decades, professional skepticism has been recognized as a desirable trait that is essential to an organization's achievement of its strategic objectives and enhancement of its operational efficiency.

At PNB, the intersection of risks and responsibilities is a preeminent concern, where the tone is set at the top but embraced as a shared commitment across all rungs of the organization, at every level of decision-making, and for every conceivable scenario. This is all-important because PNB is at a stage of transformation as it strives to continue to be among the top-tier universal banks in the country, with a strong competitive presence domestically and globally. Transformation requires foresight and courage: foresight to identify and understand the evolving threats and challenges ahead, and courage to prepare for them so that capital and resources are deployed strategically to yield the most efficient outcomes.

Because trust is the very foundation of banking, the preservation of that trust is paramount to PNB's existence, sustainability, and growth. It has been said time and again that the strongest capital of any bank is trust, and effective risk management aims to preserve and build on that trust across all stakeholders. In doing so, the guiding principle of risk management at PNB is not to eliminate or avoid risk, but to understand it better, price it appropriately, and manage it intelligently and prudently.

Risk management at PNB—spearheaded by the Board of Directors, the Risk Oversight Committee, senior management, and the Enterprise Risk Management Group—is a continuously evolving process. It goes beyond ensuring compliance with financial and non-financial regulatory requirements. To strengthen our competitive edge and realize our strategic aspirations, we have continued our efforts to enhance our risk management policies, processes, and analytics so that we can better understand the risk behaviors of our borrowers, customers, and other stakeholders and respond appropriately.

Apart from credit, liquidity, market, and operational risks, we continue to focus on identifying the strategic risks facing us so that we can enhance our market position and pursue our long-term objectives. Beyond this, we pay particular and continuing attention to the strategic risks that we face as we pursue our wider objective of serving Filipinos—both in the Philippines and overseas—so that they can meet their development aspirations and achieve financial freedom.

Across all these risk dimensions, we have endeavored to embed an integrated risk management framework across the PNB Group. We undertake careful and regular assessment of risk-related issues in governance and policy lifecycles to ensure that our policies and manuals are aligned with regulatory expectations and the evolution of our business. There are well-documented and carefully observed processes for setting the Bank's risk appetite, as well as for monitoring and escalating risk events, including through scrutiny of key risk indicators, setting of thresholds, limits, and scorecards, and careful attention to risk metrics and dashboards—with the intent to address actual and potential threats as promptly and decisively as possible.

Capital and recovery readiness, including through enhanced ICAAP documentation, recovery plan reviews, and enterprise-wide stress testing, are carefully vetted. We endeavor to continually improve our portfolio analysis so we can better capture, inter alia, credit concentration risks, trading and structural market risks, liquidity risks, and trust risks, with a view to better understanding the intricacies and peculiarities of the various markets that we serve. Regular stress testing and scenario analysis of the banking book portfolio have enabled us to focus on the "what-ifs" that help us develop playbooks for eventualities, including anticipating contingencies, the known unknowns, and tail probabilities or tail-end risks.

In 2025, we continued to strengthen our efforts to enhance operational resilience. This includes the full roll-out of risk and control self-assessments (RCSAs), the conduct of business continuity exercises, and the enhancement of our fraud and quality assurance controls. We have made appreciable headway in implementing our Enterprise Fraud Management System, which has helped us enhance fraud detection, management, and analytics through rule-based and machine learning enhancements.

Considerable progress has been made in enhancing our credentials in information security and cybersecurity, as well as in safeguarding data privacy. Our assessment of evolving threats across an expanding attack surface is not reactive and periodic, but continuous, intensive, and preventive. We seek not only to improve our ability to prepare for breaches, but also to enhance our ability to recover from them, including through updates of our incident response SOPs and playbooks, thus strengthening our operational resilience. Our successful passing of the ISO 27001 Surveillance Audit for the Office of the CISO/DPO and IT Group, and ISO 27001 certification of additional business groups, attests to the strength of our cyber resiliency program.

We have also continuously enhanced our data privacy governance program through institutionalized governance mechanisms—such as annual Privacy Impact Assessments—to strengthen privacy risk identification and mitigation. Additionally, we have reinforced our focus on environmental and social risk, with comprehensive E&S monitoring and reporting mechanisms covering stress tests, coal financing reviews, and environmental compliance. Given increased outsourcing and the interconnection risks that this gives rise

to, we have continued to strengthen enterprise-wide outsourcing and vendor risk management to safeguard the continuity of services and ensure that the parties we engage with have sound governance practices.

Importantly, our risk management framework has expanded and intensified oversight of overseas offices, as we seek to exercise stronger oversight over our overseas branches and subsidiaries. We fully intend to leverage our broad international presence, especially because PNB is one of the few domestic banks that proudly bears the name of our country.

Against this backdrop, we are well aware that regulatory risk is ever-present. The expanding volume and increasing complexity of the regulatory landscape require us to move beyond checking for manual compliance. At PNB, we do not view regulations as something to endure; rather, we view the regulatory environment as something that we can leverage to strengthen our business, compete with a stronger portfolio, and achieve better and sustainable capital returns. Thus, we endeavor not only to be compliant but also to be competitive, while always observing strong market conduct.

Automation will help us better manage regulatory risks. Relatedly, our risk management framework has continued to evolve to address the ongoing drive toward automation, digitalization, and technological innovation in banking. We have stepped up our efforts to automate the monitoring, documentation, reporting, escalation, and analysis of risks. Data analytics, model development, validation, and refinement have helped underpin a better understanding and management of risks at the business, Committee, and Board levels. For instance, the enhancement and automation of risk reports have helped generate more timely and reliable information, thus strengthening our analytical capabilities. Sound model development and validation have enhanced the robustness of the models that we use to identify and manage risks. At the same time, we remain mindful that while models inform decisions, they should never replace judgment and expertise. Sound data and decision governance are key in enabling risk managers to be "more intelligent".



Risk Management Disclosure

Key to the effectiveness of risk management is the strong buy-in of all risk units and other stakeholders for its core principles, thereby strengthening risk ownership, risk-based decision-making, and accountability. We have continued our efforts to institutionalize a risk-centric culture across the PNB Group through continuous education, awareness campaigns, and role-based training, both enterprise-wide and customer-facing. We have invested heavily in risk awareness and learning programs to strengthen risk comprehension and competency across all levels. For example, we have embedded cybersecurity, data privacy, and AI risk awareness as mandatory components of our onboarding and leadership programs.

On a final note, it has been said that those who do not look to the past are bound to repeat its mistakes. Quite thoughtful indeed. However, one should equally be mindful that many risks emerge without historical precedent. One particular strategic risk that the Bank has been focusing on is artificial intelligence (AI), particularly how we need to rethink risk management in the age of AI. We consider this a central leadership responsibility to better appreciate and manage the unique risks posed by AI, with a view to enhancing our sustainability, strengthening our market standing, and safeguarding our long-term value.

Much has been said and written about how AI is transforming the way modern organizations operate at every level—including how they make decisions, manage operations, rethink workflows, and compete effectively. One underlying principle in the Bank's adoption of AI is our focus on ensuring good governance. We aim to develop an effective AI risk governance framework that will support the responsible adoption of AI, with proper attention to model reliability, data governance, ethical conduct, consumer fairness, regulatory considerations, human oversight, among other factors. This means that we consider not only the operational efficiency and strategic competitiveness that AI can bring, but also embed strong accountability and oversight in its use. As has been aptly stated: companies need to know when to trust AI and when to challenge it.

Over the years, the conversation on risk management in the age of AI will continue with vigor and enthusiasm. We will continue to listen intently and contribute our own perspectives and learnings, as we pursue our vision of becoming a leading, dynamic global Filipino bank, enriching the lives of Filipinos, their businesses, and the nation, and promoting financial prosperity for all.

(Original Signed)

MARIA ALMASARA CYD N. TUAÑO-AMADOR
Risk Oversight Committee Chairperson

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, it remains committed to comply with the regulatory guidelines and legislative framework in each of the jurisdictions it operates.

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

RISK GOVERNANCE

A disciplined risk management culture and framework facilitate oversight 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), provides independent oversight and guidance to our experienced Senior Management, who, through the Management Risk Committee (MRC), work closely with the business lines in managing risk. There is a rich risk culture that seamlessly flows not only within the Bank but also across the Group's 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 them in overseeing the risk profile and review the enterprise risk management framework. It was mandated to provide advice on the risk appetite and oversee senior management's adherence to the risk appetite, 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.

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

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

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; and
3. Oversee the risk management function.

Management Risk Committee

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

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

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 which is regularly reviewed and updated, has served the Bank well and made it resilient through economic cycles. The Bank has placed a strong reliance on this risk governance framework using the three lines model of the Institute of Internal Auditors (IIA).

The first line roles are the lines of businesses 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 adhered to. 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 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, Environmental and Social Risk, and Subsidiaries and Overseas Branches Risk; Model 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 Board-approved risk management policies applicable to PNB. These policies clearly establish the types of risks to be managed, define the risk organizational structure, and provide appropriate training necessary to manage and control risks. The policies also prescribe validation, audits, and compliance testing to measure the effectiveness and suitability of the risk management structure.

ERMG also functions as the Secretariat to the ROC and the MRC which meet monthly to discuss the Bank's most recent risk profile in accordance with 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, as well as 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 risk; 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 the 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.

On Reputational Risk:

- The Bank maintains LOW appetite for reputational risk issues. The Bank identifies risks that may result in negative impact to its 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 proactively to defend and preserve its reputation and brand image by actively monitoring and measuring reactive communications received.

On Strategic Business Risks:

- The Bank aims to attain safe, profitable and sustainable growth that maximizes 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 implementation of control measures to ensure continuity of business processes, manage proper vendor oversight and employ 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 is continuously building and implementing strong internal processes, robust technology controls and 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.

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 aims at keeping the overall risk profile within acceptable risk thresholds.

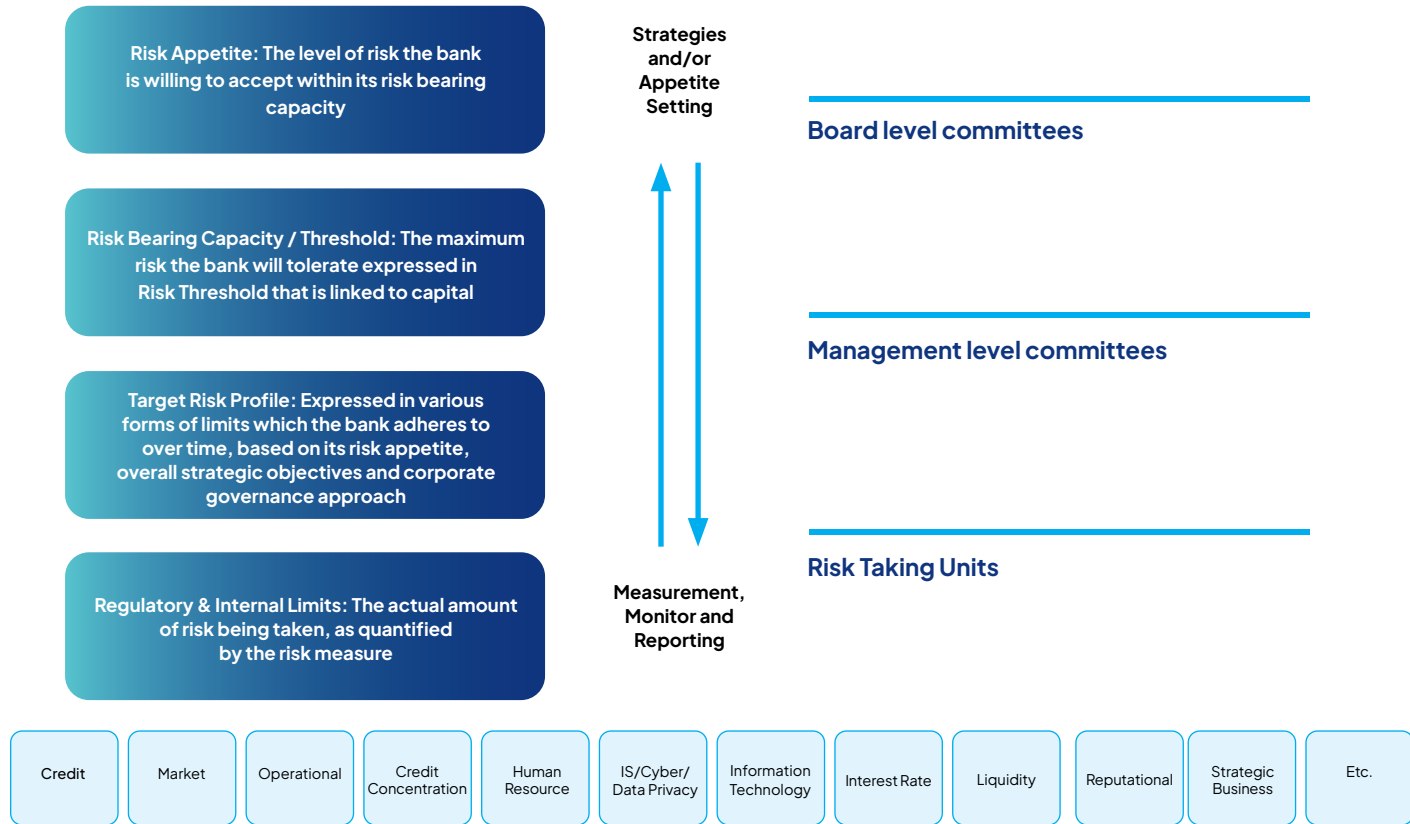
Risk tolerance is the outer constraint defined by the Bank via metrics and limits. This is expressed in quantitative terms that can be monitored and aggregated, relating to a specific business unit or according to a specific risk category. Risk threshold and limits have been established and approved by the Board of Directors, with clearly defined roles and responsibilities for executive management and the Board.

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 to assess 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



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

The BSPC is tasked with reviewing, evaluating, approving and / or endorsing for Board approval the various policies, procedures, and manuals of products and services. BSPC also evaluates and endorses for Board approval annual strategic forecasts, plans, and budgets. BSPC is responsible for the risk-taking activities and the periodic review of the Bank's ICAAP program.

The Capital Management Sub-Committee of the Asset / Liability Committee (ALCO) is tasked with specifically handling 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 and proposed 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. The Corporate Planning and Analysis Division (CorPlan) and ERMG monitor this jointly.

RISK CATEGORIES AND DEFINITIONS

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

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

The identification of risks revolves around the monitoring of risk categories as defined by BSP for supervision purposes. These key risks, namely: credit, market, operational, credit concentration, human resource, information security/cyber security/ data privacy, information technology, interest rate, liquidity, reputational, and strategic business risks, are not only monitored under separate and distinct components, but also 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 may impact 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 (ICAAP RCSA), 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 that are significant enough to threaten the Bank's capital position, potentially causing it to fall below its desired level. This may result in either an increase in risk-weighted assets or a reduction in earnings and/or qualifying capital, which would translate into a reduction in the Capital Adequacy Ratio (CAR) by 20 basis points (bps).

On the other hand, risks that are not significant enough to impact to the CAR by 20 bps will also be considered "material" by the Group if they 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
- Other risks identified as "material" by the Board and Management Committees, such as Credit Concentration, Data Privacy, and Human Resource Risk.

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

Pillar 1 Risks:

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

Pillar 2 Risks:

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

2025 Risk Management Highlights

Market & Liquidity Risk Management

The Market, Liquidity, and Interest Rate Risk Management Division (MLIRRM) 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 2025 under MLIRRM are as follows:

Trading Market Risk / Price Risk

- Continuous involvement in Treasury Management System activities, including post-implementation and production support
- Daily preparation of the Historical VaR Report and monitoring of Stop Loss Reports for various instruments; ensure compliance with respective VaR and Stop Loss limits and distribute reports to the Global Markets Group (GMG)
- Quarterly stress testing of the trading portfolio (FVPL) for reporting to the ROC
- Monthly validation of Market Risk-Weighted Exposures for the Capital Adequacy Report, contributing to the Capital Adequacy Ratio (CAR) report (SOLO and CONSO)
- Implementation and maintenance of the enhanced back-testing framework for all trading instruments
- Submission of the Market Risk Template (FX Risk) under BSP Uniform Stress Testing requirements
- Risk analysis and review of new and existing treasury investments and their impact on CAR
- Guidance and consultation to GMG, overseas branches, and subsidiaries in reviewing policies and procedures manuals
- Enhancement and automation of risk reports, including Guava report outputs and Excel-based working files

Structural Market Risk – Interest Rate Risk in the Banking Books

- Active involvement in post-implementation and production activities of the Asset Liability Management System project, specifically the Interest Rate Risk in the Banking Book (IRRBB) module
- Updating and maintenance of Ambit Focus IRRBB analysis to ensure optimal performance
- Implemented segmentation of behavioral optionality of Term Deposit Redemption Rate (TDRR) and Loan Prepayment Rate (LPR) by GL code and product group
- The Validation of results and incorporation of improvements in data sources (interest rate sources and balance sheet data) updated and fixed the Ambit Report Solution (ARS) IRRBB summary report.
- Configured Ambit Focus to enable the weekly IRRBB module to run. Updated derivation of TDRR and LPR by segmentation into GL/product codes; implemented in parallel to current computation
- Conducted backtesting of updated TDRR and LPR processes and results
- Enhanced computation of projected Delta Economic Value of Equity (EVE) by projecting the entire balance sheet for the next three years
- Preparation of IRRBB reports twice a month for ALCO and monthly reports for ROC meetings
- Developed and maintained the IRRBB Dashboard covering Earnings-at-Risk (EaR) and Delta EVE for ALCO and ROC reporting.
- Conducted quarterly stress testing of the banking book portfolio for ROC reporting
- Submission of Market Risk Templates (Trading Book and Banking Book) under the new BSP Uniform Stress Testing requirements.

Liquidity Risk

- Managed post-implementation and production support for the Asset Liability Management System, specifically Maximum Cumulative Outflow (MCO) and Liquidity Stress Testing (LST) sub-modules
- Generated interim liquidity gap reports using Ambit Focus System for the Global Markets Group twice a week.
- Produced monthly MCO/liquidity gap reports for ROC meetings

- Monitored compliance with Interbook Lending limits (FCDU to RBU) on a daily basis
- Performed quarterly liquidity stress testing for ROC reporting
- Contributed to the Annual Liquidity Package, including LST documentation, in coordination with GMG
- Reviewed and updated liquidity risk management policies, procedures, assumptions, and limits aligned with Liquidity Package requirements
- Submitted documentation for behavioral model validation to the Model Risk Management Department
- Participated in developing behavioral models (e.g., Non-Maturing Deposits, Time Deposit Rollover Rate). Delivered liquidity risk awareness sessions in various bank training programs
- Conducted risk analysis of new and existing treasury investments and their liquidity impact

Credit Risk Management

The Bank is exposed to credit risk arising from the probability that the counterparties may fail to meet their contractual obligations as they fall due and/or default on credit terms under loans and advances. Credit Concentration risk is managed through a sound credit policy framework and the institutionalization of exposure limits by industry, expressed as a percentage of qualifying capital, to ensure portfolio diversification and risk containment.

In addition, the Bank is exposed to credit risk arising from its trading and investment activities, as well as from its role as an investment intermediary for customers and third parties. These exposures are closely monitored to ensure alignment with the Bank's risk appetite, capital adequacy, and overall risk tolerance.

The Credit Risk Management Division (CRMD) under ERMG supports the implementation and continuous enhancement of the Bank's risk management framework for asset quality exposures. This is achieved through the monitoring of key performance indicators (KPIs), including the Non-Performing Loan Ratio (NPL), Provision Coverage Ratio (PCR), Expected Credit Losses (ECL), Capital Adequacy Ratio (CAR), and Risk-Weighted Assets (RWA). The Bank's asset quality assessment reflects both existing and potential credit risks across loan and investment portfolios,

other real estate owned and acquired, and other asset classes, as well as off-balance sheet exposures. These risks include, but are not limited to, borrower defaults, collateral value deterioration, adverse macroeconomic conditions, and sectoral concentration risks.

The Bank's credit risk management processes are conducted in a coherent, integrated, and collaborative manner across three distinct levels:

1. Strategic Level – The Board of Directors is responsible for setting the Bank's overall credit risk strategy, including annual revenue targets, risk acceptance criteria, target markets, and the credit risk philosophy and culture. The Board also approves strategic plans and ensures that credit risk governance is aligned with the Bank's long-term objectives.
2. Transactional Level – Risk-Taking Personnel (RTP), such as account officers and approving committees, identify lending and investment opportunities and assume risks consistent with approved policies. Risk-taking activities at this level are carried out in accordance with the goals, target markets, Risk Asset Acceptance Criteria (RAAC), strategies, and risk philosophy established by the policy-making bodies.
3. Portfolio Level – Credit risk at the portfolio level is independently assessed and monitored by functions that are separate from risk-taking units i.e. ERMG, Internal Audit Group, and the Global Compliance Group. The overall credit risk profile of the loan portfolio is under the direct oversight of the ROC, ensuring independent challenge and comprehensive portfolio-level risk governance.

Highlights of the risk management activities for 2025 under Credit Risk are as follows:

- Completed and provided regular credit risk dashboards and reports covering top credit risks, portfolio monitoring, EREE/REST, BSP Uniform Stress Testing, Related Party Transaction (RPT) stress testing, Rapid Loan Portfolio Reviews (RLPR), stress testing exercises, CAR for loans and investments (Solo), large exposure reports, industry limit monitoring for business loans, and tracking of Credit Default Swaps and conglomerates exposure limits.

- Provided consultations and risk assessments for loans and investments coursed through Credit Approval Memos, compliance with industry limits, and Expanded Real Estate Exposures (EREE)/Real Estate Stress Test (REST) reviews, on a daily, weekly, and as-needed basis.
- Completed monthly Significant Increase in Credit Risk (SICR) reviews, with consolidated quarterly reporting to the ROC.
- Completed and validated computed Expected Credit Losses (ECL) for 4Q2024 and 1Q2025, with quarterly reporting to the ROC.
- Completed and presented key credit risk studies and reports, including the 2024 Restructured Accounts Review, 2024 Backtesting of Computed ECL, and Consumer Finance Secured Portfolio reviews (Market Value of Loans, SICR Annual Review with new scope).
- Finalized the Credit Risk Rating System (CRRS) Review Framework to enhance consistency and robustness in borrower risk assessment.
- Completed the enhancement and updating of the LEADS User Access Matrix (UAM) to strengthen system controls and access governance.

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 Operational and Fraud Risk Management Division (OFRMD) strengthens the Bank's operational resilience through enterprise-wide operational risk, business continuity, outsourcing and vendor risk, and fraud risk management. It implements key risk tools such as Risk and Control SelfAssessments (RCSA), Key Risk Indicators (KRI), and Loss Event Reporting (LER), oversees the Bank's Business Continuity framework, manages risks arising from third-party service providers, and administers the Enterprise Fraud Management Solution to ensure regulatory compliance, operational continuity, and protection against fraud.

Highlights of the 2025 risk management activities are outlined below:

- Rolled out the Risk and Control SelfAssessment (RCSA) to more than 700 branch and head office units as of August 2025, with onsite verification conducted for 80 branches and walkthroughs carried out for Sales and Service Heads and head office units.
- Strengthened operational risk awareness through branch and cash center morning huddles, monthly ERMG-ORMD Infobits, and enterprise-wide risk and control seminars.
- Achieved 100% onboarding of business units to the Loss Event Reporting (LER) module via the Governance, Risk, and Compliance (GRC) system.
- Piloted and implemented Business Continuity Management (BCM) and Third-Party Risk Management modules under GRC, with BCM rollout reaching 50% completion by December 2025 and full deployment of the outsourcing module to all contracting units.
- Planned, coordinated, and oversaw annual Business Continuity and Disaster Recovery Plan (BCDRP) testing; reviewed and updated the Enterprise BCP Manual; validated business unit and third-party BCPs; and monitored operational incidents, including typhoons and earthquakes.
- Strengthened outsourcing and vendor risk oversight, achieving 64% enterprise vendor review compliance as of September 2025, expanding coverage to overseas offices and subsidiaries, and updating the Enterprise Outsourcing and Vendor Risk Management Policy and Manual.
- Implemented the Enterprise Fraud Management System covering Mobile Banking, Cashnet Plus, Credit Cards, and Branch Banking in compliance with BSP Circular No. 1140; established a dedicated Enterprise Fraud Management Division with a 24/7 fraud detection team.
- Developed and approved fraud detection, investigation, and recovery frameworks and manuals, and delivered 188 hours of fraud awareness training nationwide, reaching approximately 3,790 branch employees.
- Reviewed key governance materials, including manuals, OPCOM submissions, and operational policy proposals, to reinforce risk and control effectiveness across the Bank.

Risk Analytics

In 2025, the Bank formally established the Risk Analytics Division (RAD), which serves as the Bank's center of excellence for quantitative risk measurement, model lifecycle governance, and performance analytics. It integrates advanced risk modeling tools and data-driven methodologies to quantify risk exposures across all business lines, supporting informed decision-making and regulatory compliance.

RAD ensures that all risk models, data analytics, and methodologies used for management of credit, market, liquidity, interest rate, operational, climate and other material risk areas are robust, validated, and aligned with regulatory standards and the Bank's strategic objectives. The Division strictly enforces independence between model development and validation functions to maintain objectivity and eliminate conflicts of interest.

Highlights of the risk management completed activities for 2025 under the Risk Analytics Division are as follows:

- Borrower Risk Rating and Scoring – Enhanced Borrower Risk Rating (BRR) model for middle market and large corporate borrowers through a new segmentation framework and refined identification of risk drivers; reviewed and updated application scorecards for auto and housing loans, including recommended adjustments to cut-off scores and income parameters; secured approval to adopt the PNB Parent's housing loan application scorecard for PNB Japan's OPHL product; and completed updated data assessment for behavioral scoring of housing and auto loan portfolios.
- Portfolio Analytics and Reporting – Prepared and presented comprehensive credit portfolio reports for business loans, consumer loans, and credit cards to the Chief Credit Officer (CCO); delivered credit concentration risk measurement, portfolio breakdowns, and ECL simulations in support of the ICAAP; and implemented revised hurdle rates on Return on Assets (ROA), break-even calculations, and updates to the Account Profitability Analysis (APA) template and Credit Approval Memorandum (CAM).
- Provisioning and ECL Management – Conducted regular monitoring, review, and enhancement of ECL methodologies and parameters, including the 2025 recalibration of Probability of Default (PD) (non-retail, housing, auto loans), Loss-Given Default (LGD), and

Exposure-at-Default (EAD) for non-retail; updated the Housing Price Index for housing loan LGD term structures; revised macroeconomic scenarios and probability weights; presented updates on credit card ECL parameters; analyzed default behavior for non-retail loans; supported Office of the CFO on ECL methodologies for Accounts Receivable-related loans and provided assistance to overseas branches and PNB GRFC; reviewed ROPA haircut assumptions; and facilitated the monthly impairment process with ECL computation and reporting to the Chief Risk Officer (CRO), CCO, and ROC.

- System Projects – Reiterated credit risk rating, scoring, and impairment requirements for system enhancements; coordinated user acceptance testing (UAT) and revised test scripts for the new impairment process; updated business rules and implemented Phase 2 enhancements for auto and housing loan scorecards; secured SAS license renewal and completed vendor relationship management reports.
- Database – Completed non-retail BRR data build-up; implemented additional ECL-related data uploads to the Enterprise Data Warehouse (EDW); and restarted the ECL upload project to ALS.
- Audit, Validation, and Regulatory Support – Addressed SGV and BSP audit and review requirements through document submission, walkthroughs, and resolution of findings; supported internal audits, model reviews, and validations; and assisted PNB Japan in addressing BSP comments on integrating scoring results into credit processes.
- Policy, Training, and Process Enhancements – Approved revised hurdle rates on ROA and break-even rate calculations; approved new guidelines for discounted cash flow (DCF) validation and update to the allowance for credit losses policy; conducted lectures on PFRS 9, BRR, and impairment processes; created an interim process for Stage 2 account transfers; and initiated a study on behavioral modeling for non-maturity deposits.
- Model Validation and Governance – Achieved 100% completion of scheduled model validations with approved timelines, including the successful validation of additional critical and regulatory models; and clarified and formally documented the Country Risk Rating governance and limit-setting framework through multi-stakeholder coordination, marking the first comprehensive review since 2016.

Information Technology, Information Security, Cyber Security and Data Privacy

The increasing reliance of banks on information technology has significantly enhanced the efficiency and accessibility of products and services, but it has also heightened exposure to technology, information security, and cyber-related risks. These risks include potential disruption of critical business processes—whether from internal systems or outsourced service providers—as well as threats to the confidentiality and integrity of sensitive customer and employee data, and the risk of large-scale cyber-attacks such as denial-of-service (DoS) incidents. To manage these exposures, the Bank maintains a comprehensive IT/IS Risk Management Framework that ensures technology and security risks are systematically identified, assessed, controlled, monitored, and reported. This framework aligns with regulatory expectations, including evolving BSP guidelines that emphasize not only preventive controls but also analytics, incident response, and recovery capabilities.

Data privacy and information security are integral components of the Bank's risk governance structure. The Bank upholds the principles of transparency, legitimate purpose, and proportionality in the processing of personal data, supported by an established Data Privacy Management System comprised of policies, organizational structures, and technical, physical, and environmental safeguards. Oversight of this system is carried out by Senior Management and the Board of Directors, with delegated authority to ensure consistent implementation across all onshore and offshore operations. Consumer protection is embedded within this framework, reflecting the Bank's commitment to safeguard client information and provide responsive channels for feedback and concerns. Complementing these efforts, the Information Security and Cybersecurity Risk Management Framework adopts a proactive, enterprise-wide approach that recognizes cybersecurity as a shared responsibility and emphasizes continuous threat monitoring, incident readiness, and resilience against evolving global cyber threats.

Highlights of information security, cyber security, and data privacy risk management activities for 2025 include:

IS Governance & Management Program

- Successfully passed ISO 27001 Surveillance Audit for the Office of the CISO/DPO and IT Group, and ISO 27001 certification for Batch 2 Business Units, covering key groups including Digital Channel Management & Innovation, Operations Group – Business Process & Management and Identity & Access Management, Customer Experience, Marketing, Corporate Security, and Singapore Branch, with support from multiple enabling units.
- Audit outcomes achieved with flying colors, with no delays, no major or minor non-conformities, and maturity level assessed at Level 4 by ISO Auditors.
- Implemented annual updates and enhancements to the Enterprise Information & Cyber Security Strategic Plans and Programs, including customized IS/Cyber Security programs for New York Branch.
- Strengthened Information Security Management System (ISMS) and Manual of Information Security Guidelines (MISG) to address evolving business requirements, regulatory expectations, and emerging cyber threats.
- Key enhancements were also implemented in response to Business Unit requests and to address Internal Audit Group (IAG) and BSP findings.
- Established continuous monitoring and reporting of KPIs and KRIs for IS/Cybersecurity programs and plans.
- Achieved zero audit findings from BSP and overseas regulators for all IS/Cyber Security governance-related initiatives in 2025.

Information/Cyber Security and Data Privacy Education and Awareness Program

- Significantly strengthened organizational security maturity through expanded enterprise-wide rollout, higher engagement, and reinforced behaviors, contributing to ISO 27001 certification and improved stakeholder preparedness
- Participation rose sharply across initiatives, including an 81.7% increase in cybersecurity webinars, a 65% growth in Cybersecurity Awareness Month engagement, broader advisory issuance, and targeted training for employees, subsidiaries, overseas offices, and customer-facing teams. The program was further enhanced through customized learning materials, customer advocacy initiatives, privacy awareness campaigns, and CSR-driven cybersecurity education, embedding a strong culture of security and data protection across the organization.

Employee Knowledge and Skills Upgrade Program

- Enhanced employee capabilities through the attainment of multiple industry-recognized professional certifications and leadership development programs, strengthening technical expertise, operational excellence, and management readiness across the organization.

IT/IS Risk Management Program

- Implemented a comprehensive Threat and Vulnerability Management Program, including regular network and application security testing, penetration testing, threat hunting, red teaming, ATM security assessments, and social engineering simulations (Email Phishing Simulation, Dumpster Diving, Face to Face & Vishing).
- Strengthened regulatory and governance alignment through the development of a Cybersecurity Maturity Assessment tool for U.S. branches (NY and LA) in line with FRB and FFIEC requirements.
- Continuous improvement of the Enterprise Information Asset Register.
- Full rollout of Exception Request, Issues Management and Vulnerability Management in the Archer GRC system.

IS / Cyber Compliance Monitoring Program

- Completed comprehensive compliance self-assessments across key local and overseas regulatory frameworks, including BSP, MAS (Singapore), NYDFS, FRB/FedLine, HKMA, FFIEC, FINCEN, and SWIFT, with identified gaps systematically monitored and addressed to strengthen regulatory compliance and cyber resilience.
- Successfully completed and submitted annual SWIFT Customer Security Programme (CSP) attestations for PNB Head Office and overseas branches (Japan, Hong Kong, Singapore, and Europe), confirming full compliance with the SWIFT Customer Security Controls Framework (CSCF), with attestations published by SWIFT on December 22, 2025.
- Achieved 100% completion of Acceptable Use Policy (AUP) submissions across Head Office and overseas branches, alongside timely monitoring and validation of IS Checklists and BISO Function Checking and Reporting (BFCR) checklists across all units.
- Completed risk-based validation of User Access Reports (UARs) and Security Profile Reports (SPRs), strengthening access control governance and compliance oversight.

- Enhanced the Recognition and Rewards Program for RCO/BISO, improving morale and encouraging stronger compliance performance across the organization.

Expanded Monitoring and Management of Security Logs Program

- Maintained a strong cyber-resilience posture with zero security incidents or data breaches resulting from cyber-attacks during the period.
- Strengthened proactive threat detection through 24x7x365 SOC monitoring and continuous analysis of 700,000+ security events per month, with timely escalation for containment and resolution.
- Improved detection effectiveness by optimizing preventive and monitoring controls; SIEM rule enhancements reduced false-positive detections by ~99% (from ~226,000 to ~1,400 per month), enabling faster analyst to focus on true threats.
- Advanced the enterprise cybersecurity roadmap by enhancing layered security capabilities, evaluating new defensive tools, and providing expert technical support to high-impact digital and business initiatives.

Cyber Resiliency program

- Established continuous cyber threat intelligence monitoring across dark web, open web, news, and regulatory sources to proactively detect credential compromise, social engineering threats, and rogue mobile applications affecting the Bank and its clients.
- Strengthened preventive controls through continuous monitoring and benchmarking of the Bank's public-facing security posture against peer institutions.
- Proactively managed supply chain cyber risk by continuously monitoring the security posture of critical third-party service providers.
- Enhanced cyber readiness and regulatory compliance through regular tabletop exercises, cyber attack simulations, and updated incident response SOPs and playbooks aligned with evolving threats and an expanding attack surface.
- Strengthened resilience through participation in enterprise and industry-wide crisis simulations, including the Q4 2025 Business Continuity exercise and BSP-sponsored ransomware tabletop.
- Supported regulatory compliance and capability maturity by assisting overseas audits, advancing ISO/IEC 27001 certification efforts, and institutionalizing continuous cybersecurity upskilling with Certified in Cybersecurity (CC) as the minimum credential.

Data Privacy Governance Program

- Strengthened the Bank's data privacy framework through the enhancement of the PNB Data Privacy Manual, Privacy Management Program, and the establishment of an approved Data Privacy Operations Manual with 22 standard operating procedures aligned with the Data Privacy Act of 2012, its IRR, and new NPC issuances.
- Institutionalized governance mechanisms, including approved data privacy KRIs, a formal client consent opt-in/opt-out process, designation of Compliance Officers for Privacy in domestic subsidiaries, and proactive advisory support to 338 business initiatives across the PNB Group.

Data Privacy Risk Management Program

- Supported 47 business units in conducting annual Privacy Impact Assessments covering 851 active processes, with extensive walkthroughs and system-based validation to strengthen privacy risk identification and mitigation.
- Enhanced privacy incident monitoring through review of data subject notifications, oversight of reported incidents, and validation of vendor Data Privacy Questionnaires to manage third-party privacy risks.

Data Privacy Compliance Management Program

- Achieved timely regulatory compliance through early renewal of NPC registrations, submission of required reports, adherence to NPC Orders, and implementation of a privacy playbook and communications plan.
- Reflected in low-risk audit ratings and resolution of all noted issues from internal reviews and external auditors, including overseas offices.

Internal Capital Adequacy Assessment Process (ICAAP)

The 2025 ICAAP activities are taking off from the March 2024 submission, taking into account the possible lower Gross Domestic Product (GDP) growth due to weak exports to the US and/or China and surge in inflation owing to disruption in the global supply of food and oil, which may outweigh the impact of weaker consumer demand. The uncertainties brought by these scenarios require the Bank to further identify its own risks and vulnerabilities, including its customers and counterparties. This is imperative as part of the ICAAP to properly manage the risks and ensure there is enough capital to cover potential losses, especially through adversity. The Bank's ICAAP incorporates updated assumptions, stress scenarios, and capital adequacy assessments to ensure resilience under adverse economic environments. These considerations support the Bank's ongoing evaluation of its capital position to remain sufficient relative to its risk profile, strategic plans, and regulatory requirements.

The high-level milestones (2024–2025 ICAAP Milestones and List of Activities) are presented in a chart below:

KEY DATES	MILESTONES & ACTIVITIES
September 2024 – December 2024	- Continuous discussion and evaluation of top and emerging risks in the Management Risk Committee - Business Planning Sessions of 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 2025	- 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 with the enterprise scenario and macroeconomic assumptions - Quantification and review of materials risks as identified by each of the domestic and foreign subsidiaries - Capital assessments based on the quantified material risks under BAU and Stress Scenario - Presentation of the ICAAP document to the joint Capital Management Sub-Committee of ALCO and MRC, joint BSPC and ROC, and the Board for the necessary approvals - Submission of the ICAAP document to the BSP

Recovery Plan

To ensure the feasibility, effectiveness, and timely execution of recovery plans and options under stress conditions, the Enterprise Risk Management Group (ERMG) performed an independent review and challenge of the recovery plan tabletop testing. This review focused on assessing the robustness of the recovery plan testing processes, including the adequacy of Management Information Systems (MIS), the clarity and effectiveness of escalation and decision-making protocols, the operational feasibility of proposed recovery options, the effectiveness of internal and external communication strategies, the relevance and severity of stress scenarios, and the completeness and consistency of supporting documentation.

The review results were derived from ERMG’s evaluation of the submitted tabletop test reports and the corresponding recovery plan documentation, with particular emphasis on key risk areas across the Parent Bank and its subsidiaries. These risk areas covered Capital (as measured by the Solo CET1 Ratio), Asset Quality (Non-Performing Loan Ratio), Profitability (Net Income), and Liquidity (Liquidity Coverage Ratio). Through this independent assessment, ERMG validated the alignment of identified recovery triggers and actions with the Bank’s risk profile, governance framework, and operational capabilities, and provided constructive challenges to strengthen the reliability and practical executability of the recovery plan during periods of financial stress.

ERMG Sustainability Activities

The ERMG strengthened the Bank’s sustainability governance by establishing comprehensive Environmental and Social (E&S) monitoring and reporting mechanisms. Milestones in 2025 included the following:

- Completion of the Environmental and Social Risk (E&S) Operations Manual as guide in the risk identification, management and monitoring.
- Monitored compliance to risk appetite on Coal Exposures and Investments, Use of proceeds of Sustainable Bonds issued, Incident monitoring on impact of environmental hazards to branches, Loss Event Reports related to E&S Risk, Compliance to the Department of Environment and Natural Resources (DENR) requirements.
- Conducted Rapid Loan Portfolio Review during strong earthquakes and typhoons.
- Conducted Vendor E&S Scorecard Validation.
- Actively participated in sustainability initiatives, including ESG capability-building through trainings and internal knowledge-sharing activities.

The Group regularly presented significant E&S risk exposures to the ROC and provided strategic insights and recommendations during Sustainability Technical Working Group (TWG) and Steering Committee (SteerCom) meetings.

Regulatory Capital Requirements Under Basel III – Pillar 1 Capital Adequacy Ratio

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

Capital Adequacy Ratio

The Bank’s regulatory requirements for the four quarters for 2025 are as follows:

Consolidated	Weighted Exposures (As of End of Every Quarter of 2025)			
(Amounts in millions)	March 31	June 30	September 30	December 31
CRWA	739,622	753,197	781,755	828,583
MRWA	19,967	15,870	6,646	13,084
ORWA	90,665	99,983	99,983	99,983
Total Risk-Weighted Assets	850,254	869,050	888,384	941,650
Common Equity Tier I Ratio	18.96%	19.28%	19.95%	19.31%
Capital Conservation Buffer	12.96%	13.28%	13.95%	13.31%
Total Capital Adequacy Ratio	19.83%	20.14%	20.79%	20.12%

Presented below is the full reconciliation of all regulatory capital elements from the Financial Reporting Package Solo to the Parent Company balance sheet in the Audited Financial Statements of the Bank as at December 31, 2025 (amounts in thousands):

Accounts	Balance in Financial Reporting Package	Accounting differences and other adjustments	Balance in Audited Financial Statements
Capital stock	61,030,594	–	61,030,594
Additional paid-in capital	32,106,560	–	32,106,560
Surplus reserves	5,170,727	–	5,170,727
Surplus	128,074,385	6,690,617	134,765,002
Net unrealized gains on financial assets at FVOCI	1,206,935	(186,422)	1,020,513
Remeasurement losses on retirement plan	(3,401,949)	1,225,785	(2,176,164)
Accumulated translation adjustment	3,242,826	169,353	3,412,179
Other equity reserves	2,166,533	(835,843)	1,330,690
Share in aggregate reserves on life insurance policies	–	(28,715)	(28,715)
TOTAL	229,596,610	7,034,775	236,631,386

Credit Risk-Weighted Assets as of December 31, 2025

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

The following are the consolidated credit exposures of the Bank and the corresponding risk weights:

In Millions	Exposure, Net of Specific Provision	Exposures covered by Credit Risk Mitigants*	Net Exposure	0%	20%	50%	75%	100%	150%
Cash & Cash Items	20,817	-	20,817	20,817	-	-	-	-	-
Due from BSP	68,541	-	68,541	68,541	-	-	-	-	-
Due from Other Banks	25,736	-	25,736	-	12,678	10,018	-	3,040	-
Financial Asset at FVPL	-	-	-	-	-	-	-	-	-
Financial Assets at FVOCI	173,779	4,506	169,273	138,005	7,922	5,501	-	17,845	-
Debt Securities at Amortized Cost	129,675	2,820	126,855	100,230	8,038	16,065	-	2,523	-
Unquoted Debt Securities	-	-	-	-	-	-	-	-	-
Loans and Receivables	766,494	7,393	759,101	-	121,376	40,834	8,519	575,721	12,651
Loans and Receivables Arising from Repurchase Agreements, Securities Lending and Borrowing Transactions	73,214	72,789	425	-	237	188	-	-	-
Sales Contracts Receivable	1,016	-	1,016	-	-	-	-	772	244
Real and Other Properties Acquired	11,113	-	11,113	-	-	-	-	-	11,113
Other Assets	25,604	-	25,604	817	-	-	-	24,787	-
Total On-Balance Sheet Asset	1,295,989	87,508	1,208,480	328,410	150,251	72,606	8,519	624,687	24,007
Total Risk Weighted Asset - On-Balance Sheet	-	-	-	-	30,050	49,913	6,390	624,687	36,011
Total Risk Weighted Asset - Off-Balance Sheet Asset	-	-	-	-	-	-	351	78,646	-
Counterparty Risk Weighted Asset in Banking Book	-	-	-	-	-	653	-	-	-
Counterparty Risk Weighted Asset in Trading Book	-	-	-	-	27	1,058	-	797	-

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

Market Risk-Weighted Assets as of December 31, 2025

The Bank's 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 2025)			
(Amounts in Php millions)	Mar-31	Jun-30	Sep-30	Dec-31
Interest Rate Exposures	8,536	10,462	5,275	9,883
Equity Exposures	6	6	6	6
Foreign Exchange Exposures	11,425	5,402	1,365	3,195
Options	-	-	-	-
Total MRWA	19,967	15,870	6,646	13,084

Operational Risk-Weighted Assets as of December 31, 2025

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

Message from the Corporate Governance and Sustainability Committee Chairman

GRI 2-22



GEOCEL D. OLANDAY
Independent Director

The Philippine National Bank (PNB) remains steadfast in its commitment to strong corporate governance, transparency, and ethical leadership. In 2025, we continued to strengthen our governance framework to ensure that the Bank operates with accountability and resilience amid an increasingly complex business landscape.

Our performance last year—characterized by sustained earnings growth and positive share price momentum—reflects a disciplined approach to risk management and oversight under the direction of PNB's leadership team. We recognize our primary responsibility to maintain a safe and sound institution that anchors the trust of our depositors and investors. This institutional strength is a collective achievement, built upon the dedication of the entire PNB organization as responsible stewards of our stakeholders' interests.

Our adherence to these principles was once again validated on October 23, 2025 when PNB received its fourth consecutive Four Golden Arrow Award from the Institute of Corporate Directors (ICD). Based on the ASEAN Corporate Governance Scorecard (ACGS), this prestigious recognition serves as a benchmark for the culture of excellence we strive to uphold across the Bank.

In accordance with our Board Charter, the Committee conducted a rigorous review of the Bank's structure, systems, and policies to ensure alignment with regulatory expectations and global best practices. Our actions reinforced the Bank's Vision, Mission, and Values (VMV) and strengthened internal guardrails designed to protect consumers.

In 2025, we welcomed Ms. Judith V. Lopez, Atty. Cesar L. Villanueva, Ms. Marcia T. Uy, and President Edwin R. Bautista to the Board. Their collective experience in audit, law, financial markets, risk management, fintech, and strategic banking strengthens the Board's skills mix and supports robust oversight and forward-looking governance, providing the strategic perspective needed to navigate a fast-changing banking environment.

Independent oversight was further enriched through exclusive sessions among Non-Executive and Independent Directors. The Board also conducted its annual performance evaluation and planning session to reaffirm long-term oversight objectives. To validate the robustness of our framework, we engaged the ICD for an external governance review and maintained substantial compliance with all regulatory reporting and disclosure requirements.

In 2025, sustainability remained a central element of our governance agenda. In August 2025, PNB held its second Sustainability Summit Workshop, "Inspire, Innovate, Ignite," which included participation from Bangko Sentral ng Pilipinas (BSP) Assistant Governor and Chief Sustainability Officer Pia Bernadette Roman-Tayag. This summit provided direction for translating sustainability principles into concrete business decisions.

Investor confidence in the Bank's unified sustainability direction was reflected in PNB's successful return to the domestic bond market through the issuance of ₱15.7 billion in ASEAN Sustainability Bonds, which was 5.2 times oversubscribed. The proceeds support projects aligned with UN SDGs 7, 11, and 13, and the Committee continues to oversee allocation and impact reporting to ensure transparency and measurable outcomes.

The Committee's role extended beyond endorsing these initiatives; our primary function was to exercise oversight over the management of material sustainability risks. In 2025, the Committee reviewed the integration of climate-related financial risks and monitored progress against the Board-approved Sustainability Roadmap, ensuring that management's execution remained within the Bank's risk appetite.

To reinforce the Bank's commitment to integrating sustainability into its core strategy, the Committee oversaw the development of the 2025 Sustainability Report, prepared pursuant to the CORGOV Charter. The Report consolidates material sustainability topics identified through a structured, stakeholder-informed assessment applying a double materiality lens—evaluating both how sustainability issues affect the Bank's financial performance and how PNB's operations impact the environment and society. In line with this approach, the Committee also reviewed the annual Employee Engagement Survey and Customer Satisfaction Index to guide improvements in human resources and service delivery policies. Prepared with reference to the GRI Standards and the IFRS Sustainability Disclosure Standards, the Report is reviewed and approved by the Board of Directors before publication, ensuring clear and active Board oversight of the Bank's sustainability efforts.

As we look toward 2026, the Committee remains resolute in the faithful discharge of its oversight mandate on behalf of the Board, consistent with regulatory expectations and leading governance standards. We will continue to enhance governance structures and strengthen self-assessment processes to ensure disciplined and effective oversight of the Bank's strategic path. Anchored in the Bank's enduring culture of integrity, accountability, and prudent risk management, these efforts reinforce PNB's safety, soundness, and resilience, and support its commitment to delivering sustainable, long-term value to customers, shareholders, and the broader community.

(Original Signed)

GEOCEL D. OLANDAY
Corporate Governance and Sustainability Committee
Chairman

Corporate Governance

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

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

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

Board of Directors (BOD)

The Board serves as the Bank’s governing body that exercises its corporate powers and conducts all its business. Elected by the stockholders, the Board plays a critical role

in fostering a culture of strong governance by establishing policies and best practices that uphold transparency, integrity, and accountability. It is also responsible for approving and overseeing the implementation of the Bank’s corporate governance framework, ensuring its effective integration across the organization.

Board Committees

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

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

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

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

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

The President and CEO is Edwin R. Bautista. He assumed the position on April 29, 2025. As President and CEO, he is responsible for overseeing the overall management of the

Our Governance Structure

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Chairman Emeritus
LUCIO C. TAN

Chairperson
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

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

EXECUTIVE COMMITTEE	
Edgar A. Cua	Chairperson
Lucio C. Tan III	Vice Chairperson
MEMBERS	
Edwin R. Bautista	Vivienne K. Tan
Chester Y. Luy	Maria Almasara Cyd N. Tuaño-Amador* – Non-Voting Member
Sheila T. Pascual	Cesar L. Villanueva – Non-Voting Member
Wilfrido E. Sanchez	
Eusebio V. Tan	
Michael G. Tan	

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE	
Geocel D. Olanday*	Chairperson
Maria Almasara Cyd N. Tuaño-Amador*	Vice Chairperson
MEMBERS	
Judith V. Lopez*	Marcia T. Uy*
Isabelita M. Papa*	

BOARD OVERSIGHT RPT COMMITTEE	
Marcia T. Uy*	Chairperson
Maria Almasara Cyd N. Tuaño-Amador*	Vice Chairperson
MEMBERS	
Judith V. Lopez*	Melissa K. Gabor – Non-Voting Member
Eusebio V. Tan	Analisa I. San Pedro – Non-Voting Member

BOARD AUDIT AND COMPLIANCE COMMITTEE	
Judith V. Lopez*	Chairperson
Geocel D. Olanday*	Vice Chairperson
MEMBERS	
Chester Y. Luy	Eusebio V. Tan
Isabelita M. Papa*	Maria Almasara Cyd N. Tuaño-Amador*
Michael G. Tan	Marcia T. Uy*

RISK OVERSIGHT COMMITTEE	
Maria Almasara Cyd N. Tuaño-Amador*	Chairperson
Isabelita M. Papa*	Vice Chairperson
MEMBERS	
Edgar A. Cua	Geocel D. Olanday*
Judith V. Lopez*	Vivienne K. Tan
Chester Y. Luy	Marcia T. Uy*

TRUST COMMITTEE	
Sheila T. Pascual	Chairperson
Wilfrido E. Sanchez	Vice Chairperson
MEMBERS	
Edgar A. Cua	Edwin R. Bautista – Ex-Officio
Vivienne K. Tan	Joy Jasmin R. Santos – Ex-Officio
Cesar L. Villanueva	

BOARD IT GOVERNANCE COMMITTEE	
Isabelita M. Papa*	Chairperson
Lucio C. Tan III	Vice Chairperson
MEMBERS	
Edwin R. Bautista	Vivienne K. Tan
Edgar A. Cua	Cesar L. Villanueva
Chester Y. Luy	Michael M. Morillos – Non-Voting Member
Eusebio V. Tan	

BOARD STRATEGY AND POLICY COMMITTEE	
Eusebio V. Tan	Chairperson
Edgar A. Cua	Vice Chairperson
MEMBERS	
Edwin R. Bautista	Lucio C. Tan III
Judith V. Lopez*	Michael G. Tan
Chester Y. Luy	Vivienne K. Tan
Geocel D. Olanday*	Maria Almasara Cyd N. Tuaño-Amador*
Isabelita M. Papa*	Marcia T. Uy*
Sheila T. Pascual	Cesar L. Villanueva
Wilfrido E. Sanchez	

BOARD OVERSEAS OFFICES OVERSIGHT COMMITTEE	
Edgar A. Cua	Chairperson
Isabelita M. Papa*	Vice Chairperson
MEMBERS	
Chester Y. Luy	Maria Almasara Cyd N. Tuaño-Amador*
Geocel D. Olanday*	

MANAGEMENT COMMITTEE	
Edwin R. Bautista	President and CEO and Executive Director
MEMBERS	
Roberto F. Abastillas	Lotus R. Altavas
Francis B. Albalade	Mario Luis P. Cruel
Roberto D. Baltazar	Antonio M. Elicaño
Allan L. Ang	Jennifer Y. Ng
Reynaldo C. Burgos	Mark S. Pantallon
Mariana F. Caculitan	Joy Jasmin R. Santos
Carlo S. Dimaala	Jenilyn B. Valdez
Maria Paz D. Lim	Maria Teresa C. Velasco
Noel C. Malabag	Constantino T. Yap
Dave T. Morales	Juliet S. Dyto
Michael M. Morillos	Melissa K. Gabor
Roland V. Oscuro	Analisa I. San Pedro
Humildad M. Santelices	Modette Ines V. Cariño
Mariza L. Tiburcio	Joel D. Tirona

*Independent Directors

Bank's business and operations, ensuring alignment with the strategic direction and risk appetite set by the BOD. He leads the execution of the Bank's vision, mission, values, and strategic initiatives, driving sustainable growth and operational excellence.

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

Board Composition

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

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

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

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

At the PNB Annual Stockholders' Meeting (ASM) held on April 29, 2025, the following changes in the Board composition were approved by the stockholders:

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

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

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

Board Advisors

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

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

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

Corporate Secretary

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

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

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

Chief Compliance Officer

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

Chief Risk Officer

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

Chief Audit Executive

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

Management Committee

PNB's Management Committee is composed of top-tier professionals who are well-accomplished in their respective fields. The Management Committee executes the Bank's strategy and drives business performance. As of April 1, 2026, the Management Committee is headed by the President and is composed of the following:

Edwin R. Bautista
President and CEO

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

Francis B. Albalade
Executive Vice President & Chief Financial Officer

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

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

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

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

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

Maria Paz D. Lim
First Senior Vice President
Corporate Treasurer

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

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

Michael M. Morillos
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

Mariza L. Tiburcio
First Senior Vice President
Head, Remedial Accounts Management Group

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

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

Antonio M. Elicaño
Senior Vice President
Chief Legal Counsel

Jennifer Y. Ng
Senior Vice President
Chief Marketing and Customer Experience Officer

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

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

Jenilyn B. Valdez
Senior Vice President
Head, Corporate Planning, Strategy, and Research Group

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

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

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

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

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

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

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

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

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

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

Skills, Competency, and Diversity
GRI 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 BOD.

Diversity is considered from various aspects including but not limited to age, gender, ethnicity, cultural and educational background, skills, competence, and knowledge. These variables are considered in designing

the Board's composition, as well as in the selection and nomination of candidates to the Board. The Board also strives to ensure that it has an appropriate representation of women.

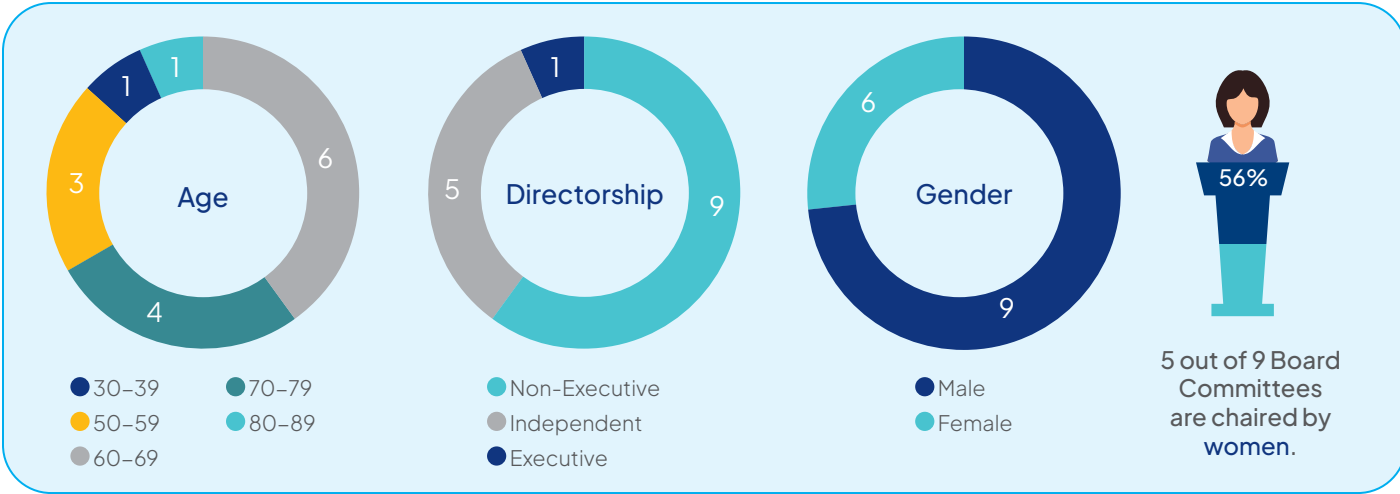
Such diversity allows the Board to raise challenging questions, contribute to problem-solving, avoid groupthink, and ensure that optimal decision-making is achieved.

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

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

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

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





Nomination and Election of Directors
GRI 2-10

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

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

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

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

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

Meetings and Attendance

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

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

The Directors shall act only as a Board or collegial body, and the individual directors shall have no power to act as such. A majority of the directors shall be necessary at all meetings to

constitute a quorum for the transaction of any business; and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act unless otherwise provided by law. In the absence of a quorum at any regular or special meetings, the members of the Board present shall adjourn to a later date and shall not transact any business until a quorum is obtained.

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

In 2025, the Board held a total of 15 meetings, viz.: 12 regular meetings, two special meetings, and one organizational meeting. The Board members who have been elected during the Annual Stockholders’ Meeting (ASM) held on 29 April 2025 have already complied with the 50% minimum attendance requirement under the SEC, BSP and Revised Corporation Code regulations. Thus:

Name	No. of Meetings Attended	Percentage of Attendance
Edgar A. Cua*	15	100.00%
Lucio C. Tan III*	15	100.00%
Edwin R. Bautista**	10	100.00%
Judith V. Lopez**	10	100.00%
Chester Y. Luy*	15	100.00%
Geocel D. Olanday*	15	100.00%
Isabelita M. Papa*	15	100.00%
Sheila T. Pascual*	15	100.00%
Wilfrido E. Sanchez*	15	100.00%
Eusebio V. Tan*	15	100.00%
Michael G. Tan*	15	100.00%
Vivienne K. Tan*	13	87%
Maria Almasara Cyd N. Tũaño-Amador*	15	100.00%
Marcia T. Uy**	9	90%
Cesar L. Villanueva**	10	100.00%

*Re-elected during the ASM of the Bank held on 29 April 2025.
**Elected as a Member of the Board of Directors during the ASM of the Bank held on 29 April 2025.
Note: Table covers attendance of Incumbent Directors elected on April 29, 2025 ASM for the year 2025.

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

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

Remuneration
GRI 2-20

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

The total per diem given to the members of the Board, the total compensation of the President, and the total compensation 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, and the other proposed amendments in the other provisions thereof, were presented to the stockholders for approval during the 2024 ASM of PNB. Further, amendments to the said Section were approved by the stockholders during the 2025 ASM of PNB and, thereafter, submitted to the BSP for approval and endorsement to the SEC.

Retirement and Term Limit
GRI 201-3

Directors of the Bank are elected on an annual basis and are expected to remain fit and proper for the position of a director for the duration of their term, in accordance with

the requirements and qualifications set out in the MORB, and other relevant laws, rules, and regulations. A director has the burden to prove that he/she possesses such qualifications and none of the disqualifications. Directors shall continue to be mentally and physically fit to perform their responsibilities, manifested by their attendance and active participation during Board meetings, continuing training and education, and continued dialogue with other directors and key officers of the Bank, among others. In the event a director no longer has the required fitness, the director shall inform the Board of his/her 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 the retirement of qualified and well-seasoned directors, its independent directors may only serve as such for a maximum cumulative term of nine years. After reaching this limit, an independent director is perpetually barred from serving as independent director of the Bank but may continue to serve as regular director. The cumulative term is reckoned from 2012. As of December 31, 2025, 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, Board Committees, and the President and CEO, to identify strengths and areas for improvement and to establish mechanisms for addressing the results thereof.

The members of the Board participate in an annual self-assessment exercise to assess their individual and collective performance. This exercise also covers the performance of the President/CEO through a self-assessment component, consistent with best governance practices. It is likewise designed to determine and measure the adherence of Management to corporate governance principles and serve as a platform to address and discuss specific areas or components that the Board and each director need to improve. The self-assessment questionnaire covers comprehensive evaluation criteria focused on matters such as the director’s time commitment and independence, potential or actual conflicts of interest, governance landscape, ethical culture in the Bank, risk governance,

fitness and propriety of Board and Management, and internal controls. The assessment uses a five-point rating scale, where 1 signifies “Critically Deficient” and 5 signifies “Strong,” indicating performance that meets or exceeds standards prescribed under existing regulations.

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

Pursuant to the SEC’s Code of Corporate Governance for Publicly Listed Companies, the Bank engages an external entity every three years to assess the structure, processes, dynamics, roles, and overall performance of the Board, and to further align PNB’s governance framework with best practices. 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/ President for the year 2023. The Bank shall again engage an external assessor in 2027 (third year) to facilitate the Board Performance Evaluation for 2026.

Orientation and Continuing Education
GRI 2-17

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

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

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

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

Name	Program	Date	Host / Training Institution
Edgar A. Cua	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Lucio C. Tan III	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Edwin R. Bautista	Corporate Governance Orientation Program	June 3 to 4, 2025	Institute of Corporate Directors
	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Judith V. Lopez	Corporate Governance Orientation Program	June 3 to 4, 2025	Institute of Corporate Directors
	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Chester Y. Luy	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Geocel D. Olanday	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Isabelita M. Papa	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Sheila T. Pascual	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Wilfrido E. Sanchez	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Eusebio V. Tan	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Michael G. Tan	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Vivienne K. Tan	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Maria Almasara Cyd N. Tuaño-Amador	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Marcia T. Uy	Corporate Governance Orientation Program	June 3 to 4, 2025	Institute of Corporate Directors
	Corporate Governance Seminar	November 26, 2025	SGV & Co.
Cesar L. Villanueva	Basics of Corporate Governance	May 29, 2025	Ateneo de Manila Graduate School of Business–Center for Continuing Education
Ruth Pamela E. Tanghal	Corporate Governance Seminar	November 26, 2025	SGV & Co.

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

Shareholdings

Pursuant to the PNB Corporate Governance Manual, directors are required to advise and disclose to the Corporate Secretary their shareholdings in the Bank

within three business days after their appointment or any subsequent acquisition, disposal, or change in their shareholdings for proper filing of reportorial requirements with the PSE, the SEC, and the Philippine Dealing and Exchange Corporation (PDEX).

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

Name	No. of PNB Common Shares as of December 31, 2024 (D) Direct (I) Indirect	Changes During the Year (A – Acquisition; D – Disposal; N –New Officer)	No. of PNB Common Shares as of December 31, 2025 (D) Direct (I) Indirect	% To Total Outstanding Common Shares of PNB
B. Key Officers				
1. Roberto F. Abastillas	-	130,000 (N)	130,000 (I)	0.01
2. Francis B. Albalate	2,200 (I)	19,650 (A)	21,850 (I)	0.00
3. Allan L. Ang	4,632 (I)	7,900 (A)	12,532 (I)	0.00
4. Roberto D. Baltazar	-	119,600 (A)	119,600 (I)	0.01
5. Mario Luis P. Cruel	-	2,220 (N)	2,220 (D&I)	0.00
6. Carlo S. Dimaala	1,225 (D&I)	-	1,225 (D&I)	0.00
7. Christian Jerome O. Dobles	3,632 (D&I)	-	3,632 (D&I)	0.00
8. Juliet S. Dytoc	1,346 (I)	-	1,346 (I)	0.00
9. Antonio M. Elicano	-	2,220 (N)	2,220 (D&I)	0.00
10. Maria Paz D. Lim	29,970 (D&I)	-	29,970 (D&I)	0.00
11. Roland V. Oscuro	7,610 (D&I)	7,510 (D)	100 (D)	0.00
12. Humildad M. Santelices	3,610 (D&I)	-	3,610 (D&I)	0.00
13. Mariza L. Tiburcio	2,429 (D&I)	-	2,429 (D&I)	0.00
14. Joy Jasmin R. Santos	2,054 (D&I)	-	2,054 (D&I)	0.00
15. Cristy M. Vicentina	1,885 (D&I)	-	1,885 (D&I)	0.00
16. Analisa I. San Pedro	671 (D&I)	-	671 (D&I)	0.00
17. Constantino T. Yap	-	1,875 (N)	1,875 (D&I)	0.00
18. Ruth Pamela E. Tanghal	557 (D&I)	-	557 (D&I)	0.00
19. Michelle A. Pahati-Manuel	520 (D&I)	-	520 (D&I)	0.00

Concurrent and Interlocking Directorships
GRI 2-15

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.

Name	No. of PNB Common Shares As of December 31, 2024 (D) Direct (I) Indirect	Changes During The Year (A – Acquisition; D – Disposal; N –New Director)	No. of PNB Common Shares As Of December 31, 2025 (D) Direct (I) Indirect	% To Total Outstanding Common Shares Of PNB
A. Directors				
1. Edwin R. Bautista	-	200,000 (N)	200,000 (I)	0.01
2. Edgar A. Cua	100 (D)	-	100 (D)	0.00
3. Judith V. Lopez	-	5 (N)	5 (I)	0.00
4. Chester Y. Luy	10 (I)	-	10 (I)	0.00
5. Geocel D. Olanday	1 (I)	-	1 (I)	0.00
6. Isabelita M. Papa	1 (I)	-	1 (I)	0.00
7. Sheila T. Pascual	110 (D&I)	-	110 (D&I)	0.00
8. Wilfrido E. Sanchez	1 (I)	-	1 (I)	0.00
9. Eusebio V. Tan	10 (I)	25,500 (A)	25,510 (I)	0.00
10. Lucio C. Tan III	300 (D)	-	300 (D)	0.00
11. Michael G. Tan	62,250 (D&I)	-	62,250 (D&I)	0.00
12. Vivienne K. Tan	10 (I)	-	10 (I)	0.00
13. Maria Almasara Cyd N. Tũaño-Amador	1 (I)	-	1 (I)	0.00
14. Marcia T. Uy	-	5 (N)	5 (I)	0.00
15. Cesar L. Villanueva	-	2,305 (N)	2,305 (I)	0.00

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

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

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

BOARD COMMITTEES
GRI 2-12, 2-14

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

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

Name	Board Audit and Compliance	Board IT Governance	Board Oversight RPT	Board Strategy and Policy	Corporate Governance and Sustainability	Executive	Risk Oversight	BOOOC	Trust
Edgar A. Cua		M		VC		C	M	C	M
Lucio C. Tan III			VC	M		VC			
Chester Y. Luy	M	M		M		M	M	M	
Sheila T. Pascual				M		M			C
Wilfrido E. Sanchez				M		M	M		VC
Eusebio V. Tan	M	M	M	C		M			
Michael G. Tan	M			M		M			
Vivienne K. Tan		M		M		M	M		M
Isabelita M. Papa	M	C		M	M		VC	VC	
Maria Almasara Cyd N. Tuaño-Amador	M		VC	M	VC	M (Non-voting)	C	M	
Geocel D. Olanday	VC			M	C		M	M	
Cesar L. Villanueva		M		M		M (Non-voting)			M
Edwin R. Bautista		M		M		M			M (Ex-Officio)
Judith V. Lopez	C		M	M	M		M		
Marcia T. Uy	M		C	M	M		M		

C – Chairman
VC – Vice Chairman
M – Member

Board Audit and Compliance Committee (BACC)

Mandate:

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

Structure and membership:

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

Meetings and Attendance:

- In 2025, the BACC held a total of 37 meetings: 24 regular meetings, 3 special meetings and 10 joint meetings with the BSPC. The Committee likewise held two executive sessions with the external auditors (without the presence of the Executive Director and the Management).
- The Committee charter stipulates that meetings shall be held at least four times a year. Special meetings may be convened, as necessary. Meetings can only be held if attended by majority of the members; but the vote of the majority of the quorum which in no case is less than two members are required to approve any act in all the meetings of the committee. For matters requiring the Committee’s approval and/or endorsement for Board approval, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Judith V. Lopez	Chairperson, Independent Director	27 ¹	100.00
Geocel D. Olanday	Vice Chairman, Independent Director	37	100.00
Isabelita M. Papa	Member, Independent Director	37	100.00
Maria Almasara Cyd N. Tuaño-Amador	Member, Independent Director	37	100.00
Marcia T. Uy	Member, Independent Director	26 ²	96.30
Michael G. Tan	Member, Non-Executive Director	36	97.30
Chester Y. Luy	Member, Non-Executive Director	37	100.00
Eusebio V. Tan	Member, Non-Executive Director	37	100.00
Edgar A. Cua	Former Member, Independent Director ³	10 ⁴	100.00

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

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

³Currently a Non-Executive Director

⁴Member of the BACC until April 28, 2025

Board IT Governance Committee (BITGC)

Mandate:

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

Structure and membership:

- Composed of six non-executive directors, one independent director, and one executive director.
- The membership and composition of the BITGC meet the requirements under existing BSP regulations.
- The Head of ITG also sits as a non-voting member of the Committee.

Meetings and Attendance:

- In 2025, the BITGC held a total of 18 meetings: 12 regular meetings and six 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 are required to approve any act in all the meetings of the committee. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Isabelita M. Papa	Chairperson, Independent Director	18	100.00
Lucio C. Tan III	Vice Chairman, Non-Executive Director	15	83.33
Edgar A. Cua	Member, Non-Executive Director	13 ¹	100
Edwin R. Bautista	Member, Executive Director	11 ¹	84.62
Cesar L. Villanueva	Member, Non-Executive Director	12 ¹	92.31
Chester Y. Luy	Member, Non-Executive Director	18	100.00
Eusebio V. Tan	Member, Non-Executive Director	18	100.00
Vivienne K. Tan	Member, Non-Executive Director	16	88.89
Florido P. Casuela	Former Member, Executive Director ²	4 ³	80.00
Domingo H. Yap	Former Member, Independent Director	5 ³	100.00
Felix Enrico R. Alfiler	Former Member, Non-Executive Director	5 ³	100.00
Michael M. Morillos	Non-Voting Member	15	83.33

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

² Currently a Board Advisor

³ Member of the BITGC until April 28, 2025

Board Oversight RPT Committee (BORC)

Mandate:

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

Structure and membership:

- Composed of three 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 CCO and the CAE also sit as non-voting members of the committee.

Meetings and Attendance:

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

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

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

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

³ Member of the BORC until April 28, 2025

⁴ Currently a Non-Executive Director

Board Strategy and Policy Committee (BSPC)

Mandate:
Serve as the governing Board committee that exercises authority over, and delegates to Management, the implementation of Board-approved strategic plans and policies.

Structure and membership:

- Composed of 15 members: five independent directors, nine non-executive directors, and one executive director.

Meetings and Attendance:

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

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

¹Elected as a Member of the BSPC on April 29, 2025
²Member of the BSPC until April 28, 2025

Corporate Governance and Sustainability Committee (CGSC)

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

Structure and membership:

- Chaired by an independent director.
- Composed entirely of independent directors.

Meetings and Attendance:

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

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

¹Elected as a Member of the CGSC on April 29, 2025
²Member of the CGSC until April 28, 2025

Executive Committee (EXCOM)

Mandate:

- Assist the Board in reviewing proposals regarding credit facilities, investments in financial assets, borrowings, and other credit or transactional matters, in line with the Bank’s strategic goals.

Structure and membership:

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

Meetings and Attendance:

- In 2025, the EXCOM held a total of 50 meetings, thus: 49 regular meetings and one special meeting.
- The presence of a majority of the members of the committee shall constitute a quorum. The unanimous vote of all the members present at the meeting shall be required to approve any act in all the meetings of the committee; otherwise, the proposal under consideration shall be elevated to the Board for approval.

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

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

²Member of the EXCOM until April 28, 2025.

Risk Oversight Committee (ROC)

Mandate:

Assist the Board in overseeing the Bank’s risk profile and reviewing its enterprise risk management framework.

Structure and membership:

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

Meetings and Attendance:

- In 2025, the ROC held a total of 34 meetings: 24 regular meetings and 10 joint meetings with the BSPC.
- The committee charter stipulates that regular meetings shall be held at least every month and special meetings may be held 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
Edgar A. Cua	Member, Non-Executive Director	24	100.00
Chester Y. Luy	Member, Non-Executive Director	24	100.00
Geocel D. Olanday	Member, Independent Director	24	100.00
Vivienne K. Tan	Member, Non-Executive Director	22	91.67
Judith V. Lopez	Member, Independent Director	16 ²	100.00
Marcia T. Uy	Member, Independent Director	16 ²	100.00
Domingo H. Yap	Member, Independent Director	8 ³	100.00
Felix Enrico R. Alfiler	Member, Non-Executive Director	8 ³	100.00
Wilfrido E. Sanchez	Member, Non-Executive Director	8 ³	100.00

¹Excluding joint meetings

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

³Member of the ROC until April 28, 2025

Trust Committee

Mandate:

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

Structure and membership:

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

Meetings and Attendance:

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

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

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

² Member of the Trust Committee until April 28, 2025

³ Currently a Board Advisor

Board Overseas Offices Oversight Committee (BOOOC)

Mandate:

The Committee manages oversight of overseas offices, covering business operations, risk management, and compliance with legal and regulatory requirements. This oversight covers foreign branches, subsidiaries (except where local laws require independent management), marketing desks, and representative offices. It reviews the formulation of policy guidelines and procedures to ensure the quality and effectiveness of compliance and risk management across these business legal vehicles, with particular focus on key risk areas requiring heightened

Board supervision and timely, effective corrective actions by Senior Management. The Committee likewise reviews actions taken in response to regulators’ recommendations and to changes in laws and regulatory environments affecting each overseas entity, in coordination with the respective Boards of Directors, relevant Board Committees, and Senior Management Sector or Group Heads providing oversight. In addition, the Committee formulates policies and monitors the implementation of continuing education programs for key officers of overseas offices, oversees their participation in management committees, and reviews succession planning for their Senior Management.

Structure and membership:

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

Meetings and Attendance:

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

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

1. The Chairperson shall not cast his/her vote unless and until all members have voted.
2. Voting shall be by rollcall in alphabetical order, unless the Chairperson deems that a show of hands will be sufficient for the purpose.

3. A majority vote of the Committee members present is required to approve/endorse an act/ management recommendation.
4. In the event the votes are tied, the Chairperson shall cast his/her vote to break the tie.
5. If despite the Chairperson’s vote, the voting resulted in an equal/event number of votes, another round of deliberation shall be held by the members of the Committee to possibly resolve contentious issues or clarify certain matters regarding the subject act/management recommendation. Thereafter, the process mentioned in Sections 1.1 to 1.4 shall be observed for the second time during the same meeting. If the required majority vote was still not obtained, then the act/management recommendation is deemed rejected by the committee.

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

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

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

² Member of the BOOOC until April 28, 2025

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

MANAGEMENT COMMITTEES

As the highest-ranking officer in the organization, the President and CEO 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 and CEO in the implementation of the overall strategy and oversees the management and affairs of the Bank. MANCOM ensures that activities and operations are consistent with the defined strategic objectives, risk strategy, and policies as approved by the Board.

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

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

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

The Chief Information Security Officer (CISO) and Data Protection Officer (DPO) reports directly to the CRO for the CISO-related matters and to the President for the DPO functions. The CISO and DPO provides strategic leadership in managing and supporting the Bank's information security program, ensuring an effective balance between business objectives and security requirements. The CISO is responsible for maintaining information security risks within acceptable levels. In concurrent capacity, he also serves as

the Bank's DPO tasked with monitoring compliance with the Data Privacy Act (Republic Act No. 10173), its implementing rules and regulations, issuances by the National Privacy Commission, and all other applicable data privacy laws and policies.

The complete background and qualifications of the members of the MANCOM can be found in 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 28, 2026

1. Acquired Assets Disposal Committee (AADC)
2. Asset and Liability Committee (ALCo)
3. Asset Disposal Committee (Head Office)
4. Capital Management Sub-Committee
5. Committee on Decorum and Investigation (CoDi)
6. Committee on Overseas-Related Engagements (CORE)
7. Consumer Finance Sector Credit Committee (CFSCC)
8. Crisis Management Committee
9. Customer Experience (CX) Committee
10. Data Governance Committee
11. Domestic Branch Site Selection Committee (DBSSC)
12. Ethical Standards Committee (ESC)
13. Financial Crime Risk Review Committee (FCRRC)
14. Impairment Committee
15. Institutional Banking Sector Credit Committee (IBSCC)
16. IT Evaluation Committee (ITEC)
17. Management Committee (ManCom)
18. Management Risk Committee (MRC)
19. Metro Manila Commercial Credit Committee
20. Occupational Safety, Health, And Family Welfare Committee
21. Operations Committee (OpCom)
22. Procurement Committee
23. Products and Marketing Promotions Committee (PMPC)
24. Project Prioritization Committee
25. Provincial Commercial Credit Committee (PCCC) For Luzon Accounts
26. Provincial Commercial Credit Committee (PCCC) For Visayas and Mindanao Accounts
27. Retail Banking Sector Credit Committee (RBSCC)
28. Retirement Fund Board

29. Senior Management Credit Committee (SMCC)
30. Service Excellence and Professional Development Awards Selection Committee
31. Technology Committee (TechCom)

COMPLIANCE

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

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

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

Corporate Governance

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

Financial Crime Risk

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

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

The Financial Crime Risk Division (FCRD) encompasses five key areas: anti-money laundering, counter terrorist financing, sanctions, anti-bribery and corruption, and tax transparency. This scope was expanded to cover not only money laundering, but also other forms of financial crime. To mitigate the different risks, FCRD ensures an end-to-end robust control framework is in place and is embedded enterprise-wide. It also provides guidance to the Board, management, and business units on the applicable regulatory requirements and risk mitigation to help

safeguard the bank against financial crime threats, legal penalties, and reputational damage. FCRD also provides trainings to upskill and retool employees and to keep them abreast with the changes in policies and procedures set forth by legislation, regulations, banking guidance, and global best practices.

Regulatory Compliance Risk

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

Compliance Assurance

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

Compliance Operations

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

INTERNAL AND EXTERNAL AUDIT

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

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

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

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

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

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

RIGHTS OF SHAREHOLDERS

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

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

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

Stockholders' Meeting

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

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

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

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

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

Before the ASM

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

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

During the ASM

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

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

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

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

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

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

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

After the ASM

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

DISCLOSURE AND TRANSPARENCY

PNB Website

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

Annual and Quarterly Reports

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

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

Press Releases and Media Briefings

Relevant information and updates that need to be communicated to the general public are disseminated through press releases or press statements. To release these materials, PNB makes use of both mainstream and online channels. Mainstream or traditional channels include print (major publications and marketing collaterals) and broadcast media (TV and radio). Apart from the Bank's

website, and when appropriate, the Bank also utilizes official social media accounts. All these communication channels are used because of their extensive reach and accessibility.

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

Investor Relations

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

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

The Investor Relations Program is anchored on three main principles:

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

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

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

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

GOVERNANCE POLICIES AND PRACTICES
GRI 2-23, 2-24

Corporate Governance Manual

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

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

Corporate Governance Confirmation Statement

The Bank adopts a policy and ensures full compliance with the Code of Corporate Governance.

PNB has substantially complied with the recommendations of the Code of Corporate Governance for Publicly Listed Companies, except for the following:

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

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

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

Code of Ethics for Directors

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

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

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



Code of Conduct for Employees

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

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

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



Whistleblowing Mechanism

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 or those classified as sensitive and/or special cases, the same may be reported directly to the PNB President/CEO, CCO, CAE, CLC or any member of the Board of Directors either verbally or in writing or e-mail to ensure the anonymity of the whistleblower.

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



Anti-Bribery and Anti-Corruption

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

In line with BSP Circular No. 1160 Series of 2022 covering Regulations on Financial Consumer Protection implementing Republic Act No. 11765 otherwise known as the "Financial Products and Service

Consumer Protection Act", the Bank continues to embed consumer protection practices across the organization.

It is at the forefront of the Bank's corporate responsibility, from the Board who approves the policies and conducts oversight in the implementation of Bank's Consumer Protection Risk Management System (CPRMS) and the Consumer Assistance Management System (CAMS), to the Management Committee who ensures that all consumer protection practices are aligned with the approved policies and risk management system and is consistently adhered to by relevant units. Aligned with the Bank's Enterprise Risk Management Framework (ERMF), the CPRMS includes governance structure, policies, processes, measurement, and control procedures and mechanisms to protect the rights and interest of consumers.

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

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

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

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

Creditors' Rights

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

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

To ensure operational efficiency and regulatory alignment, AVMD, PD, and OVRMD continued to refine its processes, strengthening internal controls and supporting the Bank's compliance with evolving BSP requirements. In coordination with the Corporate Sustainability and Social Responsibility team, the Bank has also begun integrating sustainability considerations into supplier accreditation and vendor related activities, in line with governmentmandated sustainability directives.

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

Selection Process for Senior Management

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

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

Succession Management

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

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

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

1. Identification of key/critical positions
2. Nomination of Candidates – based on the candidate's ability, engagement, and aspiration to assume higher role, subject to the initial evaluation of the Nominating Officer/Incumbents, the respective Sector or Group head nominates possible candidates who may be from within or outside of their respective Group/Sector.
3. Conduct of Talent Screening – the process of evaluating and assessing the shortlisted nominees' competencies based on tenure, rank, past and present performance and disciplinary record, competencies and readiness, subject to the approval of the President.
4. Learning and Development – An Individual Development Plan (IDP) shall be crafted by the Talent in close coordination with the incumbent, the supervising Head of Office together with Performance & Career Management Department (PCMD) and the Institute for Banking Excellence (IBE). A career dialogue with the accepted Talent and the Supervising Head of Office will be conducted to discuss the identified competency, behavioral, and leadership skills / requirements, timelines, mobility, and other requirements (e.g., certifications and licenses) of the position for which he/she is being considered as a possible successor. To address the development needs of each talent, the IBE of the Human Resource Group shall curate basic, core, 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 404–2

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

To support Senior Management development, HRG's Institute for Banking Excellence delivers a strategic mix of face-to-face and virtual instructor-led programs, complemented by external training for advanced, regulatory, and industry-specific competencies. PNB's digital learning ecosystem also provides flexible, on-demand access to compliance training and curated leadership pathways focused on strategy, decision-making, and people leadership.

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

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

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

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

Remuneration Policy

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:

1. Monetary emoluments consisting of monthly compensation, guaranteed bonuses equivalent to four monthly basic salary, allowances for business-related expenses, official travel, annual clothing allowance, annual rice subsidy, burial/funeral cash assistance and other monetary allowances, and award upon reaching service milestones of at least 10 years and every five years thereafter; and
2. Non-monetary benefits consisting of healthcare plan for the officer and two qualified primary dependents, group life insurance, group accident insurance, leave

privileges, telecommuting work arrangement for eligible officers, car plan, scholarship program for qualified beneficiaries, retirement benefits, employee investment program, government mandated benefits (SSS/PAGIBIG Loans/Sickness/Maternity) and loan facilities such as general-purpose loan, motor vehicle loan, and housing loan.

Performance-Based Remuneration

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, achieve business goals, and meet its sustainability objectives. 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:

1. 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.
2. 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
3. Late Retirement: Any employee may offer his/her service to the Bank beyond the normal retirement date, but not beyond 65 years of age. Such retirement, however, shall be subject to the approval of the Bank on a case-to-case basis, considered as Fixed Term Employment.

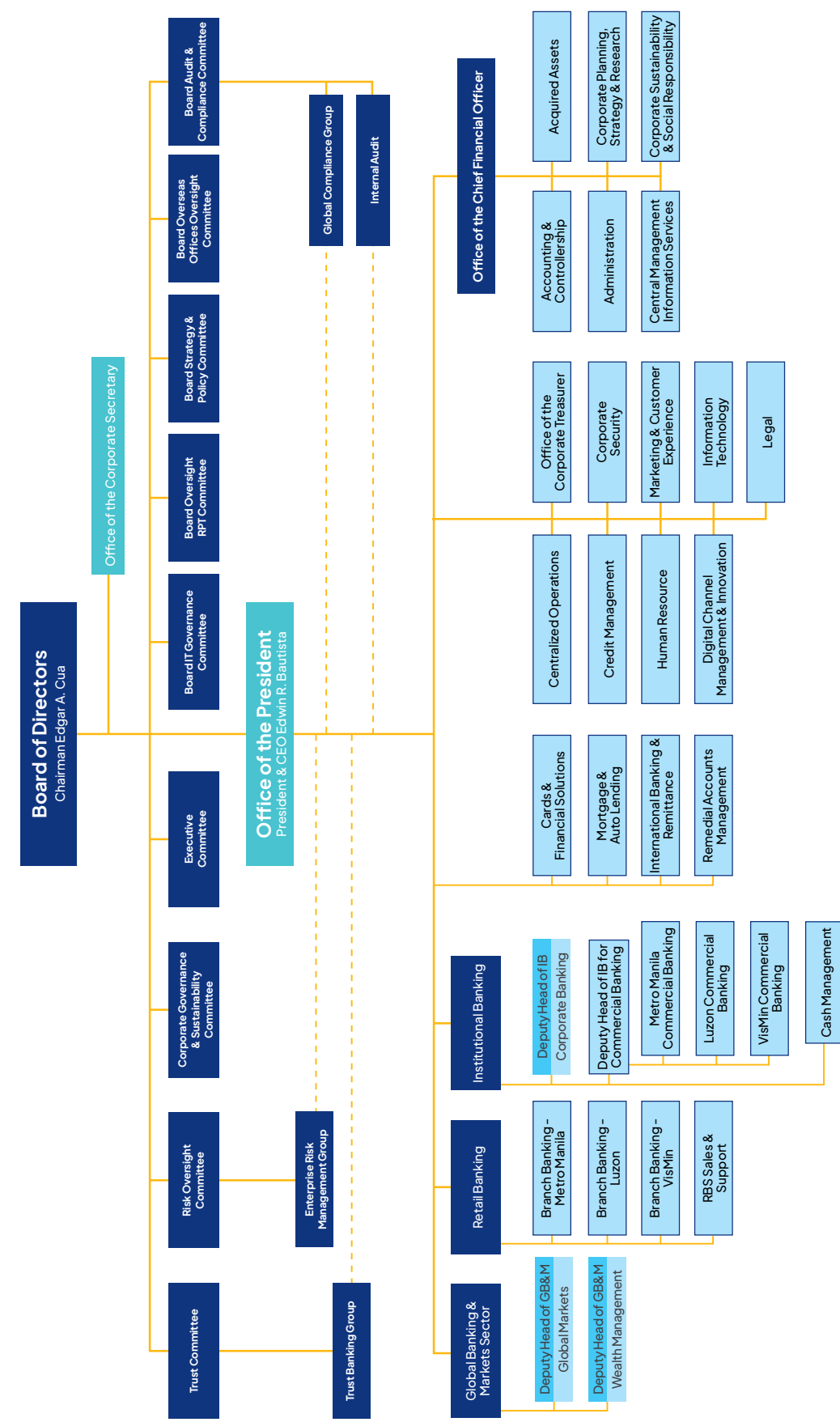
Employees who intend to resign from service but do not meet the prescribed eligibility requirements are not entitled to any separation pay.

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

Table of Organization

GRI 2-2, 2-9, 2-11
as of April 1, 2026



Driving Value Across an Integrated Group

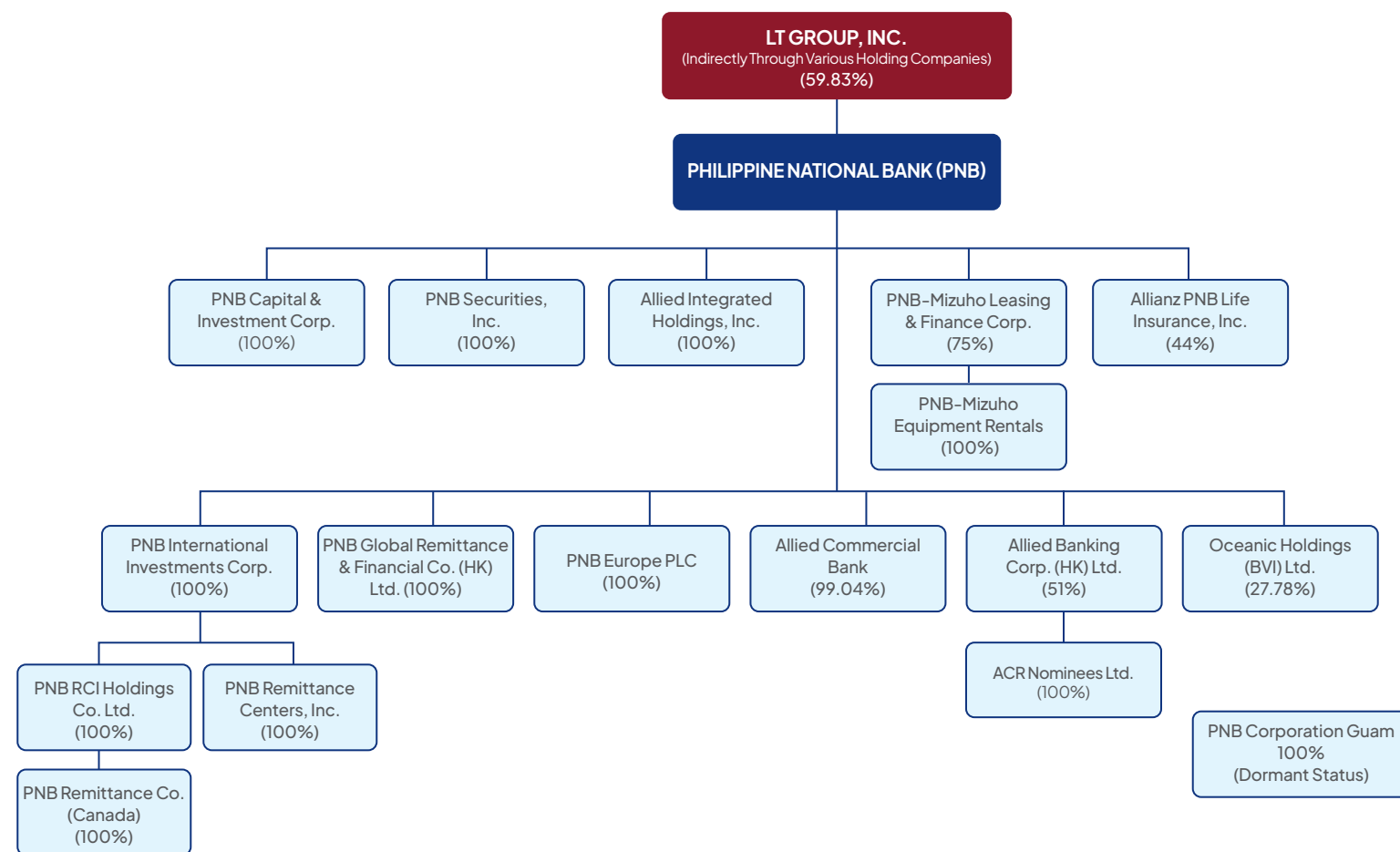
As a member of LT Group, Inc., Philippine National Bank (PNB) operates within a diversified ecosystem of businesses that contribute meaningfully to the country’s economic growth and development. The Group spans key industries, bringing together enterprises that support mobility, infrastructure, financial services, and consumer markets. At the core of this structure is Tangent Holdings Corporation, which serves as the Group’s principal holding company.

Alongside MacroAsia Corporation, a leader in aviation support services, and PAL Holdings, Inc., which oversees the country’s flag carrier, PNB is part of an integrated network that connects people, supports industries, and expands opportunities for Filipinos locally and globally.

This shared platform strengthens PNB’s ability to deliver value—enabling synergies across sectors, enhancing customer reach, and supporting inclusive growth. Together, the Group’s businesses play a vital role in improving everyday lives while advancing a collective vision of sustainable progress and nation-building. The pages that follow illustrate how these companies connect—creating value as one ecosystem.

Conglomerate Map

PNB Corporate Structure

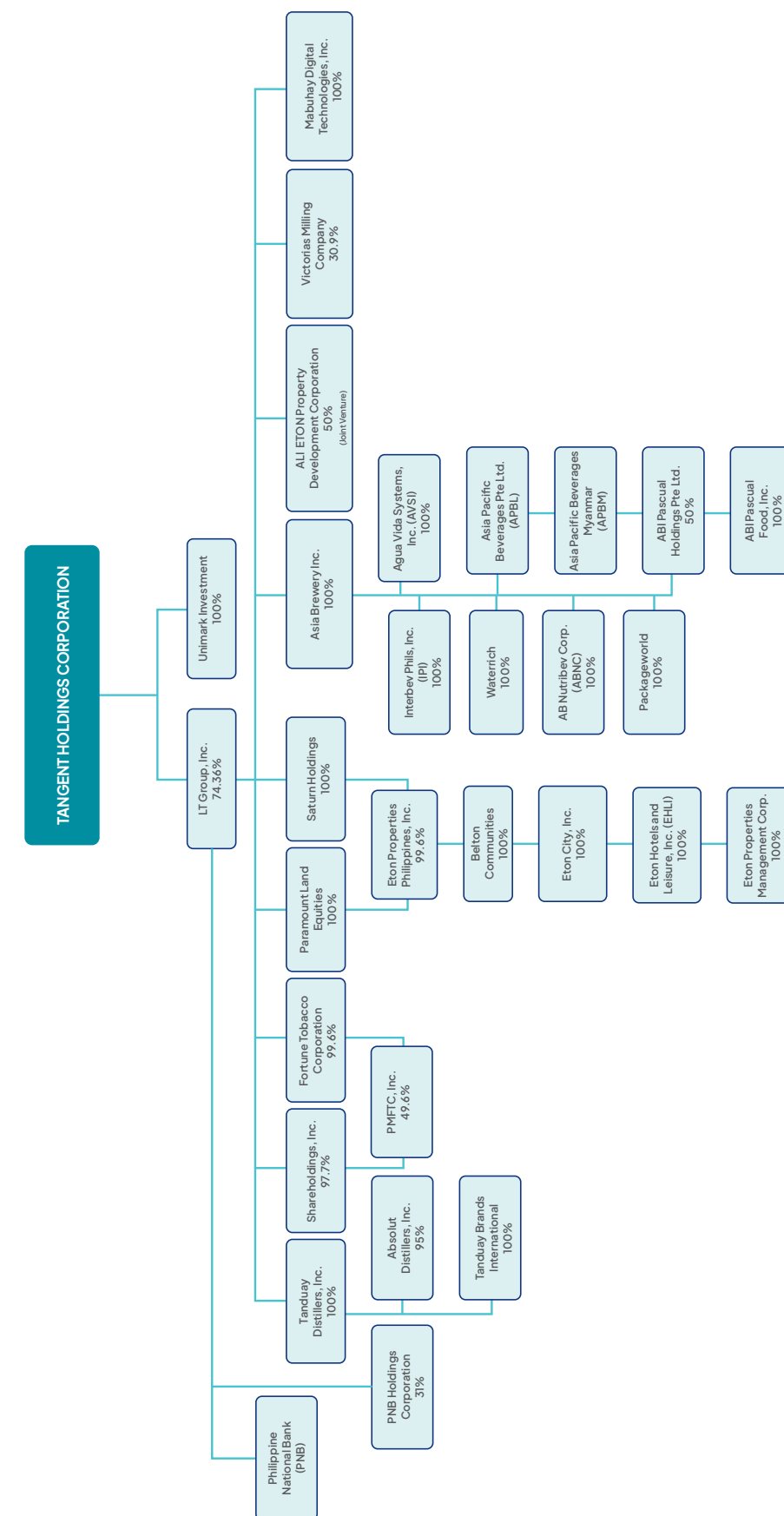


Other Affiliates of PNB

AB Heineken Philippines Inc.
 Alliedbankers Insurance Corporation
 Asia Brewery (Xiamen) Limited
 Asia's Emerging Dragon Corporation
 Basic Holdings Corporation
 Charter House, Incorporated
 Dominion Realty & Construction Corporation
 Dunman Holdings Corporation
 Eton Properties (Dalian) Co., Ltd
 Eton Properties (Xiamen) Co., Ltd
 Eton Properties Limited
 F.U.S.E. Foundation for the Upgrading of the Standard of Education, Inc.
 Foremost Farms, Inc.
 Fortune Landequities and Resources Inc.
 Grains Handlers Philippines, Inc.
 Grandspan Development Corporation
 Himmel Industries, Inc.
 Kaizer Chemical Industries, Inc.
 Lucky Travel Corporation
 Mabuhay Digital Philippines, Inc.
 Maranaw Hotels & Resort Corporation
 Prior Holdings Corporation
 Progressive Farms, Inc.
 Qualisure Holdings, Inc.
 Silangan Holdings
 Sipalay Trading Corporation
 Tan Yan Kee Foundation, Inc.
 University of the East
 University of the East Ramon Magsaysay Memorial Medical Center
 Wellcome Holdings

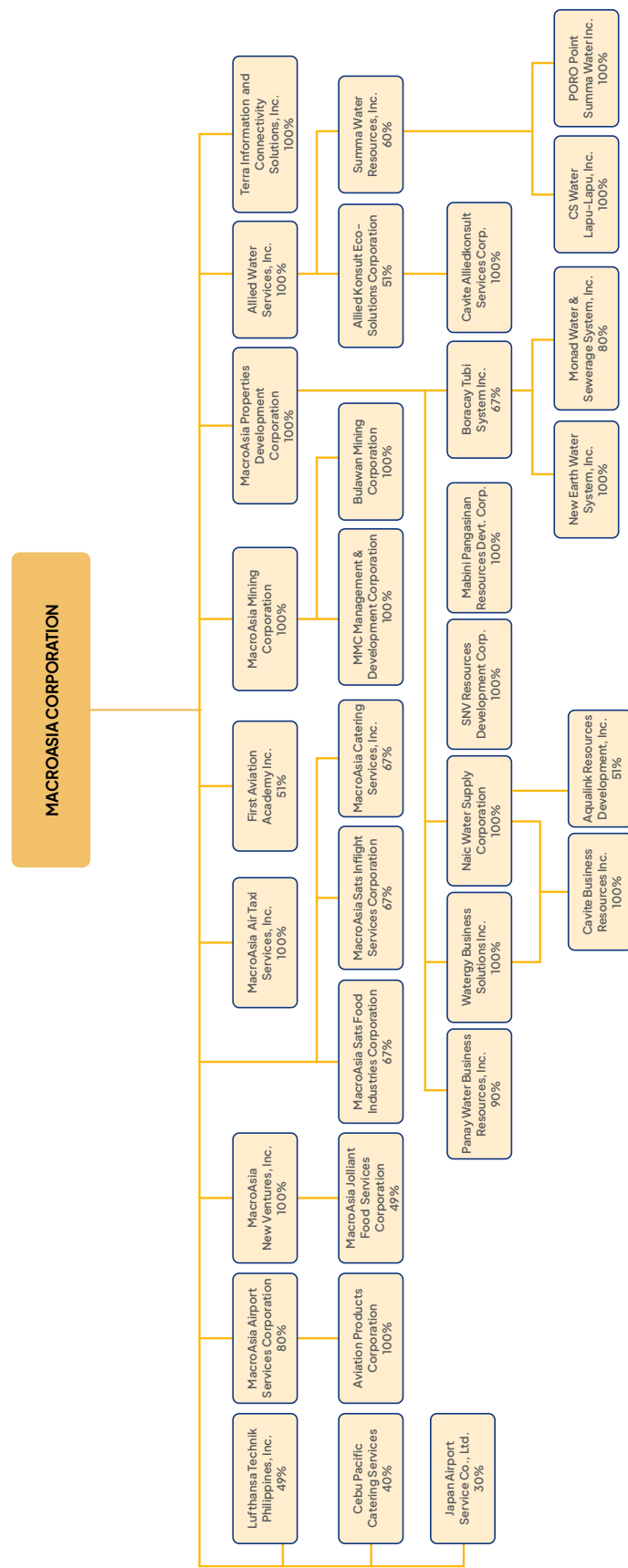
Conglomerate Map

LT Group Inc. Corporate Structure



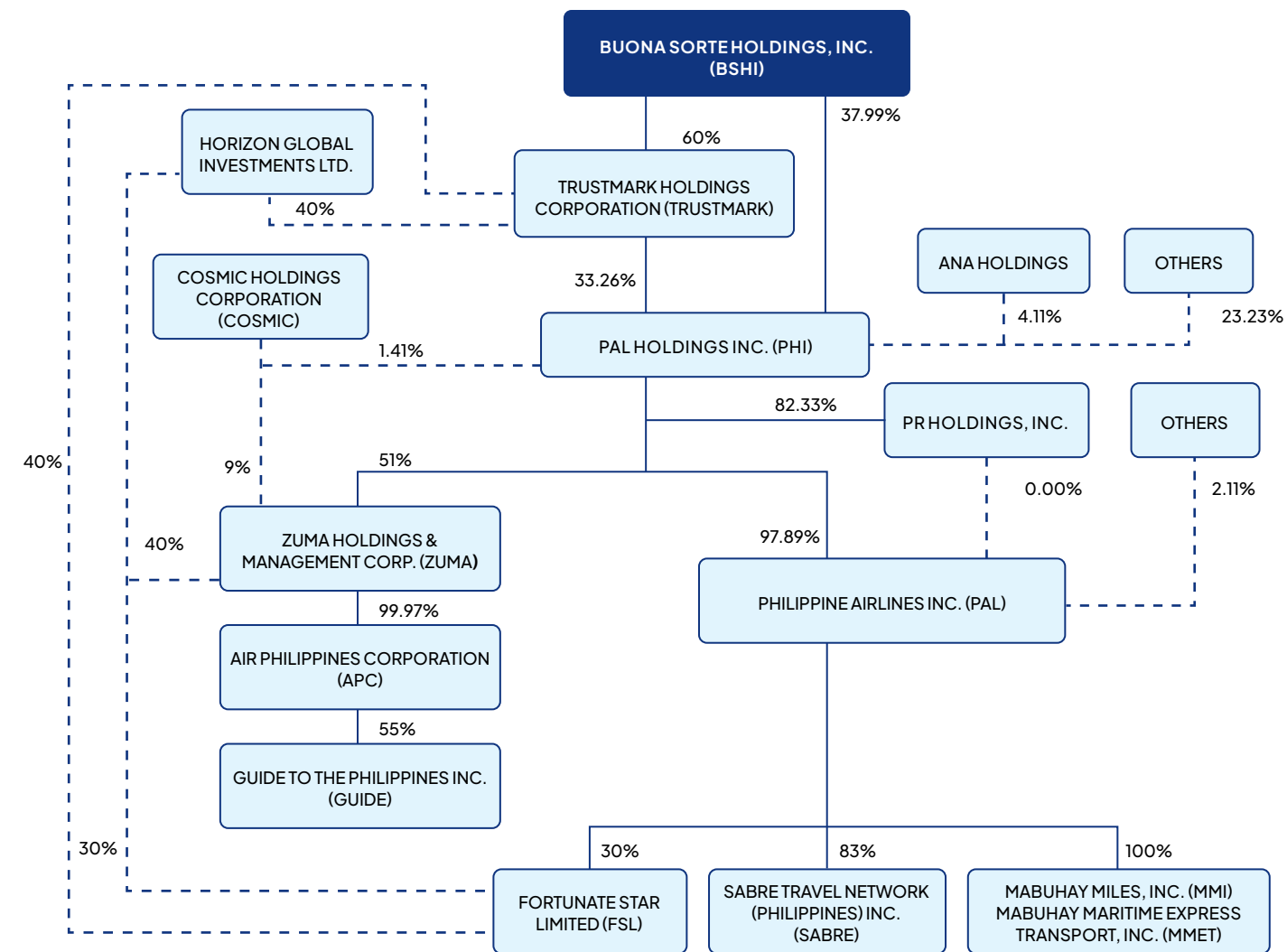
Conglomerate Map

MacroAsia Corporation Corporate Structure



Conglomerate Map

PAL Holdings Inc. Corporate Structure



Climate-Ready, Digitally Strong

How PNB Pushed the
Sustainability Agenda in 2025

By being climate-ready and digitally strong, PNB reaffirms its commitment to building a future that is both resilient and inclusive. Amid rapidly evolving environmental and technological landscapes, the Bank continues to strengthen its foundations—leveraging digital innovation to deliver secure, seamless services while advancing responsible practices that support climate readiness.

Guided by its enduring legacy and forward-looking vision, PNB remains focused on creating meaningful, long-term value for its customers, communities, and stakeholders—ensuring that growth is not only sustained, but shared.

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Report of the Chairperson, Corporate Governance and Sustainability Committee

GRI 2-22



Embedding Sustainability into our Operational DNA

To our valued stakeholders,

The Corporate Governance and Sustainability Committee (CorGov) serves as a strategic enabler of PNB’s commitment to the highest standards of governance and disciplined oversight. In 2025, our mandate focused on facilitating the integration of sustainability into the Bank’s core strategy, ensuring PNB remains resilient amidst economic volatility, climate disruptions, and an evolving regulatory landscape.

Institutionalizing Sustainability in Governance

In collaboration with Management, we have further improved our governance framework to embed sustainability into PNB’s operational DNA. This ensures that credit decisions, operational shifts, and strategic investments are consistently evaluated through the lens of long-term viability and ethical stewardship.

Key developments in 2025 included:

- **Strategic Risk Integration** — Embedding climate-related considerations into the Bank’s Enterprise Risk Management (ERM) and Strategic Planning, aligning with the BSP’s sustainable finance frameworks.
- **Data-Driven Discipline** — Leveraging internal analytics to quantify physical and transition risks, resulting in better-informed credit screening and capital allocation.
- **Market Leadership** — The successful issuance of Php 15.7 billion in ASEAN Sustainability Bonds reflects strong investor confidence in PNB’s sustainability infrastructure and reporting transparency.
- **Digital Resilience** — Continuing fortification of the Bank’s digital frontier to provide secure, inclusive digital banking. By prioritizing cybersecurity and data protection, we address the “Social” aspect of ESG to reinforce PNB’s role as a stable and trustworthy partner.
- **Regulatory Alignment** — Ensuring robust compliance with both Securities and Exchange Commission (SEC) and Bangko Sentral ng Pilipinas (BSP) mandates through targeted partnerships and workshops.

Pursuant to the CORGOV Charter, PNB prepares a Sustainability Report (SR) that outlines material sustainability topics identified through a structured, stakeholder-informed assessment applying a double-materiality perspective. The SR is prepared in reference to the GRI Standards and the IFRS Sustainability Disclosure Standards. To ensure proper oversight of sustainability-related matters, the SR is reviewed and approved by the Board of Directors prior to publication.

Value-Adding and Impact-Driven Governance

A defining milestone this year was the convergence of our sustainability imperatives with the Bank’s broader

digital transformation and artificial intelligence (AI) strategies. While these technological advancements drive growth—specifically in client acquisition and operational efficiency—CorGov facilitated the essential Board-level discussions required to establish a robust Governance Framework.

Our objective is to ensure that the deployment of these strategic enablers remains anchored by essential guardrails. We are committed to the ethical use of technology, prioritizing explainability, accountability, fairness, and transparency to ensure that digital progress remains aligned with our ethical values and consumer protection standards.



About the Sustainability Report

How to Read this Report

Now on its 8th edition, this sustainability report explains how Philippine National Bank (“PNB”, “Company”, the “Bank”) integrates sustainability considerations into its strategy, operations, and risk management. It is intended for a broad set of stakeholders who may read the report for different purposes, from high-level understanding to detailed review of specific topics.

To make the report easier to navigate and use, the following conventions are applied:

- Section flow:** The report is structured to follow our four Sustainability Pillars and material topics as they are executed across the Bank’s businesses, operations, and control functions. Sections may be read in sequence or independently.
- Tags per heading:** Each major section and topic includes tags indicating the relevant sustainability standards or frameworks referenced in that section. These tags help readers quickly identify where specific disclosure requirements are addressed.
- Metrics and narrative:** Quantitative data is presented together with explanatory narrative to provide context on performance, management approach, and key considerations. Unless otherwise stated, information covers the 2025 reporting year.
- Content index:** A consolidated content index is provided at the end of the report. This index allows readers to locate disclosures by standard or framework and trace them to the relevant sections of the report.
- Related disclosures:** This report should be read alongside PNB’s Annual Report and financial statements, as sustainability matters are closely linked to the Bank’s overall performance and risk profile.

The report reflects management’s current views and practices in 2025. Forward-looking statements and plans are based on existing assumptions and may evolve in response to regulatory developments, market conditions, and stakeholder expectations.



Group-Wide Alignment

PNB ensures its stewardship is synchronized with the strategic direction of the LT Group, Inc. and the regulatory frameworks of the SEC and BSP . This alignment was further evidenced by the 2025 Summit for Sustainable Growth, which clarified strategic priorities and streamlined sound banking practices across the Group.

For the fourth consecutive year, the Bank was awarded the prestigious 4–Golden Arrow Award for exemplary corporate governance practices. The award is based on the ASEAN Corporate Governance Scorecard (ACGS), a region-wide benchmarking framework used to assess publicly listed companies across ASEAN. In the Philippines, the Institute of Corporate Directors (ICD), the accredited domestic ranking body for the ACGS, conducts the independent evaluation. This sustained recognition underscores the Bank’s consistency and discipline in governance and reflects the collective commitment

of the Board, Management, and employees to ethical leadership, transparency, and accountability. This achievement represents a proud milestone for the Bank.

Forward-Looking Assurance

In 2026, PNB will focus on concretizing our gains, moving from strategic design to deeper operational maturity. Our priority is the consistent application of sustainability and digital governance policies institution-wide. By deepening the integration of data-driven insights into day-to-day management, we ensure our sustainability commitments remain measurable, impactful, and fully aligned with our core banking purpose.

(Original Signed)
Geocel D. Olanday
 Chairman, Corporate Governance and Sustainability Committee



Our Sustainability Reporting Coverage, Guidelines, and Standards

GRI 2-2, 2-3

Reporting Period

January 1, 2025 to December 31, 2025

Reporting Coverage

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

Financial statements were audited by SGV & Co., and non-financial data, though not externally assured, underwent thorough internal review and verification. Selected disclosures on sustainable financing allocations obtained independent limited assurance.

Guidelines and Standards

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

- GRI Standards
- 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 and Methodology

1

Stakeholder Engagement

The reporting process begins with engagement across a broad range of stakeholders, including employees, customers, investors, regulators, suppliers, and community partners. Engagement is conducted through a combination of surveys, interviews, focused discussions, and consultations. These interactions are used to understand stakeholder perspectives on the Bank’s economic, environmental, social, and governance impacts, as well as their expectations regarding PNB’s role in addressing Sustainability and Climate-related risks and opportunities. Insights gathered from this process guide both topic identification and the framing of disclosures.

2

Double Materiality Assessment

In 2025, PNB conducted a double materiality assessment considering both impact and financial materiality. Impact materiality assesses the Bank’s actual and potential impact on the economy, society, the environment, and human rights. Financial materiality evaluates how sustainability and climate-related issues may affect the Bank’s financial position, performance, or future prospects. Topics were identified, assessed, and prioritized based on their relative significance under both dimensions. The results of this assessment guide the selection of material topics disclosed in this report and support consistency with regulatory expectations and international sustainability reporting standards.

3

Data Gathering and Reporting

Data for the report is collected from relevant departments and business units across the Bank. This includes quantitative and qualitative information covering environmental performance, social programs, workforce-related indicators, customer and community initiatives, risk management, and governance practices. Collected data is reviewed for completeness and consistency, then analyzed and organized in line with applicable reporting frameworks and internal definitions. Where estimates or assumptions are used, these are applied consistently and reviewed to ensure reliability.

4

Management Review

The draft Sustainability Report undergoes a structured review by senior management. This review focuses on the accuracy of disclosures, the balance and clarity of information presented, and alignment with the Bank's strategy, risk management approach, and regulatory obligations. Management feedback is incorporated to ensure the report provides a fair and comprehensive account of PNB's sustainability performance and responds to the information needs of regulators, investors, and other stakeholders.

5

Board Review and Approval

As part of PNB's reporting governance and quality assurance process, the Annual and Sustainability Reports undergo a formal review and approval process at the Board level. Draft disclosures are reviewed by Management and relevant oversight committees to ensure accuracy, consistency with regulatory requirements, and alignment with the Bank's strategy, risk management, and performance. The finalized report is then endorsed by the appropriate Board committees and approved by the Board of Directors, reflecting the Board's oversight of sustainability, risk, and non-financial disclosures and its accountability for the integrity of information presented to stakeholders.

Contact Information

Your opinion, feedback, and recommendations are welcome.

You may contact the following:

PNB Office of the Corporate Secretary

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Tel. No.: (+632) 8 526-3131 local 4582
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Atty. Ruth Pamela E. Tanghal
Email: tanghalrpe@pnb.com.ph

PNB Investor Relations

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Investor Relations Officer: Jenilyn B. Valdez
Email: iru@pnb.com.ph/valdezjeb@pnb.com.ph

Corporate Sustainability and Social Responsibility Division

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Email: CSSRD@pnb.com.ph

PNB Customer Care Hotline

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Email: customer@pnb.com.ph

Message from the President and CEO

GRI 2-22



In this context, sustainability is not an abstract ambition. It is a strategic enabler of our vision—guiding how we allocate capital, manage risk, innovate products, and engage our stakeholders.

Our Sustainability Agenda

In 2025, we continued to anchor our progress on four interrelated pillars: Governance and Risk Discipline, Responsible Banking, People and Community Development, and Environmental Stewardship. This framework ensures that sustainability is not a parallel initiative, but rather a discipline embedded into our core strategy, operations, and performance management.

From Commitment to Execution

This past year was defined by a transition from intent to execution. We integrated sustainability considerations directly into our business lines—from credit underwriting and investment decisions to digital banking and workforce development.

Under our Sustainable Financing Framework, we expanded green and transition-aligned financing while maintaining our hallmark prudent risk standards. Simultaneously, our digital initiatives enhanced access and affordability for retail and underserved segments, while strengthened data privacy and customer protection measures ensured that our growth remained both responsible and resilient.

Executing with Purpose, Growing with Resilience

To our valued stakeholders,

At Philippine National Bank (PNB), our purpose is clear: to champion national development while enabling inclusive and sustainable economic growth. As one of the country's foundational financial institutions, we recognize our role extends beyond providing capital; we are stewards of trust. We exist to support Filipino households, enterprises, and communities through every economic cycle and social shift.

2025 Strategic Progress and Milestones

We achieved meaningful progress across all pillars in 2025:

- **Green Financing** – PNB supported green loans totaling Php 36.5 billion eligible as use of proceeds for the sustainability bond issued in 2024, with eligible green and social loans pipeline of Php 29.6 billion currently under development.
- **Market Confidence** – Building on our successful \$300 million sustainability bond in 2024, we issued a dual-tranche (3-year and 5-year) ASEAN Sustainability Bond in 2025. This offering raised Php 15.7 billion under our Php 50 billion Bond and Commercial Paper Programme. The final order book was oversubscribed 5.2 times, reflecting profound market confidence in our sustainability strategy and financial fundamentals.
- **Operational Integration** – We enhanced our climate and environmental risk assessments and expanded our presence in underserved growth areas.
- **Internal Alignment** – We conducted thematic sustainability workshops to align our business, risk, and support functions, translating regulatory expectations and emerging risks into concrete operational priorities.

Creating Shared Value

These milestones deliver tangible value across our ecosystem. Our customers benefit from accessible digital services and competitive investment products; our communities gain through inclusive finance and disaster response; and our employees thrive through continued investment in training and well-being. For our shareholders, this disciplined approach builds long-term resilience and sustains financial performance.

Looking Ahead

Our path forward is well-defined. We remain committed to supporting the climate transition through responsible financing, accelerating secure digital transformation, and deepening financial inclusion.

I am confident in PNB's strategic direction and the collective capability of our teams to execute with discipline and purpose. Guided by our sustainability pillars, we will continue to build relevance, trust, and long-term value—every step together.

(Original Signed)
Edwin R. Bautista
President and CEO

Report from the Chief Financial Officer

GRI 2-22



Balancing Growth, Resilience, and Responsibility

Dear stakeholders,

At PNB, we operate under the conviction that financial performance and sustainability are mutually reinforcing drivers of long-term value. In 2025, our robust financial results were driven by “integrated thinking”—a philosophy that governs how we plan, deploy capital, manage risk, and measure performance. This ensures that growth initiatives, balance sheet decisions, and resilience investments are never evaluated in isolation, but rather by their combined impact on earnings quality, capital strength, and long-term stability.

Our strongest financial performance so far

For the full year 2025, the Bank delivered solid results supported by disciplined capital management, prudent cost control, and stable core income generation. Net income reached Php 25.3 billion, reflecting improved margins and sustained loan growth in priority sectors. Core revenues, including other income, amounted to Php 65.3 billion, while operating costs were contained at Php 31.4 billion, resulting in a cost-to-income ratio of 48.17%. These outcomes were achieved while simultaneously investing in technology and sustainability—demonstrating that financial efficiency and responsible growth can, and do, progress in parallel.

Integrating Resilience and Sustainability

Sustainability considerations now actively shape our financial resilience and long-term strategic outlook. In 2025, a significant proportion of Institutional Banking Sector borrowers underwent ESG risk screening in line with the Bank’s due diligence and sustainability risk assessment processes. This contributed to improved asset quality, reflected in a lower NPL ratio, while supporting stronger financial performance with a higher ROE of 11.09%, up by 70 basis points year-on-year. Furthermore, our financial materiality assessments have enabled the Bank to quantify sustainability-related risks and opportunities affecting earnings and asset quality, ensuring these factors are considered alongside traditional financial metrics.

Capital Allocation and Risk-Adjusted Growth

Our capital allocation decisions reflect a deliberate balance between growth and prudence. During the year, the Bank financed green loans totaling Php 36.5 billion, eligible as use of proceeds for the sustainability bond issued in 2024, and have committed to build eligible green and social loans with pipeline totaling Php 29.6 billion. Notably, of the 373 newly approved Institutional Banking accounts in 2025 with total approved facility of Php 121 billion, most of the accounts have completed ESG checklist due diligence. This demonstrates the Bank’s ongoing commitment to embedding ESG considerations into its credit assessment and approval processes. These investments support superior risk-adjusted returns, as reflected in an ROE of 11.09%.



Reliable operations remain key to protecting the Bank’s financial stability. In 2025, 100% of branches and critical facilities were assessed for physical and select climate-related hazards. The Bank also assessed select branches and critical offices in strategic locations to test the recovery of critical processes and activation of disaster recovery sites involving heavy rains and flooding scenarios. We invested Php 519.7 million in systems modernization and cybersecurity. We worked on improving average recovery time for priority systems by monitoring operational loss events linked to natural hazards, which reinforces our ability to manage disruptions without compromising service delivery or financial integrity.

remains committed to high-quality disclosures aligned with regulatory expectations and emerging global standards. As we take steps toward integrated reporting, we shall continue to strengthen internal accountability and provide relevant information to aid investors in decision-making.

Looking ahead, we are confident in the Bank’s ability to sustain performance while navigating evolving risks. With a strong capital foundation and a resilient balance sheet, PNB is well-positioned to support responsible growth, protect long-term value, and remain a stable financial partner in an increasingly complex operating environment.

Transparency and Forward Outlook

Transparency and disciplined reporting are the foundations of stakeholder confidence. PNB

(Original Signed)
Francis B. Albalade
 EVP and Chief Financial Officer



Sustainability at PNB

Our 2025 Sustainability Performance and Impact to SDGs

1 NO POVERTY

45 Communities served in select Metro Manila and Luzon areas by Bank on Wheels

2 ZERO HUNGER

₱ 95.22 billion Total portfolio supporting agricultural production, food manufacturing, wholesale/retail food selling, and food-related activities

₱ 7.90 billion Total financing provided to agricultural and food security programs

63 Relief Operations Volunteers

5,625 kgs of rice donated to victims of typhoons, earthquake, and fire.

100 Noche Buena packages donated to Happyland, Tondo residents in partnership with Upskills+ Foundation.

1,000 bags of relief goods distributed from Pagtutulungan ng Bayan

3 GOOD HEALTH AND WELL-BEING

₱ 4.28 billion Total loan portfolio supporting medical facilities and health programs

Impact of donated ambulances to Red Cross

230 Total number of ambulance runs

275 Total number of patients catered

124 Blood donors and blood bags generated in partnership with PNB Holdings Corporation and Philippine Red Cross

100% Total percentage of employees covered by the Occupational Safety and Health (OSH) management system

17,839,416 Total safe man-hours of employees

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

1,561 Total employees adopted the alternative work arrangement (AWA) promoting work-life balance and helping to reduce the Bank's environmental impact

4 QUALITY EDUCATION

Donations to Foundation for Upgrading the Standards of Education, Inc. (FUSE) impact to date

8,838 Total number of employees who underwent training

1,044 teachers trained on subjects such as Math, Science, and English in 146 schools from 2023–2025

363,915 Total training hours of all employees

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

41.18 Average hours of training per employee

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

90 Decommissioned desktop computers and laptops donated to target partner schools/universities

73,571 Total number of clients and employees who attended in Financial Literacy/Wellness Sessions

₱ 815.86 million Amount of loans to businesses providing educational services

5 GENDER EQUALITY

55.84% Total percentage of female employees at management level

40% of Board of Directors are female

50% of Board Advisors are female

5 out of 9 Board Committees chaired by women

7 AFFORDABLE AND CLEAN ENERGY

₱ 47.03 billion Renewable Energy portfolio as of December 2025

6 CLEAN WATER AND SANITATION

₱ 2.51 billion Total loan portfolio supporting water collection and supply, and wastewater treatment and disposal

358.64 ML Total water consumed and withdrawn

₱ 113.70 billion Total loan portfolio supporting power transmission, generation and distribution

21,799,704.30 Total energy consumed in kWh

8 DECENT WORK AND ECONOMIC GROWTH

16.23% and 1,438 Percentage and number of employees promoted

8,858 Number of full-time employees

₱ 84.11 billion Total direct economic value generated

₱ 11.75 billion Total spent in employee wages and benefits

₱ 19.48 billion Taxes paid to government

₱ 9.41 billion payment to suppliers

100% Percentage of employees receiving regular performance and career development review

Over 1,200 personnel Sales personnel equipped with QRPH-enabled IDs

10 REDUCED INEQUALITIES

One million Approximate no. of OFWs served by PNB

11 SUSTAINABLE CITIES AND COMMUNITIES

535.04 MT Total non-hazardous wastes generated by domestic and overseas offices and branches

₱ 26.78 billion The total loan portfolio supports green buildings, transportation, and projects of LGUs

₱ 26.78 billion The total loan portfolio supports green buildings, transportation, and projects of LGUs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

₱ 172.13 billion Total loan portfolio supporting operation of toll roads and bridges, telecommunications, logistics, and construction companies and construction-related activities

635 Total domestic branches nationwide

1,585 Automated Teller Machines (ATMs)

145 Cash Acceptance Machines (CAMs)

102 Corporate CAMs

6,953 Point of Sale (POS) Terminals

47,592 Total users enrolled in PNB C@shNet Mobile App

₱ 2.95 billion Total CAPEX for IT-related Projects approved for Implementation

₱ 2.12 billion Total amount approved for IT-related project implementation

₱ 519.7 million Total investments in Digital App (Retail and Corporate Innovations and Security)

1,824,005 Total users enrolled in PNB Digital

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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

277.78 MT Total paper used/consumed in metric tons

97,227.89 Liters Total fuels used in operations

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

162,190 Utilized transactions completed using Adobe Acrobat Sign reducing carbon footprint by

89% vs. paper-based processes

13 CLIMATE ACTION

15,707.23 Total Scope 1 and 2 Greenhouse Gas (GHG) emissions by PNB branches and offices in tCO₂e in 2025

11.55% reduction in Scope 1 emissions and

0.79% in Scope 2 emissions in 2025 from 2024

6,546,312.74 Scope 3 emissions calculated in 2024 by metric tons of CO₂

17 PARTNERSHIPS FOR THE GOALS

Corporate Social Responsibility Partnerships and Collaborations

14 LIFE BELOW WATER

₱ 5.6 billion Total amount of loans supporting responsible fishing

62 Employee volunteers for the International Coastal Clean up in Manila Bay

50 kgs of debris collected during International Clean up

15 LIFE ON LAND

7,608 trees planted to date

1,000 narra seedlings (*Pterocarpus indicus*) planted by employees in Brgy. Mamuyao, Tanay, Rizal

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

PNB received the 4-Golden Arrow Award from the ICD for the fourth consecutive year.

Recognition for good corporate governance

₱ 1.2 billion Amount of loans to government agencies

– 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



PNB's Sustainability Journey and Milestones

GRI 2-6

2018

Corporate Social Responsibility (CSR) Unit was formed and established

ESG-Cognizant Lending implemented by Institutional Banking Sector

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 Coalition 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

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

2021

Roundtable Discussion for PNB Lending Clients on Sustainable Finance Framework 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's 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

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)

2023

Updated the charter of Sustainability TWG and SteerCom

Formally established the Sustainable Finance Working Group (SFWG)

Submitted the Recalibrated Sustainability Transition Plan to BSP (May 2023 to Dec 2024)

PNB Sustainability 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

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 - 4-Golden Arrow

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

PNB successfully returns to the bond market with US\$300 million sustainability bond offering

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

2025

4th Consecutive ASEAN Corporate Governance Scorecard (ACGS) 4-Golden Arrow Award

Raised Php 15.7 billion via a dual tranche 3-year and 5-year ASEAN Sustainability bond offering under its Php 50 Billion Bond and Commercial Paper Programme. The final orderbook was more than 5.2 times oversubscribed the initial target size on back of strong support from institutional and retail investors.

Conducted hazard risk and susceptibility mapping of human capital, identifying vulnerabilities of employees and branch locations to improve resilience, adaptation and mitigation.

PNB conducted a Materiality Assessment Survey to update material sustainability topics most relevant to the Bank and its stakeholders. This was participated by retail and corporate clients, investors, regulators, communities, suppliers, and employees.

Held the 2nd Sustainability Summit where it kicked off a series of Sustainability Thematic Workshops tackling how the different units of the Bank can align and adopt strategies to further integrate ESG metrics and targets to comply with the upcoming regulations such as the PFRS S1 and S2 on sustainability reporting. This was conducted in partnership with Komunidad, S&P Global, Asian Institute of Digital Transformation (AIDT), and Gaia Corporate Sustainability Solutions, Inc. (GCSS).

International Business Magazine Awards 2025 Best Sustainability Bond Offering Philippines for the US\$300 million sustainability bond

Best Sustainability Bond: Financial Institution award for US\$300 million sustainability bond - The Asset Triple A Awards 2025

Thematic Workshop 1: **GHG Emissions Accounting and Resource Management:** Energy, Waste, Waste Management targetted to discuss carbon footprint reduction strategies and tackle Adapting to Climate Change with Resource Efficiency and Innovation and Digitalization strategies.

Thematic Workshop 2: **Future Proofing Human Capital and Employee Wellbeing** to discuss current and emerging risks and opportunities to sharpen strategies directed towards Employee Wellness, Occupational Health and Safety, Customer Health and Safety, Performance and Career Development, Labor Relations Management, Attrition, Diversity, Equity, and Inclusion, Anti-Corruption and Non-Competitive, Human Rights Policy, Community Impact and Sustainable, Communities, Sustainability Competence

Thematic Workshop 3: **Value creation through Product Services, Digital Transformation, and Innovation** to discuss key performance indicators, metrics and targets related to Financial Literacy and Wellness, Corporate Social Responsibility Activities, Community Impact and Sustainable Communities, Adapting and thriving in a digital environment, Digital Financial Inclusion, Sustainable Products, Marketing and Labeling, Customer Satisfaction

Thematic Workshop 4: **Defining governance measures and management of KPI/Metrics;** Risk and Compliance to strengthen Ethical Operations, Data Privacy, Supply Chain Management to support Economic Performance, Customer Satisfaction while developing measures in line with Adapting to Climate Change, further improving Management and Board Performance of sustainability and climate related risks and opportunities and discuss guardrails for AI Integration, Innovation and Digitalization.

Thematic Workshop 5: **Identifying Sustainable Portfolio and Pursuing opportunities for Growth to support transition** to low carbon climate resilient economy, in alignment with nation-building purpose to contribute to UN Sustainable Development Goals

Thematic Workshop 6: **Climate Resilience and Risks Management** to discuss approach towards Scope 3 Emissions, transmission pathways to develop strategies for resilience.

Reporting Standards/Policies

2018

PNB prepared its first Sustainability Report using GRI Reporting Standards

2019

SEC Memorandum Circular No. 4, Series of 2019 (Sustainability Reporting Guidelines for PLCs)

2020

BSP Circular 1085: Sustainable Finance Framework

2021

BSP Circular 1128: Environmental and Social Risk Management Framework

2022

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

Deadline of compliance of banks to BSP Circular 1085

2024

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

2025

Board approved Energy Transition Finance Statement in alignment with BSP Circular No. 1187 and GHG emissions reduction target from 2026 to 2030.

The Bank obtained an independent limited assurance report from Punongbayan and Araullo, a reputable external audit and assurance provider, on the Bank's Sustainable Financing Instruments Allocation Report. The USD300M Bond was allocated to Renewable Energy and Battery Energy Storage Projects in support of the Philippines National Renewable Energy Plan and Energy Transition towards low carbon climate resilient economy.

Feature Story

PNB Accelerates Sustainability Drive with Summit for Sustainable Growth and Thematic Workshops



The Bank marked the second year of its Sustainability Summit Workshop series on August 4, 2025 at the Century Park Hotel in Manila, bringing together its Board of Directors, senior management, business leaders, and external experts to deepen the integration of sustainability into the Bank's strategy and operations. With the theme "Inspire, Innovate, Ignite," the summit set the tone for a series of workshops throughout August aimed at translating sustainability commitments into concrete business decisions. Opening the program, Director Geocel D. Olanday, Chair of the Corporate Governance and Sustainability Committee, emphasized collective accountability in strengthening the Bank's long-term resilience. This was followed by a keynote from Bangko Sentral ng Pilipinas Assistant Governor and Chief Sustainability Officer Pia Bernadette Roman-Tayag, who outlined the need for banks to recognize climate risk in financial planning, embed sustainability into daily operations, and mobilize financing for climate adaptation, including through blended finance approaches for SMEs.



PNB President and CEO Edwin R. Bautista underscored that sustainability and digital transformation are central to the Bank's growth agenda, noting that competitiveness will depend on disciplined execution supported by strong governance and technology. The summit featured perspectives from industry and technical experts on climate risk, ESG trends, sustainability reporting, and digital transformation, reinforcing alignment across business units. The discussions also built on PNB's recent progress, including its US\$300-million sustainability bond issued to the offshore market in October 2024, which was more than 3.6 times oversubscribed and fully allocated to renewable energy and battery storage projects. Recognized by The Asset Triple A Sustainable Finance Awards as Best Sustainability Bond – Financial Institution, the transaction highlighted PNB's ability to translate sustainability priorities into market-ready outcomes that support the country's transition to a more resilient, low-carbon economy.

Feature Story

From Risk to Value: Inside PNB’s Thematic Workshops on Sustainability and Enterprise Resilience



In 2025, PNB’s sustainability agenda was further advanced through a series of thematic workshops designed to move the discussion from frameworks to execution. The sessions brought together leaders from across the Bank to examine how climate-related physical and transition risks translate into financial impact on enterprise value, reinforcing the need for quantified risk insights in strategy, credit, and operational planning. Parallel workshops on greenhouse gas emissions accounting and resource management deepened understanding of energy, water, and waste use across operations, anchoring environmental performance in measurable data rather than broad commitments.

Beyond risk and compliance, the workshops emphasized sustainability as a driver of growth and relevance. Discussions on value creation explored

how products, services, digital transformation, and innovation can unlock new opportunities, while sessions on employee wellbeing and future-proofing human capital highlighted the importance of skills, inclusion, and resilience in a rapidly changing operating environment.

Governance-focused workshops clarified roles, metrics, and KPIs to strengthen accountability, alongside targeted discussions on identifying sustainable portfolios and pursuing disciplined growth opportunities. Together, the thematic workshops created a shared operating language—linking risk management, performance, and strategy—and positioned sustainability as an integral part of how PNB plans, decides, and delivers long-term value.

Outlook and Strategy

Strategic Area / Focus	Strategic Context	Implications for PNB	Key Strategic Initiatives	2025 Performance Highlights	Forward-Looking Remarks
Climate and Sustainable Finance Transition	The Philippines is highly exposed to climate risks, while BSP Circulars 1085 (Sustainable Finance Framework) and 1128 (Environmental and Social Risk Management Framework) require banks to integrate environmental and social risks into governance, credit, and operations. Globally, capital is shifting toward taxonomy-aligned sustainable finance instruments.	PNB must expand its portfolio in low-carbon and climate-resilient activities, strengthen climate risk integration in credit processes, and scale sustainable finance offerings to remain competitive and compliant.	- Implementation of the Sustainability Financing Framework (SFF) - Integration of climate and ESG risk screening into credit policies - Development of taxonomy-aligned green and social finance products	- Sustained compliance with BSP Circulars 1085 and 1128 - Continued growth in Sustainable Finance Transactions - Successful issuance of a Php 15.7 billion Peso-denominated sustainability bond (5.2x oversubscribed)	Focus will shift toward deepening sustainable finance, expanding climate-resilient lending, and strengthening impact measurement and reporting.
Digitalization and Cyber Resilience	Rapid digital adoption, fintech competition, and heightened cyber threats are reshaping the banking landscape. BSP Circular 1122 (Open Finance Framework) emphasizes operational resilience, data governance, and cyber risk management.	PNB must balance innovation with security by strengthening cyber defenses, enhancing system resilience, and ensuring customer trust while expanding digital access.	- Investments in cybersecurity tools (bug bounty, breach simulation) - Core system upgrades and cloud security enhancements - Artificial Intelligence and data analytics exploration for business optimization - Digital remittance and e-KYC enhancements	- Strengthened perimeter and cloud security - Migration of core banking and ATM systems - Enhanced cybersecurity capability through training and industry participation	Continued focus on AI-enabled risk detection, cyber resilience maturity, and secure digital inclusion for retail and overseas clients.

Strategic Area / Focus	Strategic Context	Implications for PNB	Key Strategic Initiatives	2025 Performance Highlights	Forward-Looking Remarks
Regulatory and Sustainability Reporting Evolution	The rollout of IFRS S1 and S2 signals a shift toward mandatory, decision-useful sustainability disclosures aligned with financial materiality and climate risk governance.	PNB must enhance ESG data governance, scenario analysis, and internal controls to ensure high-quality, auditable sustainability disclosures.	- Strengthening ESG data management and controls through digitalization - Alignment of disclosures with IFRS Sustainability Standards and BSP guidance - Internal coordination across risk, finance, and sustainability teams and other internal stakeholders through workshops	- Continued alignment of sustainability reporting with global frameworks - Progressive strengthening of internal ESG governance and oversight - Successfully conducted Sustainability summit and series of thematic workshops to engage internal stakeholders on regulatory and sustainability reporting requirements	Priority will be placed on climate scenario analysis, assurance readiness, and integrated financial-non-financial reporting.
Financial Inclusion and Social Impact Expansion	Despite digital growth, a significant portion of Filipino adults remain unbanked. National strategies emphasize digital payments, inclusive finance, and MSME support.	PNB has an opportunity to expand its social license by scaling inclusive digital banking, MSME financing, and regional branch presence.	- Expansion of branch and branch-lite network - Promotion of digital banking adoption in underserved areas - MSME and inclusive lending initiatives	- Opening of new branches in Parañaque, Trece Martires, and Cagayan de Oro. Additional branch openings planned in 2026. - Launch of branch-lite unit in Siargao	Strategy will continue to combine physical presence with digital channels to improve access, affordability, and customer adoption.

Strategic Area / Focus	Strategic Context	Implications for PNB	Key Strategic Initiatives	2025 Performance Highlights	Forward-Looking Remarks
Green and Digital Infrastructure Financing	The national “Build Better More” agenda prioritizes renewable energy, resilient infrastructure, and digital connectivity, supported by growing investor appetite for sustainable projects.	PNB can position itself as a key financier of green and resilient infrastructure, leveraging sustainable finance instruments and partnerships.	- Expansion of green and sustainability-linked lending - Support for renewable energy and low-carbon infrastructure projects	PNB supported green loans totaling Php 36.5 billion eligible as use of proceeds for the sustainability bond issued in 2024, with eligible green and social loans pipeline of Php 29.6 billion currently under development.	Focus will be on scaling project finance capabilities and attracting international co-investors for sustainable infrastructure.
Workforce Transformation and ESG Capability Building	The transition to digital and sustainable banking requires new skills in ESG, climate risk, data analytics, and governance.	PNB must equip its workforce with future-ready competencies to support strategy execution and regulatory expectations.	- ESG and sustainability capability development - Integration of environmental risk awareness into HR systems	Initiated the incorporation of physical hazard risk data into HR systems for completion and launch in Q1 2026	Continued upskilling and linkage of ESG competencies to performance and leadership development.
Data Governance and Integrated Risk Management	Convergence of digital risk, ESG disclosure, and operational resilience heightens the importance of robust data governance and integrated risk oversight.	PNB must strengthen enterprise-wide data quality, consistency, and integration to support risk management and regulatory compliance.	- Development of Environmental and Social (E&S) risk monitoring dashboards - Strengthening enterprise risk reporting to governance bodies	- Approved Operations Manual on Environmental and Social Risk Management - Monthly E&S risk reporting to the Risk Oversight Committee	Next phase will focus on integrated dashboards combining financial, ESG, and operational risk metrics.

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 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. (FPI)
- Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. (FFCCCI)
- 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)
- Information Systems Audit and Control Association (ISACA)
- Institute of Corporate Directors
- Institute of Internal Auditors of the Philippines
- Institute of Internal Controls Audit (IICA)
- Integrated Bar of the Philippines (IBP)
- International Association of Privacy Professionals (IAPP)
- Japanese Chamber of Commerce & Industry of the Philippines, Inc.
- Malaybalay Bankers 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 Institute of Certified Public Accountants (PICPA)
- Philippine Payments Management, Inc. (PPMI)
- Philippine Women's Economic Network
- Pampanga Chamber of Commerce
- Southern Bukidnon Bankers Association
- Tax Management Association of the Philippines (TMAP)
- Trust Officers Association of the Philippines (TOAP)

Awards & Recognition

PNB received numerous honors from respected global and regional organizations recognizing excellence in governance, investment research, capital markets, sustainable finance, digital banking, and learning and development. These accolades reflect the Bank's commitment to delivering value to clients, stakeholders, and communities.



THE ASSET Benchmark Research Awards 2025

- Ranked #1 Fixed Income Individual (G3 Bonds Category) – Albert Joseph Hampton, Trading Head, PNB Trust Banking Group
- Ranked #2 Fixed Income Individual (Local Currency Bonds Category) – Albert Joseph Hampton, Trading Head, PNB Trust Banking Group
- Ranked #3 Fixed Income Investment House (G3 Bonds Category) – PNB Trust Banking Group
- Highly Commended Investment House (Local Currency Bonds Category) – PNB Trust Banking Group

Learning & Development awards:

- Top 50 Learning & Development Team Winners, OnCon Icon Awards 2025 (featured alongside Apple, Amazon, 7-Eleven, and Grant Thornton)
- Top 100 Learning and Development Teams Awardee (recognized with Microsoft, PepsiCo, American Airlines, and Deloitte)



Our 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 and generate value through a strategy focused on safe and sustainable growth.

The capacity of the Bank to grow and sustain the 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, vendors/suppliers, 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 the Bank'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 the Bank's Sustainability footprint should also extend to its products and services as well as in supporting the businesses and activities of the Bank's customers. As such, the Bank commits to support projects and activities that will contribute to the achievement of the United Nations' 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 the 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 continue to support these sectors and make available socially-inclusive and gender-sensitive financial solutions. This is done by integrating 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, vendors/suppliers, customers, shareholders, regulators, and external communities.



Our Sustainability Strategy and Pillars

The Bank’s sustainability strategy is anchored on four interrelated pillars that guide the integration of environmental, social, and governance (ESG) considerations into its operations and decision-making. These pillars are aligned with the sustainability direction and governance principles of the Bank’s parent company, ensuring consistency with Group-wide priorities and long-term value creation. Together, they support the Bank’s vision and mission by embedding responsible banking practices, resilience, and inclusive growth into core business activities.

In 2025, these pillars were further refined through a series of thematic sustainability workshops involving key business units and support functions. The workshops provided a structured platform to align strategic priorities, assess emerging Sustainability- and climate- related risks and opportunities, and translate the Bank’s sustainability commitments into actionable initiatives. Insights from these sessions reinforced the sustainability framework, guided alignment with corporate strategy, and enhanced the Bank’s ability to deliver sustainable outcomes for customers, employees, communities, and shareholders.

Customer-Centric and Digitally-Enabled Sustainable Banking focuses on inclusive and responsible finance, customer experience, trust and protection, and the continued strengthening of digital capabilities, cybersecurity, and access channels to deliver secure, reliable, and accessible banking services:

- **Inclusive and Sustainable Finance:** Providing financial products and services that support inclusive economic growth while integrating environmental and social considerations into lending, investment, and advisory activities to promote long-term sustainability.

- **Customer Experience, Trust, and Protection:** Ensuring fair treatment, transparency, data privacy, and consumer protection across all customer touchpoints, while delivering reliable, secure, and responsive banking services.
- **Digital Transformation and Cybersecurity:** Leveraging digital technologies to enhance service delivery, efficiency, and accessibility, while maintaining robust cybersecurity, data protection, and operational safeguards against evolving digital risks.
- **Access Channels and Infrastructure:** Expanding and optimizing physical and digital banking channels to improve accessibility, resilience, and service continuity, particularly in underserved and emerging markets.

Climate Resilience and Risk Management integrates climate, environmental, and social considerations into the Bank’s risk management framework, with emphasis on operational resilience, emissions and resource efficiency, environmental and social risk governance, and responsible waste management.

- **Resilience in Critical Operations:** Strengthening operational continuity and disaster preparedness to ensure essential banking services remain reliable during disruptions, including climate-related and systemic events.
- **Emissions and Environmental Resource Efficiency:** Managing energy use, emissions, water, and material consumption responsibly to improve efficiency, reduce environmental impact, and support regulatory and institutional sustainability targets.
- **Environmental and Social Risk Governance:** Integrating environmental and social risk considerations into enterprise risk management, credit assessment, and operational controls to protect asset quality, reputation, and stakeholder interests.

- **Responsible Waste Management:** Reducing waste generation and promoting reuse, recycling, and responsible disposal practices across operations to support environmental compliance and resource efficiency.

Employee Wellbeing and Future-Proofing Human Capital centers on building a high-trust, inclusive, and purpose-driven workplace, supported by health, safety, and wellness programs, talent development, employee engagement, and succession planning to sustain long-term organizational capability.

- **High-Trust, Inclusive, Purpose-Driven Culture:** Fostering a workplace culture grounded in integrity, inclusion, mutual respect, and shared purpose, where employees are empowered to contribute meaningfully to the Bank’s objectives.
- **Ready-Now Leadership Bench:** Developing a strong pipeline of leaders with the skills, judgment, and adaptability required to navigate complex business, regulatory, and sustainability challenges.
- **Workplace Health, Safety, and Wellbeing:** Promoting physical, mental, and psychosocial wellbeing through proactive health and safety programs, risk prevention measures, and supportive workplace practices.
- **Talent Development and Engagement:** Investing in continuous learning, skills development, and employee engagement to ensure a capable, motivated, and future-ready workforce aligned with the Bank’s strategic priorities.

Governance and Integrated Performance underpins the sustainability approach through strong governance, ethical conduct, transparency, and accountability, while aligning financial performance with social responsibility and community engagement to support long-term value creation.

- **Good Governance:** Upholding strong governance structures, policies, and oversight mechanisms that promote accountability, ethical conduct, regulatory compliance, and effective decision-making.
- **Financial Performance and Efficiency:** Delivering sustainable financial results through disciplined capital management, cost efficiency, risk-adjusted growth, and long-term value creation.
- **Social Responsibility and Community Engagement:** Contributing to community development and social well-being through targeted programs, partnerships, and employee volunteerism aligned with national and local priorities.
- **Transparency, Accountability, and Ethical Operations:** Ensuring clear disclosures, responsible business practices, and ethical conduct across all operations, supported by effective controls, reporting, and stakeholder engagement.

Materiality Assessment

GRI 3-1, 3-2

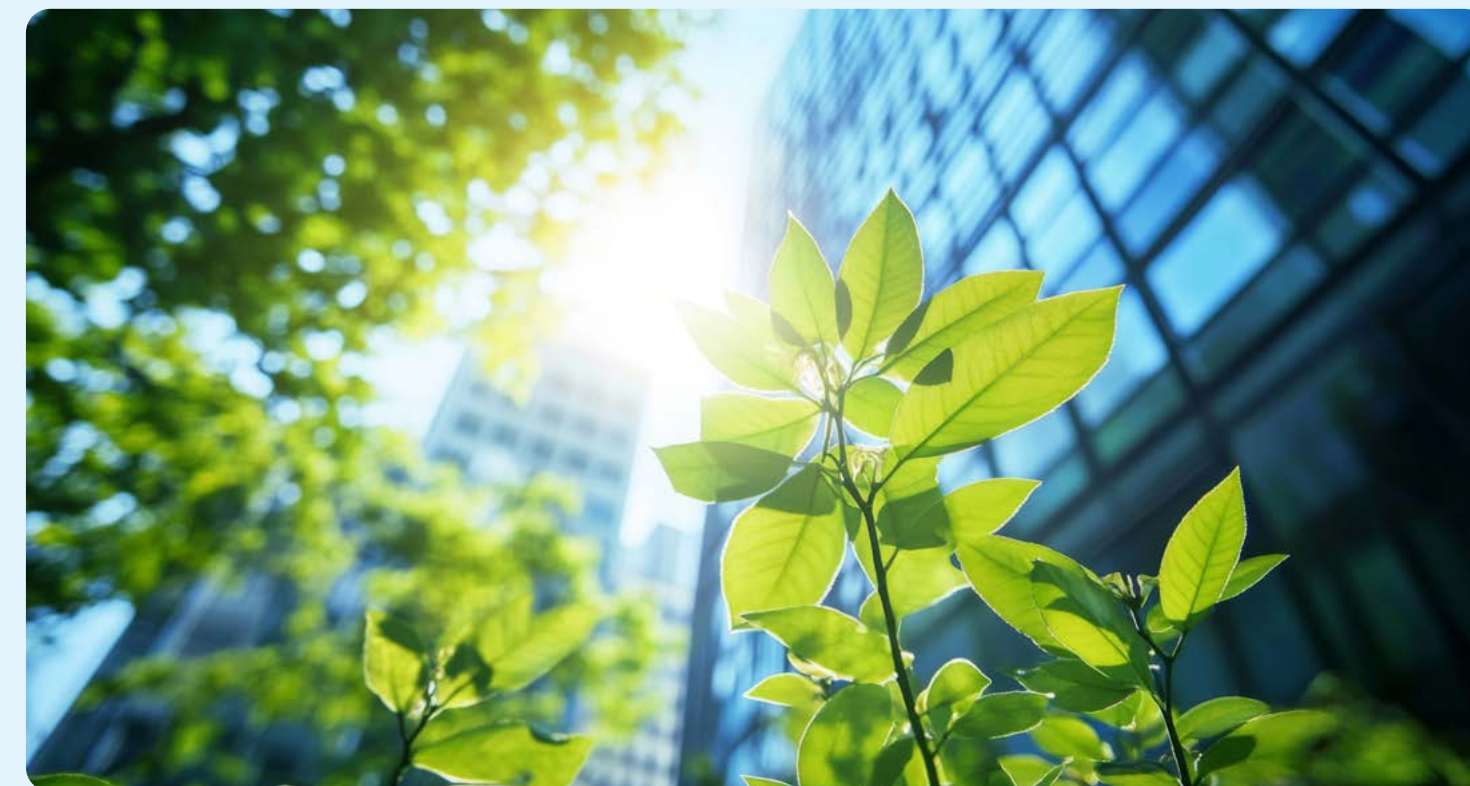
The materiality assessment serves as a foundation for this Sustainability Report. It guides the prioritization of initiatives, the focus of management actions, and the scope of disclosures presented, ensuring that the report addresses the issues most relevant to PNB's business resilience and its responsibilities to stakeholders. For 2025, the assessment was designed using a double materiality lens, considering (i) how sustainability issues affect the Bank's financial position, performance, and risk profile, and (ii) how the Bank's activities impact the economy, society, and the environment.

Assessment Process

Accordingly, the assessment process was guided by a structured stakeholder engagement exercise covering key internal and external stakeholder groups, including

the Board of Directors, employees, customers, corporate clients, investors, regulators, suppliers, and community partners. Stakeholders were asked to evaluate and rank sustainability topics based on their significance and perceived impact, providing both quantitative inputs and qualitative insights.

Results from the stakeholder survey were consolidated and analyzed in conjunction with management perspectives, regulatory expectations, and the Bank's risk and strategy considerations. Topics were assessed for their potential financial implications, such as effects on business continuity, regulatory compliance, reputation, and long-term value, as well as for the Bank's actual and potential impact on people and the environment. The outcomes of this analysis were used to develop a materiality matrix that reflects the relative importance of issues from both dimensions.



PNB SUSTAINABILITY STRATEGIC PILLARS

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.



CUSTOMER CENTRIC AND DIGITALLY-ENABLED SUSTAINABLE BANKING

- Inclusive and Sustainable Finance
- Customer Experience, Trust and Protection
- Digital Transformation and Cybersecurity
- Access Channels and Infrastructure



CLIMATE RESILIENCE AND RISK MANAGEMENT

- Resilience in Critical Operations
- Emissions and Environmental Resource Efficiency
- Environmental and Social Risk Governance
- Responsible Waste Management



EMPLOYEE WELLBEING AND FUTURE-PROOFING HUMAN CAPITAL

- High-Trust, Inclusive, Purpose-Driven Culture
- Workplace Health, Safety and Wellbeing
- Ready-now Leadership Bench
- Talent Development and Engagement



GOVERNANCE & INTEGRATED PERFORMANCE

- Good Governance
- Financial Performance and Efficiency
- Social Responsibility and Community Engagement
- Transparency, Accountability and Ethical Operations

Masasandalan
(Reliable)

Alab ng Damdamin
(Passion)

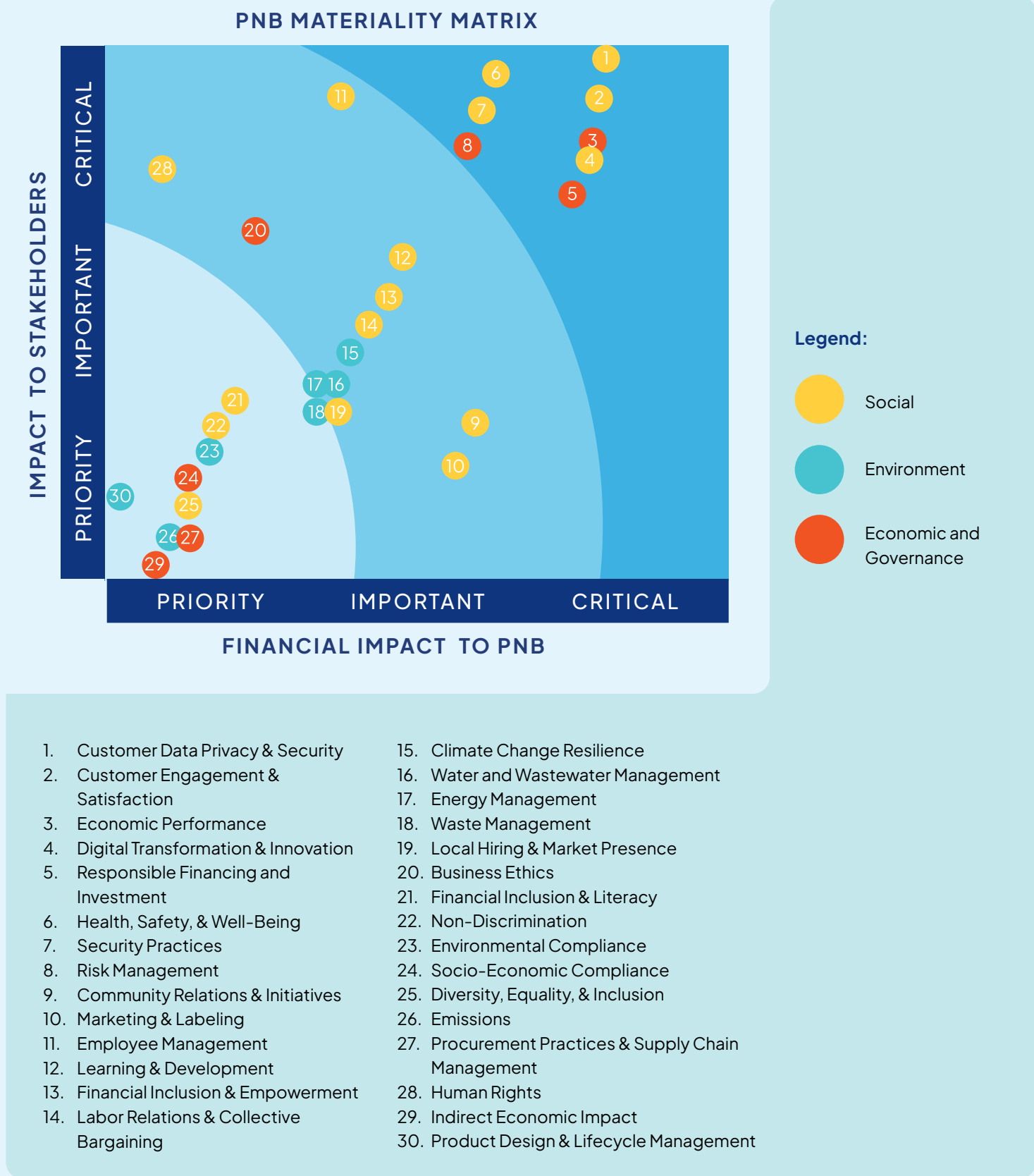
Tiwala at Integridad
(Trust and Integrity)

Aruga
(Care)

Tibay
(Strength or Stability)

Akma
(Adaptive to Change)

Galing
(Competence)



Assessing the Impact to Our Operations

Topic	Description	ACTUAL*		POTENTIAL**		Impact Boundary
		Positive Impact	Negative Impact	Positive Impact	Negative Impact	
Responsible Financing & Investment	Funding projects that drive economic growth, environmental sustainability, & social progress, including green financing & social entrepreneurship initiatives	Financing supports economic activity, job creation, and business growth	Risk of Indirect exposure to clients or projects with adverse environmental or social impact	Expanded sustainable and transition financing supporting low-carbon climate-resilient economy and inclusive growth	Financing may contribute to environmental harm or social displacement if risks are inadequately managed	Financed clients and projects; broader economy
Financial Inclusion & Empowerment	Providing access to affordable financial services for underserved populations, promoting economic empowerment & reducing inequality	Improved access to financial services for underserved individuals and SMEs	Exclusion risks due to credit, geographic, or digital barriers	Increased economic participation and household financial resilience	Risk of over-indebtedness among vulnerable customers	Customers; communities
Customer Engagement & Satisfaction	Enhancing customer experiences through responsive service, feedback mechanisms, & consumer protection policies	Improved service quality, trust, and customer retention	Service concerns or unresolved complaints affecting customer experience	Stronger long-term customer relationships and loyalty	Reputational risk from persistent service issues	Customers
Marketing & Labeling	Providing accurate & transparent product information, ensuring responsible advertising, & safeguarding consumer rights	Clear and accurate product information supports informed decisions	Risk of mis-selling or misunderstanding if disclosures are insufficient	Greater transparency and consumer confidence	Regulatory and reputational risk from misleading communications	Customers; regulators
Digital Transformation & Innovation	Advancing digital banking solutions, process automation, & cybersecurity measures	More efficient, accessible, and convenient banking services	System outages or cybersecurity incidents affecting customers	Expanded digital access and operational efficiency	Increased exposure to cyber threats and technology failures	Customers; Bank operations

*Actual impacts refer to effects or outcomes that have already occurred or inherent risk that the Bank or its stakeholders are currently exposed to.
 **Potential impacts refer to possible future effects that may arise depending on how risks, opportunities, or external conditions develop.

Topic	Description	ACTUAL*		POTENTIAL**		Impact Boundary
		Positive Impact	Negative Impact	Positive Impact	Negative Impact	
Customer Data Privacy & Security	Safeguarding client information, ensuring data protection, & preventing cybersecurity threats	Protection of customer information and maintenance of trust	Data breaches or unauthorized access incidents	Stronger data governance and customer confidence	Financial and reputational loss from major data incidents	Customers; Bank operations
Financial Inclusion & Literacy	Expanding financial access & empowering individuals with financial knowledge & skills	Improved financial knowledge and responsible use of financial products	Limited reach of education initiatives	Better long-term financial decision-making and resilience	Misinformation risk if programs are poorly designed	Customers; communities
Non-Discrimination	Ensuring fair treatment of employees, customers, & partners, free from bias or prejudice	Fair treatment in employment and service delivery	Isolated cases of bias or unequal treatment	More equitable access to opportunities and services	Legal and reputational risk from discrimination incidents	Employees; customers; applicants
Diversity, Equality, & Inclusion	Promoting an inclusive work culture that values diverse perspectives & backgrounds	Inclusive workplace culture and broader representation	Risk of gaps in implementation across units or roles	Improved innovation and decision-making	Talent and reputational risks if inclusion efforts stall	Employees
Employee Management	Acquiring talent, employee engagement, career development, competitive compensation, & wellness programs to support a thriving workforce	Stable employment, engagement, and workforce capability	Stress, burnout, or morale issues	Stronger talent pipeline and productivity	Attrition affecting service quality and operations	Employees
Local Hiring & Market Presence	Fostering economic development through employment & fair labor practices	Contribution to local employment and economic activity	Skills mismatches in certain locations	Stronger local knowledge and community ties	Talent shortages affecting operations	Employees; local communities

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 ** Potential impacts refer to possible future effects that may arise depending on how risks, opportunities, or external conditions develop.

Topic	Description	ACTUAL*		POTENTIAL**		Impact Boundary
		Positive Impact	Negative Impact	Positive Impact	Negative Impact	
Health, Safety & Well-Being	Ensuring a secure work environment, promoting employee health, & preventing occupational hazards	Safe working environment and employee welfare	Risk of Workplace accidents or health incidents	Reduced absenteeism and higher productivity	Operational disruption from safety failures	Employees
Security Practices	Implementing measures to protect employees, clients, & assets while upholding human rights standards	Protection of employees, customers, and assets	Excessive controls may affect accessibility or experience	Safer operating environment	Human rights concerns if controls are misapplied	Employees; customers; contractors
Labor Relations & Collective Bargaining	Creating a collaborative workplace through open communication & respect for labor rights	Constructive dialogue and workplace stability	Disputes or breakdowns in communication	Improved trust and employee relations	Operational disruption from labor disputes	Employees
Learning & Development	Training employees with programs aimed at enhancing skills, professional growth, & organizational culture	Skills enhancement and professional growth	Risk of unequal access to development opportunities	Strong leadership bench and organizational resilience	Capability gaps if training is insufficient	Employees
Environmental Compliance	Adhering to local & international environmental regulations & policies	Reduced environmental footprint from compliant operations	Resource use and waste from daily operations impact Compliance breaches or penalties	Improved efficiency and environmental performance	Compliance risk from regulatory changes	Bank operations
Energy Management	Efficient energy consumption & conservation measures across the Bank's offices & branches	Lower energy consumption and operating costs	Ongoing reliance on grid energy	Reduced emissions and cost savings	Rising energy costs or supply disruptions	Bank operations

*Actual impacts refer to effects or outcomes that have already occurred or inherent risk that the Bank or its stakeholders are currently exposed to.
 ** Potential impacts refer to possible future effects that may arise depending on how risks, opportunities, or external conditions develop.

Topic	Description	ACTUAL*		POTENTIAL**		Impact Boundary
		Positive Impact	Negative Impact	Positive Impact	Negative Impact	
Emissions	Efforts to reduce greenhouse gas emissions, including transportation policies, equipment maintenance, & operational adjustments	Monitoring and reduction of operational emissions	Greenhouse gas emissions from facilities and transport	Progress toward lower-carbon operations	Transition risks from stricter climate policies	Bank operations
Water & Wastewater Management	Responsible water usage & wastewater treatment to minimize environmental impact	Responsible water use and wastewater control	Water consumption in offices and branches	Improved resource efficiency	Local water stress impact	Bank operations
Risk Management	Identifying, assessing, & mitigating financial, operational, & sustainability-related risks while capitalizing on growth opportunities	Identification and mitigation of financial and ESG risks	Residual risks impacting capital or reputation	Stronger resilience to emerging risks	Inadequate response to systemic shocks	Bank operations; financed activities
Climate Change Resilience	Assessment & mitigation of climate-related risks affecting the Bank's operations, workforce, & assets	Integration of climate risks into planning and controls	Exposure to physical and transition climate risks	Improved resilience to climate-related disruptions	Financial losses from extreme weather or transition impact	Bank operations; financed activities
Waste Management	Reduction, recycling, & responsible disposal of operational waste	Reduction and proper disposal of operational waste	Waste generation from daily operations	Increased recycling and waste diversion	Environmental harm from improper disposal	Bank operations

*Actual impacts refer to effects or outcomes that have already occurred or inherent risk that the Bank or its stakeholders are currently exposed to.
 **Potential impacts refer to possible future effects that may arise depending on how risks, opportunities, or external conditions develop.

Topic	Description	ACTUAL*		POTENTIAL**		Impact Boundary
		Positive Impact	Negative Impact	Positive Impact	Negative Impact	
Product Design & Lifecycle Management	Refers to the development, implementation, & continuous improvement of financial products & services with sustainability, customer needs, & long-term value creation in mind; this includes integrating ESG considerations into product development, ensuring accessibility, ethical sourcing of financial services, & designing products that promote financial well-being while minimizing potential negative impact	Products aligned with customer needs and responsible use	Potential exclusion of certain customer segments	More inclusive, sustainable financial products	Customer harm from poorly designed products	Customers
Procurement Practices & Supply Chain Management	Ethical & sustainable sourcing, vendor selection, & supply chain oversight to ensure responsible procurement	Encouragement of ethical and responsible sourcing	Limited visibility over supplier practices	Improved supplier ESG performance	Supply chain disruption or non-compliance	Suppliers; outsourced personnel
Socio-Economic Compliance	Commitment to complying with financial & non-financial regulations, including corporate governance & reporting requirements	Adherence to laws and regulatory requirements	Compliance breaches or penalties	Strong regulatory trust and license to operate	Legal and financial sanctions	Bank operations; regulators
Economic Performance	Financial health, including revenue generation, operational expenses, tax contributions, employee compensation, & community investments	Financial stability supporting stakeholders	Uneven distribution of economic benefits	Long-term value creation	Financial underperformance affecting stakeholders	Economy; investors; employees

*Actual impacts refer to effects or outcomes that have already occurred or inherent risk that the Bank or its stakeholders are currently exposed to.
 **Potential impacts refer to possible future effects that may arise depending on how risks, opportunities, or external conditions develop.

Topic	Description	ACTUAL*		POTENTIAL**		Impact Boundary
		Positive Impact	Negative Impact	Positive Impact	Negative Impact	
Indirect Economic Impact	The broader socioeconomic effects of the Bank's operations, such as job creation, financial accessibility, & local economic development	Support for broader economic activity and access to finance	Concentration of benefits in certain sectors or regions	Stronger local and national economic development	Economic disruption from external shocks	Economy; communities
Human Rights	Incorporating human rights principles into business operations, policies, & investment decisions	Integration of human rights principles into operations	Gaps in implementation across value chain	Stronger protection of stakeholder rights	Reputational risk from violations	Employees; customers; suppliers
Community Relations & Initiatives	Strengthening relationships with local communities through responsible business practices, philanthropic efforts, & social programs	Positive social contributions and community engagement	Misalignment with community needs	Stronger social license to operate	Community dissatisfaction or trust erosion	Communities
Business Ethics	Upholding transparency, integrity, & accountability through ethical business practices, anti-corruption measures, & adherence to governance policies	Transparency, integrity, and accountable conduct	Isolated misconduct or compliance failures	Strong governance culture	Legal, financial, or reputational damage	Bank operations; employees

*Actual impacts refer to effects or outcomes that have already occurred or inherent risk that the Bank or its stakeholders are currently exposed to.
 ** Potential impacts refer to possible future effects that may arise depending on how risks, opportunities, or external conditions develop.

Stakeholder Engagement

GRI 2-26, 2-29

Meaningful engagement with stakeholders is recognized as a critical foundation for building trust, supporting sustainable growth, and creating shared value. Through structured and ongoing engagement with diverse stakeholder groups, different perspectives, priorities, and concerns are considered in business decisions. The table below outlines the stakeholder-centric approach adopted, illustrating how insights gathered through these engagements are used to anticipate emerging issues, strengthen long-term relationships, and support sustainable outcomes for all stakeholders.

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



Value Creation Model

Our Business Model

Corporate Objective

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

Mission Statement

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.

Vision Statement

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

Our Values

Our Shared Values bind everyone in PNB together, providing the basis for trusting one another and helping enable the Bank to achieve its mission and vision.

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.

Our Input

Financial

- ₱ 31.45 billion operating costs
- ₱ 414.62 billion outstanding loans to different SFF Focus Areas
- ₱ 15.70 billion peso-denominated Sustainability bond issued last Dec. 2025

Social and Relationship

- ₱ 12 million in community investments
- ₱ 6.20 million (₱ 5 million for Foundation for Upgrading the Standards of Education, Inc. (FUSE)
- ₱ 1.2 million for HOPE Classroom donation for Camias Elem. School)
- 58 volunteers planted 1,000 narra seedlings

Human

- 8,858 employees
- 3,778 Employees under CBA

Manufactured

- 635 branches
- 1,585 Automated Teller Machines (ATMs)
- 145 Cash Acceptance Machines (CAMs)
- 102 Corporate Cash Acceptance Machines (CCAMs)
- 6,953 Point of Sale (POS) Terminals

Intellectual

- ₱ 2.95 billion CAPEX for IT-related projects
- ₱ 519.7 million total investment in Digital platform (retail and corporate) innovation and security
- 27 batches of training through the AI Proficiency and Excellence Academy

Natural

- 21,799,704.30 kWh electricity consumption
- 358.64 ML water consumption
- PNB funded RE-Solar PVC 4 Projects and BESS 1 Project with 1,147 MW of new capacity

Our Process

Value Delivery Channels

- Corporate, Commercial & Investment Banking
- Retail & Consumer Banking
- Treasury & Financial Markets
- Trust, Wealth & Investment Management

Value Enablers

- Human Talent and Learning Development
- Digital Platforms, Automation, and AI-Driven Innovation
- Enterprise Risk, Climate, and Resilience Management (including hazard and vulnerability mapping)
- Sustainable Finance Framework, Strategy and Bond Programs

Performance Drivers

- Customer and Client-Centric Service Delivery
- Prudent Capital and Funding Management
- Discipline in Asset Quality
- Strong Governance & Accountability
- Commitment to Innovation

Sustainability Focus Areas

- Climate resilience and environmental protection
- Responsible and green financing
- Health, safety, and employee well-being
- Inclusive growth and community development
- Sustainable procurement and supply chain practices

Our Output

Governance & Integrated Performance

- ₱ 84.11 billion direct economic value generated
- ₱ 69.84 billion direct economic value distributed
- ₱ 4.21 billion dividends to stockholders
- ₱ 19.48 billion taxes to government
- ₱ 14.27 billion economic value retained
- A cumulative total of 7,608 trees have been planted under the PNB CommuniTree program since 2020, surpassing our annual target of planting 1,000 trees.

Employee Wellbeing and Future Proofing Human Capital

- 2,801 Internal and External Skills and transition assistance programs
- 33% Male vs. 67% Female
- 1,561 Total employees adopted the alternative work arrangement (AWA) promoting work-life balance and helping reduce the Bank's environmental impact
- 363,915 Training Hours
- Zero work-related injuries
- 3.49/4 Employee Satisfaction Score
- 1,007 Employees were upskilled and trained in AI Literacy and digital tools, achieving the Vision 1000 target in 100 days

Customer-Centric and Digitally-Enabled Sustainable Banking

- 261,298 credit cards issued
- 1,046 accounts and Php 223,962,234 personal loans booked
- 160 accounts and Php 832 million booked Philippine Home Loan
- Five domestic branches housed in LEED-certified building
- 1,824,005 enrolled users in the PNB Digital
- 47,592 enrolled users in the PNB C@shNet Mobile App
- Monitored customer experience through a Net Promoter Score (NPS).

Climate Resilience and Risk Management

- 15,707.23 tCO₂e emissions generated
- 277.78 MT paper consumption
- 11.55% reduction in Scope 1 emissions
- 0.79% reduction in Scope 2 emissions
- 6,546,312.74 tCO₂e Scope 3 emissions calculated in 2024

Alignment with IFRS Sustainability and Climate-related Disclosures Standards

To strengthen transparency and ensure consistency with evolving global reporting practices, PNB continues to align its sustainability disclosures with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards, particularly IFRS S1 and IFRS S2. These standards provide a structured approach for organizations to disclose sustainability-related and climate-related risks and opportunities that may affect financial performance and long-term enterprise value.

PNB's reporting approach reflects this framework through strengthened governance oversight, integration of sustainability into strategy and risk management, and the development of measurable performance metrics and targets, as discussed across the relevant sections of this report.

IFRS Sustainability Disclosure Pillar	PNB Alignment and Implementation	References
Governance	Oversight of sustainability and climate-related risks and opportunities is exercised through Board-level and Management committees, including the Corporate Governance and Sustainability Committee, Risk Oversight Committee, and Sustainability Steering Committee. Governance structures ensure accountability, alignment with LT Group direction, and integration of sustainability into decision-making and disclosures.	Good Governance; Transparency, Accountability and Ethical Operations; Environmental and Social Risk Governance; Introduction from the Chairman of the Corporate Governance and Sustainability Committee
Strategy	Sustainability and climate considerations are incorporated into strategic planning, portfolio development, and business growth priorities. The Bank continues to expand sustainable finance activities, strengthen digital and financial inclusion initiatives, and align operations with long-term resilience and transition opportunities. Thematic sustainability workshops in 2025 further aligned business units with strategic priorities.	Message from the President and CEO; Outlook and Strategy; Inclusive and Sustainable Finance; Customer Experience, Trust and Protection; Digital Transformation and Cybersecurity; Sustainability Workshops Feature Stories
Risk Management	Climate-related and sustainability-related risks are integrated into Enterprise Risk Management through tools such as Risk and Control Self-Assessments (RCSA), Business Continuity Risk Assessments (BCRA), loss event reporting, and portfolio risk assessments. Business continuity, crisis management, and operational resilience planning address physical and transition risks, ensuring risks are assessed alongside financial and operational exposures.	Environmental and Social Risk Management System (ESRMS); Resilience in Critical Operations; Environmental and Social Risk Governance
Metrics and Targets	The Bank monitors emissions, energy use, water consumption, waste management, and sustainable finance portfolio performance to support disclosure readiness and performance tracking. Risk dashboards, environmental metrics, and sustainable finance targets help guide operational and portfolio-level decision-making aligned with regulatory expectations.	Emissions and Environmental Resource Efficiency; Inclusive and Sustainable Finance; Report from the Chief Financial Officer

Growing Together, Sustainably



Our sustainability strategy is guided by a clear objective: to grow the business responsibly while creating long-term value for the economy, society, and the communities it serves. The four interconnected pillars form a unified framework that links customer outcomes, workforce capability, risk management, and governance, ensuring that sustainability is embedded in how the Bank operates, rather than being treated as a standalone effort. Through this integrated approach, sustainability supports business resilience while enabling positive social and environmental outcomes, including contributions to inclusive growth, decent work, climate action, and strong institutions. This section outlines the Bank's sustainability initiatives and their relevance to strategic priorities and stakeholder needs.



Customer-Centric and Digitally Enabled Sustainable Banking

SDG 1, 2, 3, 6, 7, 8, 9, 11, 12, 16

Inclusive and Sustainable Finance

PNB continues to strengthen its role in advancing sustainable and inclusive finance as part of its core banking activities. The Bank's financing and investment decisions are guided by its Board-approved Sustainability Financing Framework (SFF), which provides a structured approach for aligning capital allocation with the UN Sustainable Development Goals and recognized global sustainability and financial principles. Environmental and social (E&S) considerations, consistent with the Bank's Environmental and Social Risk Management System (ESRMS), are embedded in due diligence and approval processes, covering areas such as emissions reduction, efficient resource use, labor standards, and community impacts. Investments in sectors with adverse ESG implications are excluded, with further details on the Bank's ESG blacklist and graylist presented on **page no. 149** in this report.

Through the SFF, PNB continues to channel financing and refinancing toward eligible green and social projects that support renewable energy, energy efficiency, green buildings, sustainable agriculture, clean water systems, and inclusive infrastructure. These activities reflect the Bank's focus on directing capital to projects that contribute to climate resilience, environmental protection, and broader access to economic opportunities.

Moreover, PNB's sustainability financing strategy remains focused on gradually shifting capital flows away from carbon-intensive activities toward projects that support climate transition and social equity. The Bank utilizes green and social finance instruments, including sustainability bonds and loans, to connect



investors with initiatives that deliver defined environmental and social benefits. These instruments support diversification of the investor base while fostering more informed and transparent engagement on sustainability objectives.

Energy Transition Finance Statement

As the Philippines advances its energy transition, financing decisions must balance decarbonization objectives with the realities of energy security. Against this backdrop, the Bank formalized its Energy Transition Finance Statement, approved by the Board and the Corporate Governance and Sustainability Committee (CorGov), setting a clear direction for its power generation portfolio. Under this commitment, the Bank aims to steadily expand financing for green and renewable energy projects while reducing exposure to



coal-based generation to no more than 3% of the total loan portfolio by 2035. At the same time, the framework recognizes national energy requirements by allowing continued, selective support for coal-fired power plants that deploy advanced technologies, such as Ultra Super Critical, Super Critical, and Circulating Fluidized Bed systems, classified by the Department of Energy as committed projects and aligned with BSP Memorandum 2024-028.

Progress against this transition pathway became evident this year. As of December 2025, the renewable energy generation portfolio had grown to exceed coal-based generation exposure for institutional loans, marking a meaningful shift in the composition of the Bank's energy-related lending compared to year-end levels. This outcome reflects a deliberate

reallocation of capital toward utility-scale solar, battery energy storage, and other low-carbon projects, while maintaining prudent engagement with legacy assets essential to grid stability. The case illustrates a measured transition approach, one that treats sustainability not as an abrupt exit, but as a disciplined rebalancing of risk, opportunity, and national development priorities.

In 2025, the Bank further integrated sustainable finance into its operations by refining internal processes, strengthening governance oversight, and collaborating more closely with clients to identify bankable projects that balance financial returns with measurable environmental and social benefits.

Responsible Financing & Investment

GRI 3-3, 203-1, 203-2

Environmental and social (E&S) risks as an integral part of the Bank’s overall risk governance and decision-making processes. In line with BSP Circular No. 1085 and BSP Circular No. 1128, E&S risk considerations are embedded within the Bank’s Enterprise Risk Management (ERM) framework and risk taxonomy, ensuring that sustainability-related risks are identified, assessed, and managed alongside traditional financial risks.

Environmental and social risk criteria are incorporated across key risk functions, including credit and operational risk management, through the assessment of physical and transition risks, as well as the screening and evaluation of customers and counterparties. Sustainability considerations are also integrated into the Bank’s investment policies, outsourcing and procurement processes, vendor management procedures, and the management of market, liquidity, and capital risks.

Our Sustainable Finance and Framework

PNB’s Sustainability Financing Framework (SFF) provides the structure through which the Bank issues and manages sustainable financing instruments. The SFF is supported by a Second-Party Opinion from S&P Global Ratings and is aligned with relevant international principles for green, social, and sustainability bonds and loans, including the applicable ICMA and loan market guidelines.

The framework is built around five core components: Use of Proceeds, Project Evaluation and Selection, Management of Proceeds, Reporting, and External Review. Among these, Project Evaluation and Selection plays a central role in ensuring that funds raised through sustainability financing instruments, such as bonds, loans, or other debt instruments, are allocated to eligible green and social projects that meet the framework’s defined criteria.

Eligible assets are initially identified by frontline loan origination teams using the framework’s use-of-proceeds categories and eligibility criteria. A four-eye principle is applied, whereby prospective assets are subject to review and approval by existing credit committees or designated approval bodies. At a minimum, this process includes due diligence on compliance with applicable environmental, labor, occupational health, and safety regulations, supported by relevant permits and documentation. In addition to standard credit assessments, sustainability-specific tools, such as financing checklists and ESG scorecards, are used to assess alignment with the framework’s eligibility requirements.

The SFF forms part of a broader effort to enhance sustainability governance at PNB. The evaluation of eligible assets is supported by cross-functional collaboration among Credit Risk, Business, and Sustainability teams, reinforcing the rigor, consistency, and integrity of the sustainable finance process.

SFF Focus Areas

SFF Focus Area	Outstanding Balance in Php billions
No Poverty and Zero Hunger	95.22
Good Health and Well-being	4.28
Clean Water and Sanitation	2.51
Affordable and Clean Energy	113.70
Industry, Innovation, and Infrastructure	172.13
Sustainable Cities and Communities	26.78
TOTAL	414.62

For the current reporting year, PNB has been supportive of green loans, totaling Php 36.56 billion as of December 2025, equivalent to 6% of the total IBS loan portfolio. We are committed to sustaining and building green and social eligible loans with pipeline totaling Php 29.6 billion.

Moreover, PNB successfully raised Php 15.7 billion through a dual-tranche ASEAN Sustainability Bond offering under its Php 50-billion Bond and Commercial Paper Program. The issuance, which was oversubscribed more than five times, marked PNB’s strong return to the domestic debt capital market and reinforced its commitment to sustainable financing.

The Php 15.7 billion peso-denominated sustainability bond complemented the Bank’s maiden US\$300-million sustainability bond issuance in 2024 which initiated the expansion the Bank’s capacity to finance projects delivering measurable environmental and social benefits. Proceeds from this offshore issuance have

been fully allocated in line with the Sustainability Financing Framework, supporting renewable energy developments, including utility-scale solar facilities and battery energy storage systems, as well as critical water and wastewater management projects that improve access to safe water, strengthen treatment infrastructure, and enhance resource efficiency for growing communities.



Case Study

Financing the Future of Low-Carbon Economy in the Philippines

Supporting the country’s transition to a low-carbon economy has become a core financing priority as energy demand grows alongside climate and security considerations. Guided by its Sustainability Financing Framework, the Bank continues to direct capital toward renewable energy projects that deliver both environmental benefits and long-term economic value. In 2025, financing activities focused on expanding clean energy generation capacity and strengthening grid resilience through a combination of new project development and strategic refinancing, ensuring that renewable assets remain financially sound and operationally reliable over their full lifecycle.

This approach is reflected in a diversified renewable energy portfolio. Financing for utility-scale solar



power has supported the construction of large solar farms that reduce reliance on fossil fuels while supplying stable, low-emission electricity to the grid. Investments in battery energy storage systems (BESS) have complemented these projects by improving load management, maximizing renewable output, and enhancing overall energy security. Alongside these, project development and refinancing facilities have enabled both new and existing renewable ventures to scale sustainably, reinforcing the role of clean energy as a dependable pillar of the country’s power system.

Securing Water for Communities: Financing Resilient and Responsible Water Systems

Reliable access to clean water is essential to public health, economic activity, and long-term resilience, particularly as population growth and climate variability place increasing pressure on water resources. Recognizing this, the Bank has positioned sustainable water financing as a priority area under its Sustainability Financing Framework, supporting projects that strengthen water security while promoting efficient and responsible resource management. These investments focus on long-lived infrastructure with clear social and environmental benefits, ensuring that water systems remain reliable, safe, and adaptable to future demand.

During the reporting year, financing supported the development and expansion of bulk water supply systems designed to meet rising potable water needs in both urban and rural areas. These projects improve supply reliability and reduce service interruptions for households and businesses. Complementing this, investments in wastewater treatment and management infrastructure enhanced water quality by reducing pollution loads and enabling the safe treatment and reuse of water, contributing to healthier ecosystems and communities. In addition, bridge financing facilities were extended to accelerate the completion of large-scale water initiatives, allowing critical projects to move forward without delays and deliver benefits to thousands of households.



74 EV and HEV units for PNB Officers under car plan

In 2025, **70 employees** demonstrated leadership in supporting the Bank’s low-carbon transition by selecting fully electric vehicles (EVs) through the Car Plan Program. These units form part of the 622 total vehicles availed by employees during the reporting year and represent a meaningful shift toward cleaner and more energy-efficient mobility solutions within the organization. In addition to the EVs, **4 employees** opted for hybrid electric vehicles (HEVs), further contributing to the gradual adoption of lower-emission transport options.

The decision of participating employees to transition to EVs reflects a broader commitment to environmental stewardship and aligns with the Bank’s initiatives to reduce operational greenhouse gas (GHG) emissions in accordance with its sustainability framework. Fully electric vehicles produce zero tailpipe emissions, directly supporting efforts to reduce the Bank’s Scope 3 emissions associated with employee commuting. HEVs, while offering improved fuel efficiency over conventional gasoline-powered vehicles, continue to rely partially on fossil fuels. As such, the adoption of 70 EVs delivers the most significant contribution to emissions reduction within the program and reinforces the Bank’s progress toward promoting environmentally responsible mobility choices.

Renewable Energy and Sustainable Water and Wastewater Management

Nature of the Projects	No. of Projects	Outstanding balance (in Php millions)	Project Location	Impact Metrics
Renewable Energy-Solar	4	17,550	Negros Occidental, Pangasinan, Cavite, Nueva Ecija	1,147 MW Powerplant capacity
Renewable Energy-Battery Energy	1	9,945	Batangas	762 MWh Battery Energy Storage
Sustainable Water and Wastewater management	1	250	Isabela	4.1 MLD Annual volume of clean drinking water in m³ supplied for human consumption through infrastructure supporting sustainable and efficient water use 124,922 Estimated population served

Limited Assurance Report on the US \$300 million Sustainability Bond Issuance

To strengthen transparency and reinforce stakeholder confidence in the integrity of its sustainable finance disclosures, PNB engaged Punongbayan & Araullo (P&A Grant Thornton) to perform an independent limited assurance engagement on the Bank’s Eligible Green Loan Portfolio and Eligible Social Loan Portfolio included in the Sustainable Financing Instruments Allocation Report as of August 31, 2025.

The full report can be viewed in page 232 of this report.

Managing E&S Impact

We continue to integrate environmental and social (E&S) risk considerations into our credit and operational risk management processes, an effort that began in 2020. Sustainability principles and E&S risk factors are embedded within the Bank’s decision-making frameworks, supporting more informed assessments of risk, resilience, and long-term value across business activities. The Bank maintains regular communication on sustainability policies, expectations, and initiatives with both internal and external stakeholders through established channels, including internal advisories, client communications, and digital platforms. These engagements support awareness, consistent implementation, and shared accountability in managing E&S risks. Through this ongoing approach, PNB seeks to manage environmental and social risks not only within its own operations but also across its business relationships.

To support a transparent understanding of how E&S risks are reflected across the Bank’s portfolio, PNB also



monitors distribution of loan exposure by industry sector as part of an integrated E&S risk management approach. Visibility of sectoral concentrations is essential for assessing potential risk exposure, resilience and long-term value considerations.

Breakdown of Institutional Loan Exposure by Philippine Standard Industrial Classification

Industry	2025	
	Amount (in Php billions)	% to Total
Financial intermediaries	91.51	14.44%
Wholesale and retail	114.27	18.03%
Electricity, gas and water	144.84	22.85%
Manufacturing	59.58	9.40%
Transport, storage and communication	28.60	4.51%
Agriculture, hunting and forestry	4.57	0.72%
Public administration and defense	1.17	0.18%
Government	11.49	1.81%
Real estate, renting and business activities	104.44	16.48%
Construction	36.82	5.81%
Others*	36.56	5.77%
TOTAL	633.84	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.*

Blacklist and Graylist

FN-CB-410a.2

To ensure that responsible financing and investments are upheld, PNB’s Sustainability Financing Framework sets clear parameters to ensure that financing activities are conducted in a manner consistent with the Bank’s ethical, environmental, and social standards. In line with this approach, the Bank does not finance activities that pose unacceptable risks to human rights, environmental integrity, or societal well-being. Accordingly, certain sectors and activities are excluded from eligibility under the framework, as outlined below.

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, non-military 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
- 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

Financial Inclusion & Empowerment

We continue to advance financial inclusion and empowerment by expanding access to banking services, promoting responsible digital adoption, and engaging directly with communities where the Bank operates. These efforts aim to reach unbanked and underbanked individuals, improve affordability, and support participation in the formal financial system.

At the branch level, localized marketing activities were implemented to strengthen PNB’s presence in nearby areas and introduce banking products and services to non-PNB clients. These initiatives are complemented by outreach activities led by branches to support engagement with local communities, build trust, and improve awareness of available financial solutions.

Digital adoption remained a key focus in 2025. The Happy Habits Promo, led by the Marketing Group and conducted from February 3 to May 4, 2025, encouraged active use of PNB Digital while supporting the onboarding of previously inactive users. The campaign contributed to significant year-on-year growth in peer-to-peer (P2P), person-to-merchant (P2M), and person-to-business (P2B) InstaPay transactions, as well as Cardless Withdrawal usage, exceeding program targets. The promo was open to all PNB Digital users and awarded a total of 220 winners, including one Php 100,000 prize, nine Php 10,000 prizes, 60 Php 1,000 prizes, and 150 Php 500 prizes. Complementing this, the Trust Banking Group strengthened financial inclusion and responsible investing through financial literacy and capability-building initiatives. A total of 10 Financial Wellness and Trust Product sessions were conducted under Officership Programs, alongside three Continuing Education Program trainings for branch officers, providing employees and clients with practical financial planning and investment knowledge while promoting digital investment channels, generating new PERA/UITF

enrollments. Participation in the BSP’s two-day Economic and Financial Wellness Program further expanded outreach, resulting in additional UITF enrollments and subscriptions.

Beyond payments, digital innovation also accelerated investment access through the launch of PNB UITF Online within the PNB Digital app, allowing clients to seamlessly subscribe, monitor, and manage UITF investments online. This significantly increased account activity and transaction volumes, reflecting growing confidence in digital investment platforms and reinforcing the Bank’s commitment to delivering secure and convenient end-to-end digital financial services. To improve the affordability of digital payments, PNB implemented the InstaPay Fee Reduction Promo through its Retail Banking Segment. Running from July 2025 to January 2026, the promo reduced fees to Php 10.00 for retail InstaPay transactions of Php 500.00 and below. This initiative supports the Bangko Sentral ng Pilipinas’ objective of encouraging the wider adoption of electronic payments through affordable pricing, directly benefiting customers who make small-value transfers, particularly those who are price-sensitive or transitioning into formal banking.

To support internal capacity-building, sustainability-related training sessions were conducted for members of the Marketing Group through in-person sessions, webinars, and professional networking platforms. These sessions aim to strengthen understanding of sustainability and inclusion considerations in product communication, campaigns, and customer engagement. In 2025, PNB conducted a total of 1,331 financial literacy programs attended by 2,496 employees and 71,075 external participants. Through these combined efforts, PNB aims to reduce barriers to access, promote responsible digital participation, and enhance financial capability across diverse customer segments and communities.

	2025
Total no. of employees who participated on Financial Literacy Program	2,496
Total no. of external participants (customers and non-customers)	71,075
Total no. of Financial Literacy Programs conducted for employees and customers	1,331

Feature Story

PNB Capital Honored for Landmark Solar and Rooftop Energy Deals

PNB Capital further strengthened its standing in sustainable finance after winning Renewable Energy Deal of the Year – Solar and Renewable Energy Deal of the Year – Rooftop Solar at The Asset Triple A Country Awards in Singapore. The awards recognized PNB Capital’s lead advisory role in structuring a Php 18.23-billion project finance facility for the 650.1-MWp Bugallon Solar Power Project in Pangasinan, as well as a Php 2.16-billion syndicated loan supporting nationwide rooftop solar installations. Together, these transactions highlight PNB Capital’s expertise in complex renewable energy financing



while advancing the Philippines’ clean energy transition, strengthening energy security, and generating long-term benefits for communities and industries alike.

Feature Story

PNB and PNB Capital Earn Global Recognition for Sustainable Finance Leadership

Philippine National Bank and its investment banking arm, PNB Capital and Investment Corporation, secured two prestigious honors from The Asset Triple A Sustainable Finance Awards, underscoring their growing influence in sustainable capital markets. Anchoring this recognition was PNB's US\$300-million sustainability bond, its first offshore issuance in five years, awarded Best Sustainability Bond –



Financial Institution, reflecting strong global investor confidence with broad participation from APAC and EMEA. PNB Capital was also recognized for its role as a domestic underwriter in Citicore Renewable Energy Corporation's Php 5.3-billion IPO, named Best IPO, reinforcing the Bank's ability to mobilize capital toward transactions that deliver both financial strength and measurable environmental and social outcomes.

Feature Story

Capacity Building for Impact: GEFS Certification Strengthens Sustainable Finance Delivery

In 2025, the Bank strengthened its sustainable finance capabilities through the completion of the Green Energy Finance Specialist (GEFS) Blended Learning Programme, an internationally recognized certification focused on renewable energy and energy efficiency financing. The 21-week program combines self-paced online training and a three day in-person training at the Renewables Academy (RENAC) Office in Berlin, providing participants with practical skills in project finance, financial modelling, environmental and social risk considerations, and global climate finance mechanisms.



Ms. Gwyneth Estenzo, Head of the Sustainability Program Department, successfully completed the full GEFS certification on May 13, 2025. This achievement enhances the Bank's internal expertise in sustainability financing, strengthens its capacity to evaluate and structure renewable energy and energy-efficiency projects, and supports the Bank's commitment to developing a robust, knowledgeable team in line with its sustainable development agenda.

Customer Experience, Trust and Protection

Our approach to customer experience is grounded in the belief that every interaction is an opportunity to build trust and long-term relationships. The Bank seeks to create value beyond transactions by engaging customers through accessible services, responsive support, and continuous improvement in the delivery of products and services. This commitment is reflected in the availability of feedback mechanisms and customer support channels that allow customers to raise concerns, share feedback, and seek assistance.

Customers may access the Bank through multiple channels for inquiries, requests, and complaints, including a 24/7 customer care hotline, email, FaceTime, Facebook Messenger, and all branches nationwide and overseas. Customer interactions are primarily driven by inquiries, followed by requests and complaints. All complaints are logged through the Bank's Case Logging Tool and Complaints Registry, which consolidates cases into a centralized reporting system. Trends, resolution effectiveness, and systemic issues are analyzed through these tools, with the Complaints Management Annual Report presented to the Board Risk Oversight Committee every February.

PNB's Consumer Protection Policy provides the framework for ensuring transparency, fairness, and responsiveness in customer dealings. Through the Consumer Assistance Mechanism, all reported complaints are recorded, monitored, and addressed within defined timelines. A consolidated Customer Engagement and Complaints Report is submitted monthly to the Management Risk Committee and the Board Risk Oversight Committee, and a quarterly consolidated complaints report is submitted to the Bangko Sentral ng Pilipinas in compliance with regulatory requirements.

To support service quality improvements, the Bank also gathers quantitative and qualitative feedback through post-call surveys for hotline interactions and monthly

customer satisfaction surveys that cover both call and email engagements. These insights help create enhancements to customer service, policies, and engagement strategies. PNB's commitment to customer experience extends to its digital platforms. In 2025, PNB Digital received its third international recognition as Best Mobile Banking Experience in the Philippines at the International Business Magazine Awards 2025. This recognition reflects our continuing effort to deliver secure, reliable, and accessible digital banking services that align with customer needs.

Customer Engagement & Satisfaction

GRI 3-3, FN-CB-000.A, FN-CB-000.B

Customer satisfaction is at the heart of our service approach, which involves maintaining multiple feedback mechanisms to ensure that customers can share their concerns, suggestions, and experiences related to the Bank's products and services. Accessible customer support channels and structured feedback processes enable the Bank to listen, respond, and continually improve the delivery of its services.

Banking at PNB is designed to be responsive, secure, and adaptable to the evolving needs of customers. Whether customers engage with the Bank in person or through digital platforms, locally or overseas, PNB aims to serve as a trusted partner in financial growth and stability. Recognizing that customers have different priorities across life stages, the Bank offers a range of financial products tailored to individual needs, from basic savings and daily transactions to business expansion, home ownership, and long-term financial planning.

Cards

PNB's card portfolio is designed to provide flexibility, security, and convenience. In 2025, the Bank issued 261,298 credit cards, representing a 126.5% year-on-year increase, enabling customers to transact securely while accessing rewards and benefits. The Global Filipino Card, with 466,084 cards issued, reflects the Bank's continued focus on Overseas Filipino Workers (OFWs) and their beneficiaries, providing access to banking services that support their financial needs regardless of location.



261,298
Credit cards issued

126.5%
year-on-year increase

Loans

The Bank's loan offerings are structured to support a wide range of personal and household financial goals. In 2025, the personal loan segment recorded 1,046 active accounts with total bookings of Php 223,962,234, providing flexible financing for everyday needs and planned investments. Through their Mortgage and Auto Lending, PNB also recorded new bookings under its "Own a Philippine Home Loan" (OPHL) program, amounting to Php 832 million across 160 accounts. This product is specifically designed to help OFWs achieve home ownership in the Philippines.



1,046
Accounts

Php 223.9
million total booked Personal Loan



160
Accounts

Php 832
million total booked
Own a Philippine Home Loan

Investments

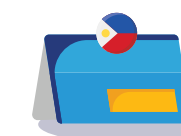
PNB offers a broad range of investment solutions to support wealth accumulation and long-term financial objectives, including fixed income instruments and diversified strategies aligned with varying risk profiles. Through its Trust Banking Group (TBG), the Bank provides a comprehensive suite of off-the-shell and bespoke portfolios covering money market, fixed income, multi asset, local equity, and global feeder strategies, actively managed by experienced fund managers to meet diverse client objectives and investment horizons.

Bancassurance Partnerships

Through partnerships with Allianz and ABIC, PNB provides life and non-life insurance products that help customers manage financial risks and protect what matters most. These offerings are designed to provide financial security and peace of mind, supporting customers and their families in preparing for unforeseen events.

Supporting the Global Filipino

With a global footprint that includes over 737,854 OFW savings accounts and 466,084 Global Filipino Cards issued in 2025, PNB continues to serve Filipinos wherever they are. Beyond core banking services, the Bank's UITF investment products are likewise widely availed of by overseas Filipinos seeking to grow and manage their savings and investments while abroad. By offering accessible and relevant financial solutions, the Bank reinforces its commitment to customer engagement and long-term relationships built on trust and reliability.



737,854
OFW Savings Accounts



466,084
Global Filipino Cards

Feature Story

Opening Doors to Prime Living: PNB and Eton Properties Broaden Access to Homeownership

A new partnership between Philippine National Bank and Eton Properties Philippines, Inc. is reshaping access to premium residential financing, bringing competitive and accessible home loan options closer to aspiring homeowners. Through the collaboration, Eton’s flagship development, Blakes Tower, has been accredited under PNB’s home loan program, allowing buyers to benefit from streamlined financing terms and trusted banking support.



The partnership reflects a shared vision of enabling responsible homeownership by aligning quality property developments with prudent, customer-focused financing, supporting both long-term financial stability and confidence in the real estate market.

Feature Story

Financing Strength at Scale: PNB Extends Php 5-Billion Facility to the Country’s Largest Military Cooperative

The Bank strengthened its support for institutional financial empowerment with the signing of a Php 5-billion, five-year term loan with the ACDI Multipurpose Cooperative, the country’s largest cooperative serving military personnel and their families. The facility will enable ACDI to expand its financial services, enhance operational capacity, and reach a broader member base nationwide.



By backing a cooperative with deep social impact and a strong governance track record, PNB reinforces its role as a long-term financial partner to institutions that promote economic security, resilience, and inclusive growth.

Customer Health and Safety

PNB recognizes that customer health and safety are integral to delivering responsible banking services, particularly in branch environments and physical touchpoints. Key health and safety concerns raised by customers include the availability of facilities for persons with disabilities (PWDs), branch security, long queues, the unavailability of air conditioning or equipment due to downtime, and an increase in incidents of fraud and scams.

These concerns are addressed through defined policies, procedures, and operational controls. Accessibility features for PWDs are included in the Bank’s requirements checklist when opening new branch sites. Branches are equipped with appropriate security facilities, and customers are provided guidance on the safe use of ATM and Cash Accept Machine (CAM) facilities. Any network, appliance, or security-related issues are subject to immediate reporting and escalation. The Marketing Group also issues regular advisories to customers on common fraud and scam schemes to strengthen awareness and prevention.

Customer complaints related to health and safety are captured through the Bank’s complaints management systems and addressed in accordance with established service standards. Since 2023, the Customer Experience Division has incorporated environmental and social (E&S) risk categories into the Consolidated Complaints Report to capture risks that may impact service continuity, such as power outages, telecommunications disruptions, physical damage to branches, ATMs, or CAMs, as well as data security risks arising from environmental events.

These E&S-related complaints are monitored through the Enhanced Customer Relationship Management (ECRM) System and included in the BSP-Supervised Financial Institutions Consolidated Complaints Report. Initial reporting began in December 2023, with further process enhancements continuing in 2025 to strengthen monitoring, response, and regulatory compliance.

Customer Health and Safety Requirements	2025	2024	2023
Total no. of incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0
Total no. of incidents of non-compliance with regulations resulting in a warning	0	0	0
Total no. of incidents of non-compliance with voluntary codes	0	0	0
Total no. of substantiated complaints	1	0	0
Total no. of complaints addressed	1	0	0

Marketing & Labeling

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

We adopt a responsible and disciplined approach to marketing and labeling, guided by formal operational manuals that govern how products, services, and campaigns are communicated to customers. These include approved operations manuals for Marketing Intelligence and Analytics and Marketing Services Division, and additional manuals undergoing review covering Online Marketing Department, Mainstream Communications, and Awards. Together, these manuals provide standards for accuracy, transparency, and consistency in marketing communications, supporting responsible advertising and consumer protection. For this year, no incidents of violations relating to marketing, labeling, and advertising were recorded.

The Bank’s marketing strategy combines digital and traditional channels to promote both new and existing products. Campaigns are designed to respond to market needs while integrating sustainability considerations where relevant. Marketing teams also support branch-initiated pocket events and community-based activities that encourage engagement with local customers and promote environmentally conscious practices, reinforcing the Bank’s positioning as a dependable financial partner.

Integrating environmental considerations into marketing presents both opportunities and risks. On the opportunity side, sustainability-focused messaging can strengthen competitive positioning,

enhance brand credibility, and align the Bank with growing customer interest in responsible business practices. Early alignment with environmental expectations also supports regulatory readiness. At the same time, the Bank recognizes challenges such as higher upfront costs associated with sustainable alternatives, varying levels of customer awareness, and the need to adapt promptly to evolving regulations and policies.

PNB’s marketing activities cover a wide range of platforms, including its website, mobile application, social media channels, direct marketing materials, large-format displays, in-branch posters, billboards, and print advertisements. A consistent focus across these activities is brand-building, emphasizing the Bank’s promise and values as a trusted and dependable institution, masasandalan, for Filipinos.

Sustainability considerations are also reflected in branding practices. In line with the Bank’s environmental objectives, efforts have been made to reduce the use of non-recyclable and non-biodegradable materials in marketing materials. During the Christmas season, the Marketing Group eliminated plastic packaging in the distribution of branded eco-bags and continues to explore more sustainable alternatives, including the potential use of recycled materials in selected product offerings such as payment cards.

Marketing and Labeling Requirements	2025	2024	2023
Total no. of incidents of non-compliance with regulations resulting in a fine or penalty	0	0	0
Total no. of incidents of non-compliance with regulations resulting in a warning	0	0	0
Total no. of incidents of non-compliance with voluntary codes	0	0	0
Total no. of substantiated complaints	0	0	0
Total no. of complaints addressed	0	0	0

Digital Transformation and Cybersecurity

PNB’s digital transformation is guided by a three-year digital strategy that aligns customer needs, technological developments, and regulatory expectations. This strategy supports the Bank’s objective of delivering safe, reliable, and seamless digital banking services to Filipinos, whether they engage locally or overseas. Digital initiatives are implemented within a robust governance structure, with strategic oversight from the Board IT Governance Committee and operational direction provided by dedicated steering committees. These arrangements ensure alignment with enterprise priorities and regulatory frameworks, including the BSP Digital Payment Transformation Roadmap.

In 2025, PNB continued to invest significantly in technology and cybersecurity to strengthen operational resilience and service reliability. Total budgeted capital expenditure for IT-related projects reached Php 2.95 billion, with Php 2.12 billion approved for project implementation as part of the Bank’s overall IT investments. These investments covered core systems modernization, security enhancements, cloud enablement, and digital channel improvements.

Key cybersecurity initiatives in 2025 included obsolescence management through the replacement of end-of-life hardware, migration of critical systems—such as the core banking system and ATM switch—to newer platforms, and strengthened perimeter and cloud security using advanced firewall solutions. Cloud integration further enhanced scalability and security. Network reliability was improved through dedicated VPN firewalls and upgrades to testing environments, supporting stable connectivity across head office, disaster recovery, and international sites.

Cybersecurity capabilities were reinforced through continuous capacity-building. Members of the Cyber Security Operations Division participated in industry forums and other cybersecurity seminars to stay current with emerging threats and defensive techniques. Insights from these engagements guide the updating of the Bank’s Information Security Management System (ISMS) and operational controls.



Php 2.95 billion
Total IT-related CAPEX Budget

Php 2.12 billion
Total Amount Approved for Project Implementation

Php 519.7 million
Total investments in Digital platform (retail and corporate) Innovation and security

315 branches
reached by cybersecurity awareness programs



4,118 Employees trained during Cybersecurity Month

65% Participation increase from 2024 of 2,495 attendees during Cybersecurity Month

5,181 Attendees in Monthly Webinars

81% Participation increase in Monthly Webinars, with total attendance of 2,852 in 2024

Feature Story

Leading the Line of Defense: PNB Recognized for Excellence in Security and Fraud Prevention

Reaffirming our leadership in corporate security and digital fraud prevention, our two executives earned recognition at the 18th Security Management International Convention, a gathering of industry leaders focused on emerging risks and protection strategies. The recognition highlights the Bank's sustained investments in security governance, threat



detection, and fraud mitigation—areas that have become increasingly critical as financial services grow more digital and interconnected.

These efforts shortened turnaround times, improved customer convenience, and contributed to reduced paper use. In 2025, around Php 519 million was allocated for innovation and security initiatives, reinforcing the Bank's commitment to redefining banking through responsible digital transformation.

Customer Data Privacy & Security

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

Upholding depositor data privacy rights, safeguarding customer data, and maintaining trust remain fundamental to PNB's digital operations. For the 2025 reporting year, two complaints were received, but there were no major cyber/information security incidents were reported.

PNB's approach to data protection is underpinned by its Enterprise Information Security Management System (ISMS) and Data Privacy Management System (DPMS), which are aligned with the Bangko Sentral ng Pilipinas (BSP) regulations/issuances, Data Privacy Act of 2012 (DPA), its Implementing Rules and Regulations (IRR) and relevant National Privacy Commission (NPC) issuances, and the EU General Data Protection Regulation (GDPR), among others. Overseas branches adhere to equivalent regulations and regularly update operational manuals to comply with local requirements, with oversight from the Office of the Chief Information Security Officer and Data Protection Officer.

Security controls are applied across the full data lifecycle, covering data in transit, storage, and processing. These include encryption, advanced access controls, and secure authentication mechanisms such as multi-factor authentication. Digital banking platforms are equipped with enhanced customer-facing security features such as one-time PINs, biometric authentication, digital keys, and real-time transaction alerts via SMS and email.

Safeguarding Customer Confidence

Fraud prevention and control measures were further strengthened in 2025. Branch-level controls include strict customer identification, enhanced due diligence, maker-checker processes, and regular audits. High-risk accounts are subject to additional monitoring, while Risk and Control Seminars reinforce awareness among frontline personnel. The Enterprise Fraud Management System (EFMS), together with strengthened web security controls, supports comprehensive fraud detection and response. For hybrid work arrangements, device encryption, VPNs, and secure web access tools are deployed to protect sensitive information.

Customer transparency and regulatory compliance are supported through clear disclosures, including the PNB Data Privacy Statement available on the Bank's website. Ongoing phishing and fraud awareness campaigns are delivered through audio visual presentation via branch monitors, email, SMS, and social media to inform customers of emerging risks. Periodic Privacy Impact Assessments and Information Security Risk Assessments, aligned with DPA and ISO 27001:2002 standards, further strengthen governance and oversight, with reporting provided to the Risk Oversight Committee and regulators as required.

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

Digital Transformation & Innovation

GRI 3-3

Innovation remains a central pillar of PNB's digital agenda, with a focus on improving efficiency, service quality, and customer experience. In 2025, the Bank introduced the Microsoft 365 Copilot Lab Program, a proof-of-value initiative designed to evaluate how AI-enabled tools can enhance productivity across key support units. The program demonstrated measurable efficiency gains in areas such as faster information retrieval, improved customer service support, and automation of time-intensive tasks including report preparation and meeting documentation.

Shaping the Future of Banking, Digitally

The Copilot Lab Program culminated in a graduation ceremony on October 17, 2025, recognizing participants for their contributions to transforming workflows and embracing new ways of working. Beneficiaries included the Operations Group, Customer Experience Division, Enterprise Risk Management Group, Human Resources Group, Office of the Chief Financial Officer, and the Office of the Corporate Secretary, as well as enablement teams such as the Innovation Management Department and the Information Technology Group.

To support broader adoption, a two-day foundational training on Microsoft 365 Copilot was conducted in partnership with Microsoft Philippines and Shellsoft Technology Corporation. The program combined interactive sessions and hands-on exercises, providing participants with practical skills to integrate AI tools into daily operations.

Beyond AI-enabled initiatives, PNB continued to automate processes such as electronic Statements of Account (e-SOA) and loan origination systems.

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.

Access Channels and Infrastructure

Strengthening access to banking services through an expanding mix of physical and digital channels is part of the Bank’s core strategy to increase customer engagement and satisfaction. In 2025, the Bank’s digital footprint grew alongside its physical infrastructure, supported by an extensive network of ATMs, Cash Acceptance Machines (CAMs), Corporate Cash Acceptance Machines (CCAMs), and Point of Sale (POS) terminals nationwide. These channels are complemented by a growing digital customer base, with 1,824,005 users actively using PNB’s digital banking platform and an expanding number of PNB C@shNet Plus users.

Digital adoption remains a key driver of accessibility. By year-end, 1,824,005 customers, representing approximately 50% of the eligible base, were enrolled in the PNB Digital app, reflecting continued progress in making banking services more accessible and convenient. On the corporate side, 47,592 accounts were enrolled in PNB C@shNet Plus, enabling businesses to manage payments, liquidity, and transactions more efficiently.

In parallel, PNB continued to expand its physical presence through branch and branch-lite projects completed in 2025. These expansion initiatives strengthened the Bank’s reach across municipalities and cities, particularly in underserved and high-potential areas. The expansion improved customer convenience, supported local enterprises through increased access to financing, enhanced brand visibility, and established a foundation for future-ready growth.

The Bank’s access strategy also extends beyond domestic borders. With an international network of over 67 overseas branches, offices, remittance centers, and subsidiaries across Asia, Europe, the Middle East, and North America, the Bank provides consistent access to financial services for Overseas Filipino Workers (OFWs). Tailored offerings such as the OFW Savings Account and the PNB-PAL Mabuhay Miles OFW Savings Debit Mastercard allow OFWs and their beneficiaries to transact globally while earning added benefits. Secure and reliable remittance services further ensure that funds reach families in the Philippines efficiently.

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

	2025	2024	2023
Banking Infrastructure			
No. of Teller Machines and Terminals			
ATMs	1,585	1,572	1,535
CAMs	145	143	145
Corporate CAMs	102	63	29
POS Terminals	6,953	6,152	7,876
Digital Banking			
Digital Banking enrolled users	1,824,005	1,449,058	1,105,231
Internet Banking (PNB C@shNet Plus)			
Total Enrollments	47,592	43,960	23,186

Feature Story

Paperless by Design: How PNB’s eSOA Shift Delivers Security, Savings, and Sustainability

A decisive move toward digital efficiency took shape in **mid-2025** as the Cards and Financial Solutions Group rolled out the migration of PNB credit cardholders **from printed Statements of Account to Electronic Statements of Account (eSOA)**, effective July 21.

By year-end, **94%** of the **Bank’s credit card portfolio** had **successfully transitioned**, with **monthly statements now delivered securely to customers’ PNB-registered email addresses**.

The shift **strengthened data protection through password-protected statements**. Improved customer convenience with anytime, anywhere access, and delivered a **clear environmental payoff** by sharply **reducing paper use**.

For the Bank, the impact was equally tangible: with **each printed statement** costing approximately **Php 56.65** in printing and delivery,

The move to **eSOA** is projected to generate up to **Php 19 million** in annual savings—demonstrating how operational discipline and sustainability can reinforce one another through practical, customer-centric innovation.



Feature Story

Cashback with a Conscience: PNB Unveils an Eco-Smart Titanium Mastercard

The launch of the PNB Cashback Titanium Mastercard marked a clear shift toward embedding sustainability into everyday banking, combining consumer value with environmental responsibility. Offering up to 8% automatic cashback, the card delivers permanent, hassle-free rewards while being manufactured from 80% recycled PVC, significantly lowering the environmental footprint of traditional card production. The use of durable PVC enhances card longevity, reducing replacement frequency and associated waste, while supporting the Bank's broader initiative to transition all PNB credit cards toward more sustainable materials.



For cardholders, the product pairs meaningful financial benefits with the ability to make an eco-conscious choice; for the Bank, it represents a practical step in aligning product innovation with sustainability objectives, proving that greener design and competitive rewards can move forward together.

Program content focused on practical and relevant topics, including money management and saving strategies, basic investment principles for long-term wealth building, and economic and market outlooks to help participants make informed financial decisions. These sessions were designed to translate financial concepts into actionable knowledge that participants can apply in their daily lives.

The programs reached a broad and diverse audience, including depositors, borrowers, professionals, entrepreneurs, students, teachers, OFWs and their dependents, as well as church and community organizations.

Beyond knowledge-building, these initiatives support PNB's broader inclusion agenda by introducing participants to appropriate financial products and services that align with their needs and life stages.



One million

Approximate no. of OFWs served by PNB

Financial Inclusion & Literacy

FN-CB-240a.4

PNB views financial literacy as a critical enabler of inclusion and long-term financial resilience. In 2025, the Bank expanded its financial literacy, financial wellness, and cybersecurity awareness programs, reaching over 50,000 participants through a combination of in-person and virtual learning sessions. These initiatives were delivered locally and overseas through platforms such as MS Teams and Zoom.



73,571

Financial Literacy Participants reached in 2025



Feature Story

Lower Fees, Wider Access: Removing Cost Barriers to Digital Payments

In response to the Bangko Sentral ng Pilipinas' push for affordable digital payments, PNB launched the *InstaPay Fee Reduction Promo*, running for six months from July 2025 to January 2026. The initiative reduced InstaPay fees to just Php 10.00 for transactions of Php 500.00 and below, directly easing the cost burden for customers making frequent, small-value transfers. Designed with price-sensitive users in mind, particularly unbanked and underbanked



segments, the promo lowered barriers to digital adoption while reinforcing PNB's role in advancing inclusive, accessible electronic payments.

Feature Story

Closer to Home with a Click: PNB e-Send Redefines Digital Remittances for Filipinos in the U.S.

Sending money home became faster and more secure with the launch of PNB e-Send, an upgraded digital remittance platform introduced through PNB's U.S. affiliate, PNB Remittance Centers, Inc. Replacing the former PNB Web Remit, the new service delivers a more streamlined, user-friendly experience designed around speed, safety, and convenience, key priorities for overseas Filipinos supporting families back home. By strengthening digital



financial connectivity, PNB e-Send helps ensure that remittances arrive reliably and efficiently, reinforcing household stability and sustaining vital family ties. The initiative reflects the Bank's continued investment in digital solutions that respond to the evolving needs of global Filipinos while expanding access to trusted, technology-enabled financial services.

Feature Story

Bridging Home and Abroad: Strengthening Remittance Pathways for Global Filipinos

In July 2025, PNB strengthened its global remittance capabilities through a strategic partnership with Japan-based Digital Wallet Corporation, the company behind Smiles, Japan's leading mobile remittance platform. By combining PNB's trusted international banking network with Digital Wallet's digital-first remittance technology, the collaboration enables Filipinos in Japan to send money home faster, more affordably, and directly from their mobile phones. More than a system integration, the partnership

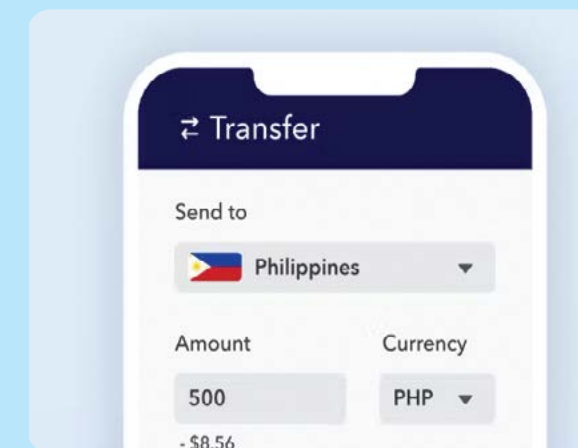


reflects a shared commitment to financial inclusion, bringing overseas Filipinos closer to their families, their goals, and home, every step of the way.

Feature Story

A Stronger Global Lifeline: PNB and Remitly Expand Digital Remittance Access

Cross-border money transfers became more seamless with the partnership between PNB and global digital remittance provider Remitly, strengthening remittance services for Filipinos around the world. By combining PNB's extensive domestic banking network with Remitly's advanced, mobile-first platform, the collaboration delivers faster, safer, and more convenient ways for overseas Filipinos to send money home. This partnership enhances accessibility to formal financial channels, reduces friction in cross-border transactions, and reinforces trust in digital



remittance, ensuring that hard-earned funds reach families efficiently while supporting everyday needs, long-term savings, and economic participation back home.

Climate Resilience and Risk Management

SDG 6, 7, 13, 15

Resilience in Critical Operations

Strengthening operational resilience is one of PNB’s long-term goals through embedding sustainability and risk considerations into the management of critical processes and infrastructure. The Bank goes beyond minimum compliance requirements by institutionalizing mechanisms to monitor, assess, and address ESG-related non-compliance incidents across operations. These mechanisms are supported by data-driven monitoring, targeted employee training, and continuous process improvements to prevent recurrence and minimize operational disruption.

Operational resilience is further reinforced through efficiency initiatives that reduce resource dependency and improve continuity. Automation initiatives, including paperless processes and

system-enabled workflows, help reduce operational risk while improving reliability and turnaround times. Energy-efficient technologies are deployed across facilities to support stable operations while lowering environmental impact.

PNB also engages external expertise to strengthen resilience planning. Collaboration with academic institutions and non-government organizations supports informed decision-making on sustainability and climate-related risks, including efforts to meet the Bank’s annual greenhouse gas reduction targets. These initiatives contribute to operational stability while positioning the Bank to adapt to evolving regulatory, environmental, and market conditions. Detailed disclosures in these matters will be presented in the next sections of this report.



Feature Story

Rewiring the Bank: Operational Redesign at the Core of PNB’s Digital and Sustainable Transformation

PNB’s digital transformation in 2025 was driven not only by technology upgrades, but by operational redesign led by the Operations Group to strengthen resilience, efficiency, and customer experience. Process automation, system upgrades, and workflow reengineering reduced manual dependencies, improved turnaround times, and enhanced service continuity across branches and digital channels. These initiatives supported broader sustainability objectives by lowering paper use, optimizing energy consumption, and reinforcing operational controls aligned with risk and compliance requirements.



As digitalization accelerated, the Operations Group played a critical role in ensuring that innovation remained secure, scalable, and inclusive, supporting both frontline service delivery and back-office reliability. The result was a more agile operating model that strengthened the Bank’s capacity to adapt to disruption, support growth, and deliver consistent value in an increasingly digital banking environment.

Environmental and Social Risk Management System (ESRMS)

In 2025, PNB continued to strengthen its Environmental and Social Risk Management System (ESRMS) as a core component of the Bank’s risk governance framework. In line with regulatory requirements and supervisory guidance, including BSP Circulars No. 1128 and No. 1149, the ESRMS supports the systematic integration of environmental and social (E&S) considerations into decision-making across the Bank. This approach reinforces responsible business conduct while enhancing the Bank’s capacity to manage sustainability-related risks that may affect operations, strategy, and financial performance.

The ESRMS also supports the Bank’s ongoing assessment of climate-related risks and opportunities. By incorporating

both physical and transition risk considerations, PNB seeks to develop a clearer understanding of how climate and environmental factors may influence its risk profile, resilience, and capital planning over time.



Key Components of the ESRMS

1 Integration of E&S Risks into Enterprise Risk Frameworks

Environmental and social risks are embedded within the Bank's Enterprise Risk Framework and risk taxonomy, encompassing climate-related physical risks (both acute and chronic) and transition risks. These risks are assessed using data-driven tools such as HazardHunterPH and Climate Central's Coastal Risk Screening Tool, which provide location-specific insights to support risk identification, prioritization, and management. Assessments are reviewed through established risk governance processes and elevated to senior management and the Board, where relevant, to guide strategic decisions, risk appetite calibration, and capital planning. Board-approved policies and frameworks ensure that material environmental and social risks are systematically monitored, managed, and integrated into the Bank's overall risk oversight.

2 Customer and Vendor Screening

PNB integrates E&S risk criteria into its Enhanced Centralized Watchlist System (ECWS) for the screening of customers and vendors. This process supports the identification of potential exposures related to environmental non-compliance, human rights concerns, and other ESG-related issues, and informs appropriate risk mitigation measures.

3 Credit Risk and Investment Management

The Bank applies its ESG scorecard to assess borrowers' and investees' sustainability practices and E&S risk management capabilities. These assessments are incorporated into borrower and facility risk ratings, strengthening the Bank's ability to account for potential financial impact arising from climate, environmental, and social risks in credit and investment decisions.

4 Operational Resilience and Risk Management

PNB continues to assess the physical risks faced by branches and cash centers located in high-hazard areas, using tools such as HazardHunterPH. Environmental and social considerations are also embedded in vendor management and procurement processes, supporting sustainable sourcing practices and operational continuity across the Bank's supply chain.

5 Capital Stress Testing and Scenario Analysis

Building on earlier assessments, the Bank continues to incorporate climate-related risk considerations into capital planning. Stress testing exercises that include data on acute physical risks affecting branches and business centers inform the Internal Capital Adequacy Assessment Process (ICAAP), strengthening the integration of environmental risk insights into capital adequacy evaluations.

6 Risk Management Process

The ESRMS operates within the Bank's established risk management architecture, which includes:

- A structured approach to identifying, assessing, and managing risks
- Defined risk limits, guidelines, and parameters
- Clear delineation of roles and responsibilities across governance and management
- Robust risk measurement and assessment tools
- Effective internal controls and continuous monitoring
- Comprehensive and timely risk reporting
- Ongoing alignment with regulatory requirements and industry practices

Through the continued enhancement of its ESRMS in 2025, PNB reinforces its ability to manage environmental and social risks in a consistent and disciplined manner, supporting long-term resilience and responsible growth.

Environmental Compliance

Environmental compliance remains a core component of PNB's sustainability approach. The Bank ensures adherence to applicable local and international environmental laws and regulations governing its operations, reflecting its commitment to responsible and compliant business conduct. This is supported by structured processes for identifying regulatory requirements, monitoring environmental performance, and addressing gaps in a timely manner.

In parallel, PNB has begun preparations to align its sustainability governance, risk management, and disclosures with the SEC-mandated PFRS S1 (General Sustainability-related Disclosures) and PFRS S2 (Climate-related Disclosures). These efforts include strengthening internal data governance, enhancing climate and environmental risk assessment processes, and improving the consistency and traceability of sustainability-related information. Through this alignment, the Bank aims to ensure that environmental compliance is not only regulatory in nature but also integrated into enterprise-wide risk management, strategic planning, and future-ready reporting practices.

To support compliance objectives, PNB implements measures such as employee capacity-building, enhanced environmental monitoring systems, and waste reduction initiatives across offices and branches. These efforts are complemented by initiatives to reduce energy consumption and environmental footprint through the adoption of energy-efficient equipment and operational controls.

The Bank's facilities management approach also reflects its focus on environmental standards and certifications. As of 2025, five domestic branch have obtained LEED certification, demonstrating adherence to recognized green building standards. In addition, the Bank maintains ISO/IEC 27001:2022 certification, alongside other relevant certifications that support environmental management, quality assurance, and operational discipline. These consistent compliance practices and continuous improvement, PNB seeks to manage environmental risks effectively while supporting resilient operations and long-term sustainability.



ISO/IEC 27001:2022 on Information Security Management

Product Design & Lifecycle Management

We also integrate lifecycle considerations into the management of office assets and operational materials. Rather than adopting a replace-and-dispose approach, the Bank prioritizes maintenance, repair, and reuse to extend asset life and reduce material consumption. This approach applies to furniture, fixtures, and equipment used across branches and offices.

Procurement Practices & Supply Chain Management

GRI 3-3, 204-1

Sustainable sourcing and responsible supply chain management are embedded in PNB's procurement practices. All procurement activities follow a structured process designed to ensure transparency, quality, and alignment with the Bank's ESG principles. This process includes:

PNB Procurement Process



5

Domestic branches are housed in LEED-certified buildings

Digitization initiatives also form part of the Bank's lifecycle strategy by reducing dependence on paper-based processes. Electronic workflows, automated systems, and digital communications help lower material inputs while improving efficiency and service delivery. Through these measures, PNB manages the environmental footprint of its operational assets while supporting reliability and continuity in banking services.

Vendor accreditation and oversight are managed by the Accreditation and Vendor Management Department (AVMD), which has enhanced its risk assessment and due diligence procedures. Vendor documentation now incorporates ESG-related criteria, including compliance with environmental regulations, adherence to labor and social standards, and considerations such as gender diversity.

To support local economies and reduce transport-related impact, PNB prioritizes local sourcing for provincial and overseas branches. As of 2025, **95.66%** of suppliers were local, with total payments to suppliers amounting to **Php 9.4 billion**. No significant negative social impact were recorded within the supply chain during the reporting year.



95.66%
Of our suppliers are local

Php 9.4 billion
Payments Made to Suppliers

ZERO
Recorded significant negative social impact in supply chain for 2025

Feature Story

Building Risk Awareness, One Conversation at a Time

Through a structured series of trainings, webinars, and alignment sessions, PNB continues to strengthen risk awareness and operational consistency across the organization. These learning initiatives go beyond policy briefings, combining practical walkthroughs, regulatory updates, and interactive discussions to reinforce sound risk management practices. Flagship programs such as Vendor Risk 101 simplify complex requirements by guiding employees step by step through vendor review and regulatory assessment templates, while the VRM Refresher Course reinforces

core principles, clarifies policy updates, and addresses recurring implementation challenges. Supported by mid-year updates and cross-functional alignment with key stakeholders, these programs ensure that employees are equipped with the knowledge and tools to apply vendor risk standards accurately, consistently, and in full compliance with regulatory expectations.

Emission and Environmental Resource Efficiency



Managing emissions at PNB means embedding efficiency considerations into facilities management, operations, and investment decisions. While the Bank’s activities are not resource-intensive by nature,

operational efficiency remains a priority to reduce environmental footprint, manage costs, and support long-term resilience. Across corporate offices, branches, and overseas facilities, the Bank has implemented measures to reduce electricity and fuel consumption, optimize equipment use, and minimize unnecessary travel. Environmental considerations are also factored into decisions involving property investments and facility upgrades, reinforcing a lifecycle approach to resource efficiency.

As such, we monitor fuel, power, water consumption, and greenhouse gas (GHG) emissions using structured data collection and reporting processes. These datasets support internal performance tracking, compliance with disclosure requirements, and the development of targeted efficiency measures, which are discussed in the sections below.

Employees are encouraged to switch off non-essential equipment and lighting during breaks and after office hours. Overseas branches, including those in Hong Kong and Singapore, complement these initiatives through the use of centralized air-conditioning systems and energy-saving practices aligned with local building and regulatory standards.

To manage fuel consumption, the Bank conducts quarterly preventive maintenance for generator sets to ensure optimal performance and fuel efficiency. Domestic branch operations consolidate site inspections and official travel to reduce fuel use, while employees are encouraged to adopt energy-efficient commuting practices such as biking where practical.

PNB actively supports annual Earth Hour initiatives and promotes everyday energy-conscious practices across its operations. The Bank encourages the use of chargeable laptops and energy-efficient equipment,

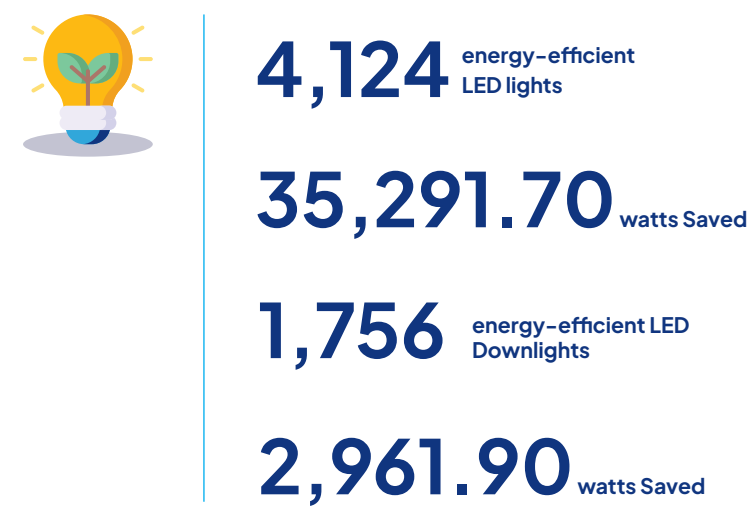
and reinforces simple but effective habits like switching off lights, appliances, and IT equipment when not in use. These efforts are complemented by ongoing energy monitoring to track consumption and identify efficiency opportunities. To further extend sustainable practices, PNB continues to explore the deployment of solar panels in remote and island branches, supporting reliable operations while reducing dependence on conventional energy sources.

In 2025, total electricity consumption reached **21,799,704.30 kWh**, while fuel consumption totaled **97,227.89 liters**, covering both domestic and overseas operations. Although the Bank does not currently invest directly in renewable energy or apply for energy ratings, it aligns its practices with host government sustainability objectives in jurisdictions such as Hong Kong and Singapore.

Energy Management

GRI 3-3, 103-1, 103-5

Energy efficiency initiatives focus on reducing electricity consumption across offices, branches, and overseas facilities. Conventional lighting has been replaced with energy-efficient LED lights and LED downlights, particularly at the PNB Financial Center, resulting in measurable reductions in power usage. Inverter-type air-conditioning units have been installed where feasible, and centralized air-conditioning systems at head offices are switched off after business hours to reduce unnecessary consumption.



**Data from PNB Financial Center, Hong Kong, and Singapore only*

Power Consumption (in kWh)

GRI 103-2

Location/Facility	2025	2024	2023
PNB Financial Center (Pasay)	3,082,918.47	3,512,973.00	3,736,470.97
PNB Makati Center (Ayala Avenue)	436,804.78	548,297.00	1,256,044.80
Metro Manila Branches	6,266,402.54	6,082,244.00	6,418,806.56
Luzon Branches	5,732,421.88	5,511,590.75	6,193,304.40
Visayas Branches	3,355,190.87	3,333,503.41	3,016,751.03
Mindanao Branches	2,789,566.01	2,838,451.00	2,943,934.50
TOTAL:	21,663,304.55	21,827,059.16	23,565,312.26

Overseas Branches and Offices Power Consumption (in kWh)*
GRI 2-4

2025	2024	2023
136,399.75**	230,534.00***	246,175.00

*Decrease is primarily due to changes in site coverage because of submetering limitations for select overseas branches and offices.
 **Power consumption for 2025 covers only PNB Tokyo, Nagoya, Hong Kong and Singapore branches
 ***Power consumption covers only PNB Tokyo, Nagoya, Hong Kong, Singapore, Guam, and New York Branches



Fuel Consumption (in L)

Location/Facility	2025	2024	2023
PNB Financial Center (Pasay)	37,099.16	52,481.20	39,850.00
Metro Manila Branches	5,243.80	9,013.00	28,795.54
Luzon Branches	27,712.16	22,894.00	102,210.67
Visayas Branches	13,938.49	10,738.80	171.72
Mindanao Branches	13,234.28	14,893.00	9,415.00
TOTAL:	97,277.89	110,020.00	180,442.93

Breakdown of Bank’s Fuel Usage (in liters, diesel and gasoline)

Location/Facility	2025				
	Fuel Diesel (Liters)	Fuel Gasoline (Liters)	Bank Vehicles (Gasoline/ Liters)	Bank Vehicles (Diesel/Liters)	Equivalent in Gigajoules
PNB Financial Center (Pasay)	0.00	0.00	20,541.68	16,557.48	1,283.88
Metro Manila Branches	3,723.33	1,520.47	0.00	0.00	186.45
Luzon Branches	25,299.05	2,413.11	0.00	0.00	1,005.58
Visayas Branches	13,155.74	782.75	0.00	0.00	507.33
Mindanao Branches	13,036.28	198.00	0.00	0.00	483.66
TOTAL:	55,214.40	4,914.33	20,541.68	16,557.48	3,466.90

Energy Intensity
GRI 103-4

Location/Facility	2025			2024		
	Consumption	Floor Area	Intensity	Consumption	Floor Area	Intensity
PNB Financial Center (Pasay)	3,082,918.47	22,341.00	137.99	3,512,973.00	40,705.12	86.30
PNB Makati Center	436,804.78	3,879.62	112.59	548,297.00	3,879.62	141.33
Metro Manila	6,266,402.54	50,186.67	124.86	6,082,244.00	47,620.05	127.72
Luzon	5,732,421.88	54,846.97	104.52	5,511,590.75	41,854.72	131.68
Visayas	3,355,190.87	31,485.64	106.56	3,333,503.41	30,900.69	107.88
Mindanao	2,789,566.01	19,423.95	143.61	2,838,451.00	19,046.37	149.03
TOTAL:	21,663,304.55	182,163.85	118.92	21,827,059.16	184,006.57	118.62



Emissions

GRI 3-3, 102-1, 102-2, 102-4

Parallel to our energy use monitoring, we also actively monitor and manage our greenhouse gas emissions across Scope 1, Scope 2, and Scope 3 categories using an enterprise-wide GHG Accounting Emission Tool. Scope 1 emissions primarily arise from fuel consumption in generator sets, while Scope 2 emissions result from electricity use across corporate offices and branches. Scope 3 emissions include indirect sources such as employee commuting and the use of office supplies.

In 2025, the Bank recorded **238.61 metric tons of CO₂e** under Scope 1 emissions and **15,468.62 metric tons of CO₂e** under Scope 2 emissions. PNB's total Scope 3 greenhouse gas (GHG) emissions across its value chain for Fiscal Year 2024 amounted to **6,546,312.74 tCO₂e**. These emissions reflect both upstream and downstream activities associated with the Bank's operations and financing activities. Of the total, 0.32% originated from upstream activities, while 99.68% were attributable to downstream

activities. Emissions data are assessed annually to support transparency, performance tracking, and the identification of reduction opportunities.

PNB aims to reduce Scope 1 and Scope 2 GHG emissions by 1.5% annually, based on a 2023 baseline. Key mitigation actions include continued upgrades to energy-efficient lighting, increased automation and digital workflows to reduce paper use, and optimized travel planning to limit fuel consumption. Looking ahead, the Bank is preparing to engage suppliers by encouraging emissions disclosure and the adoption of environmentally responsible practices, supporting a broader value-chain approach to emissions management.

PNB's upstream Scope 3 emissions in 2024

GRI 102-7

PNB's upstream Scope 3 emissions are primarily driven by Purchased Goods and Services (Category 1) and Employee Commuting (Category 7). While these categories represent a relatively small share of total value chain emissions, together accounting for 0.32%, they remain important focus areas for operational efficiency and internal mitigation efforts. Initiatives such as digitalization, resource efficiency programs, and flexible work arrangements contribute to managing and gradually reducing these upstream emissions.

PNB's downstream Scope 3 emissions in 2024

GRI 102-7

The Bank's downstream emissions are concentrated in Investments (Category 15), which account for 99.68% of total Scope 3 emissions. This reflects the nature of PNB as a financial institution, where financed emissions dominate the value chain footprint. These emissions arise from lending and investment activities across various sectors and are a key consideration in the Bank's sustainable finance strategy, portfolio monitoring, and climate risk management processes.

PNB continues to strengthen its measurement and monitoring of Scope 3 emissions, particularly financed emissions, to support informed decision-making, align with regulatory and reporting expectations, and guide the gradual transition of its portfolio toward lower-carbon and more resilient economic activities.

Emissions (tCO₂e)*

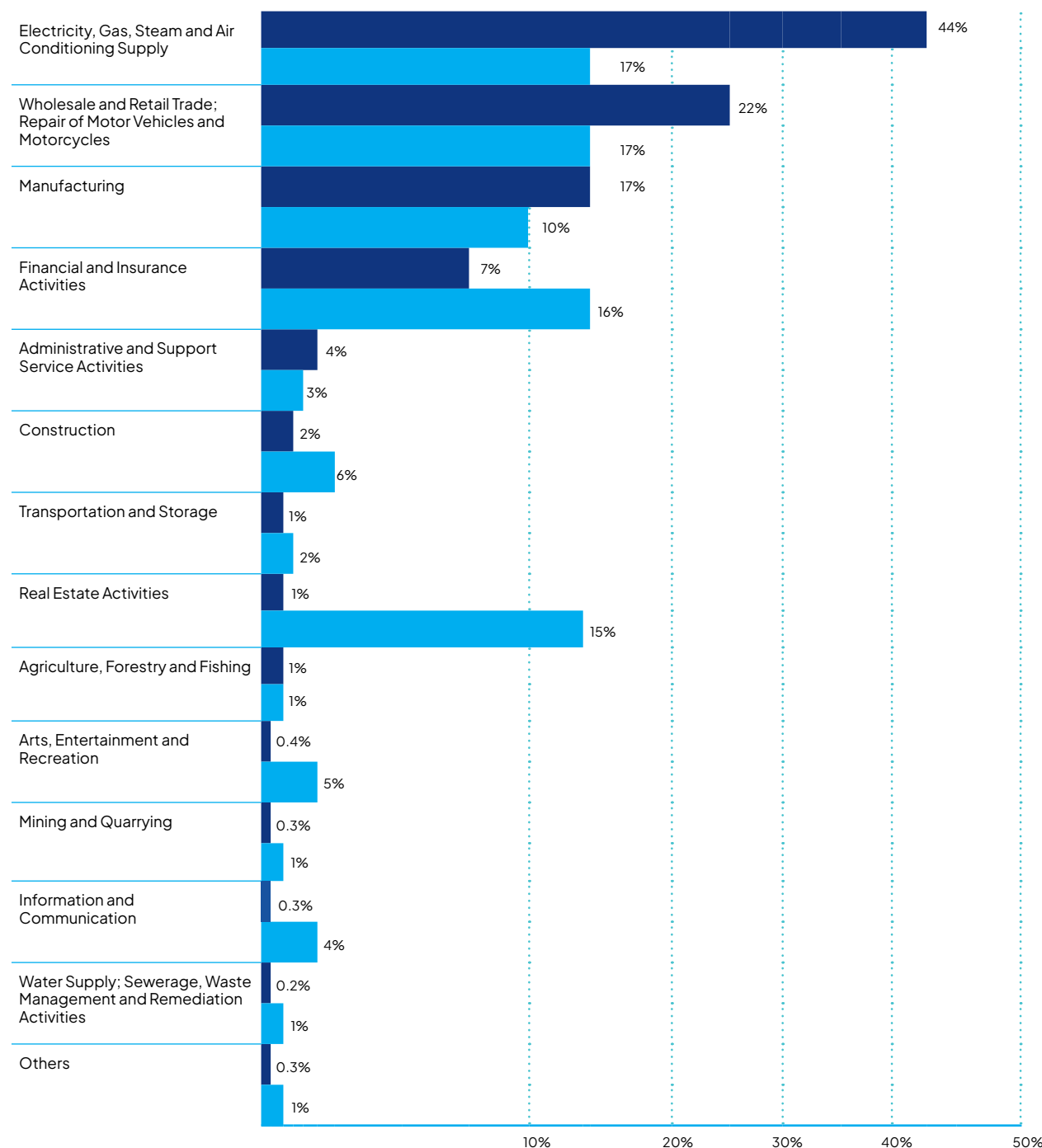
GRI 102-5, 102-6, IFRS S2-29(a)(i)(1)(2)(3)

	2025	2024	2023
Scope 1 GHG Emissions	238.61	269.77	450.12
Scope 2 GHG Emissions	15,468.62	15,591.61	16,814.10
TOTAL CARBON FOOTPRINT	15,707.23	15,861.37	17,264.22

* Scope 1 and Scope 2 emissions include all operational sites under PNB FC and PNB MC, covering Metro Manila, Luzon, Visayas, Mindanao, and overseas locations.



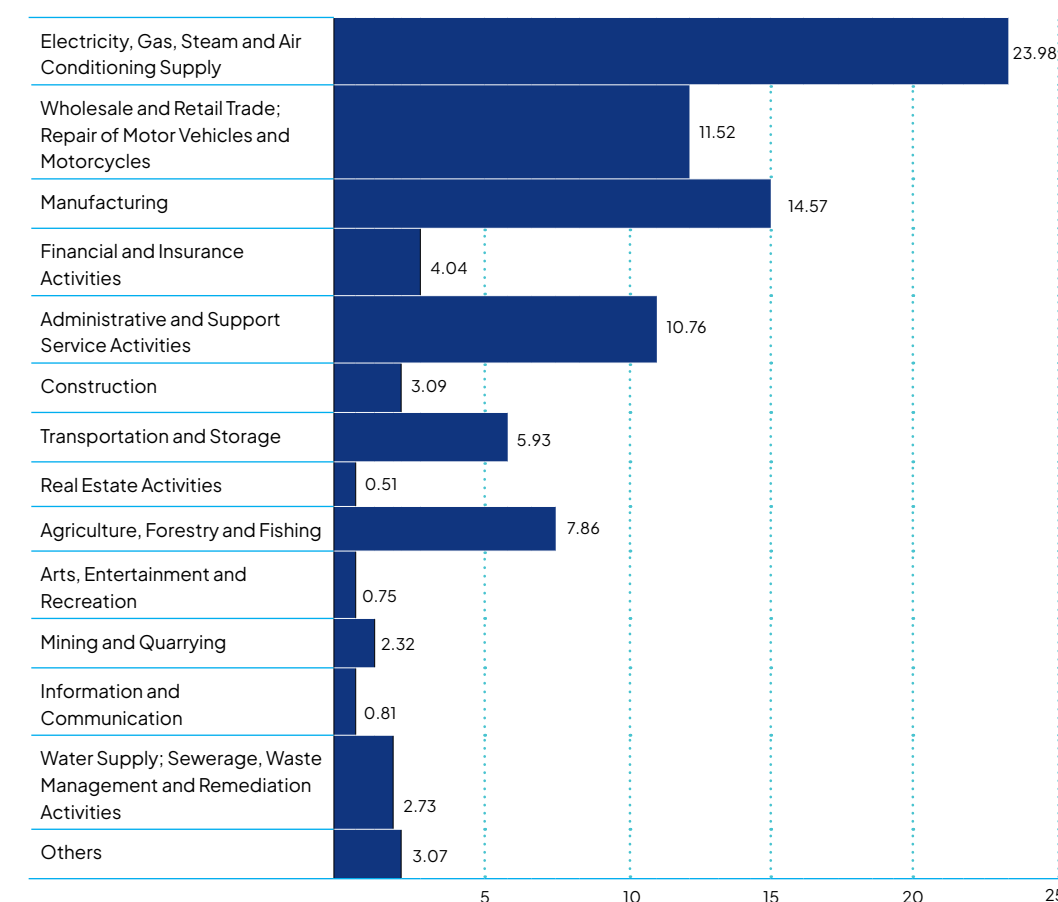
Emissions Value (tCO₂e) and Loan Value (Php million)



Legend: Emissions Value
 Loan Value

*Based on PNB's financed-emissions accounting conducted by S&P Global Sustainable1, the Scope 3 financed emissions for IBS accounts were calculated using PCAF – aligned apportioning methodology combined with S&P – Trucost environmental dataset

tCO₂e / Php million Loan Value*



*Based on PNB's financed-emissions accounting conducted by S&P Global Sustainable1, the Scope 3 financed emissions for IBS accounts were calculated using PCAF – aligned apportioning methodology combined with S&P – Trucost environmental dataset





Scope 3 Emissions by Category in 2024*
GRI 102-7

Value Chain (Scope 3) Category		Total GHG (tCO ₂ e)	GHG Share (%)
Upstream	1) Purchased goods and services	7,380.25	0.113%
	2) Capital goods	378.28	0.006%
	3) Fuel- and energy-related activities	4,154.10	0.063%
	4) Upstream transportation and distribution	253.43	0.004%
	5) Waste generated in operations	232.84	0.004%
	6) Business travel	339.53	0.005%
	7) Employee commuting	8,164.59	0.125%
	8) Upstream leased assets	163.34	0.002%
Downstream	15) Investments	6,525,246.38	99.678%
TOTAL		6,546,312.74	100%

*Based on PNB's financed-emissions accounting conducted by S&P Global Sustainable1, the Scope 3 financed emissions for IBS accounts were calculated using PCAF – aligned apportioning methodology combined with S&P – Trucost environmental dataset

Water & Wastewater Management
GRI 3-3, 303-1, 303-2

While the Bank does not currently operate water recycling systems, it continues to coordinate with building administrators and explore opportunities to improve water efficiency and integrate more sustainable water management practices. PNB recognizes the importance of responsible water management, even though water use is not material to its core financial operations.

Water consumption is monitored across domestic and overseas locations to support compliance, efficiency improvements, and responsible resource use. At the PNB Financial Center, water is sourced from Maynilad and treated through an on-site Sewage Treatment Plant before being safely discharged into Manila Bay. This process ensures compliance with applicable environmental regulations and national water quality standards.

In 2025, the Bank consumed **357.78 megaliters** of water, primarily for cooling systems, sanitation, and general facility maintenance across offices and branches.

Water Withdrawn, Discharged, and Consumed (in ML)
GRI 303-3, 303-4, 303-5

Location/Facility	2025	2024	2023
PNB Financial Center (Pasay)	234.36	278.15	24.00
PNB Makati Center (Ayala Avenue)*	0.00	0.00	12.00
Metro Manila Branches	46.58	26.14	110.64
Luzon Branches	36.55	33.39	172.28
Visayas Branches	23.93	23.71	100.42
Mindanao Branches	16.36	21.62	51.30
TOTAL:	357.78	383.01	470.64

*PNB Makati Center has no data as offices in the building were either closed or relocated to PNBFC.

Overseas Branches and Offices Water Withdrawn, Discharged, and Consumed (in ML)

2025	2024	2023
0.85*	0.79**	11.58

*Water consumption for 2025 covers only PNB Tokyo and Nagoya Branches

** Water consumption for 2024 only covers Tokyo and Singapore

Environmental and Social Risk Governance

The Bank is cognizant that environmental, social, and climate-related risks have direct implications for financial performance, operational continuity, and long-term value creation. Oversight of these risks is embedded within the Bank's governance structure and integrated into existing risk and decision-making bodies. Climate-related and sustainability-related matters are regularly reported to the Risk Oversight Committee and the Management Risk Committee, ensuring senior management and the Board maintain visibility over emerging risks, exposures, and strategic implications.

Key resilience and crisis management frameworks, including the Enterprise Business Continuity Plan (BCP) Manual and the Crisis Management Plan, are Board-approved, reinforcing alignment between governance, risk oversight, and operational preparedness. These frameworks support coordinated responses to environmental and climate-related disruptions, while ensuring accountability across business units.

Through this governance structure, PNB seeks to ensure that environmental and social risks are managed with the same rigor as traditional financial risks, and that opportunities arising from sustainability transitions are considered within strategic deliberations.

Risk Management

PNB integrates climate-related and sustainability-related considerations within its Enterprise Risk Management (ERM) framework to support a holistic assessment of financial, operational, and non-financial exposures. These considerations are treated as part of the Bank's broader risk universe and are evaluated alongside traditional risk categories to ensure consistency, proportionality, and alignment with enterprise-wide risk governance.

Risk identification and assessment are carried out through established ERM tools, including Risk and Control Self-Assessments (RCSA) and Business Continuity Risk Assessments (BCRA). These processes enable business units to identify material risks, assess potential impact on assets, operations, and financial performance, and evaluate the effectiveness of existing controls. Risks identified through these assessments, including those influenced by environmental and sustainability factors, are escalated through defined reporting lines and consolidated at the enterprise level for management and Board oversight.

To strengthen decision-usefulness, the Bank conducts a financial materiality exercise to quantify potential risks and opportunities based on its impact-material topics. This exercise assesses the extent to which identified risks and opportunities could affect financial performance, capital adequacy, asset quality, and operating costs. The prioritization of risks is guided by the Bank's strategic objectives and aligned with mandates and expectations set by the Parent Company, ensuring coherence between enterprise risk management, sustainability priorities, and group-level strategy.

PNB supplements internal risk assessments with external analytics to enhance the robustness of its risk identification processes. Portfolio- and location-level risk insights provided by S&P Global support the Bank's understanding of exposure across lending activities and operational assets. Further collaboration with Subject-matter Experts is targeted to strengthen the Bank's ability to map and analyze facility- and asset-level risk profiles, particularly for branches and critical infrastructure. These insights help management better understand exposure concentrations, validate internal assessments, and guide risk mitigation and continuity planning.

The ERM process follows a structured cycle of risk identification, assessment, response, monitoring, and reporting. Defined risk limits, escalation protocols, and ownership responsibilities ensure accountability across business units. Risk metrics and loss event data are monitored regularly, with material developments reported to management and the Risk Oversight Committee. In this disciplined approach, PNB ensures that emerging risks, including those influenced by environmental and sustainability factors, are identified early, assessed consistently, and managed in line with the Bank's overall risk appetite.

PNB's Risk Management Process

Risk Identification

Risk Measurement

Risk Evaluation and Analysis

Risk Monitoring, Control, and Reporting

Climate-related risks and opportunities

GRI 3-3, 201-2, IFRS S2-6(a)(i), IFRS S2-6(b)(i), IFRS S2-9(a)(b)(c)(d), IFRS S2-10(a), (b)(c)(d), IFRS S2-25(a)(i)(ii)(iii)(b)(c), IFRS S2-33(a)(b)

Governance

PNB acknowledges that climate-related risks—particularly physical risks—pose material financial and operational challenges, while also presenting opportunities when managed proactively. Oversight of these risks is embedded within the Bank's governance structure, supported by regular reporting to the Risk Oversight Committee and the Management Risk Committee. To ensure coherence between strategy and execution, the Enterprise Business Continuity Plan (BCP) Manual and the Crisis Management Plan are subject to Board approval, reinforcing a structured and aligned approach to climate risk management.

Strategy

The Bank incorporates climate considerations into its strategic planning by assessing climate-related risks and opportunities across the short, medium, and long term. These include potential financial impact from physical risks, such as asset damage resulting from extreme weather events, as well as transition risks arising from evolving regulations, technologies, and market expectations. Through strengthened awareness and targeted risk management actions, PNB reinforces the resilience of its strategy while identifying disciplined growth opportunities, including financing initiatives that support climate adaptation and mitigation.

Risk Management

GRI 3-3, 201-2

Climate-related risks are monitored through established risk management tools, including Risk and Control Self-Assessments (RCSA) and Business Continuity Risk Assessments (BCRA). These assessments consider potential impacts such as physical damage to assets, operational interruptions, and uncertainties arising from environmental events. Operational readiness is supported by the Bank's Crisis Management Plan and Disaster Recovery Plan, while insurance coverage provides protection against material losses. In 2024, a number of operational risks were

identified, reflecting the Philippines' exposure to natural hazards. Insights from these assessments support the continuous strengthening of risk management measures, enhancing operational resilience and protecting stakeholder interests.

Metrics and Targets

PNB tracks and discloses climate-related risks and opportunities through a set of established metrics, including structured risk assessments and loss event monitoring. Business units submit monthly Loss Event Reports (LERs) that document operational disruptions and damages arising from natural hazards. To further embed climate resilience across the organization, the Bank is working toward the completion of environmental and social risk assessments across all business units, strengthening the consistency and depth of risk oversight.

The Philippines' exposure to natural hazards informs the Bank's risk profile. In 2025, PNB assessed climate-related risks such as typhoons, storm surges, droughts, landslides, tornadoes, and tsunamis. These risks were evaluated across short-, medium-, and long-term horizons, considering likelihood, magnitude, and potential impact on physical assets, operations, and costs. Crisis response is supported by the Bank's Disaster Recovery Plan and complemented by insurance coverage to mitigate significant loss events.



Legend:

Risk Type

- 1 Acute
- 2 Chronic

Potential Impact

- 
 Damage to Physical Assets
- 
 Business Disruptions
- 
 Increased on Financial costs/Financial losses

- 
 Low: < 1%
- 
 Moderate: 1% to 5%
- 
 High: > 5%

Risk	Description	Risk Type	Potential Impact	Risk Exposure Classification*	
				2020–2030	2040–2090
Landslide	Downward movement of rock, soil, or debris along a slope, often triggered by rain, earthquakes, or human activity.	1			
Temperature Extremes	Extreme heat events are becoming more frequent and intense	2			
Coastal Flooding	Most frequently the result of storm surges and high winds coinciding with high tides.	1			
Drought	Prolonged dry period in the natural climate cycle	2			
Water Stress	A condition where water demand exceeds supply or poor quality limits its use.	2			
Wildfire	Uncontrolled fire that burns in the wildland vegetation, often in rural areas.	1			
Tropical Cyclones	Severe storms over warm seas with strong winds and rain.	1			
Fluvial Flooding	Happens when the volume of water in a river exceeds its capacity, causing it to overflow onto low-lying adjacent land	1			
Pluvial Flooding	Heavy rainfall-related flooding that is independent of an overflowing body of water	1			

*Highlights the decadal risk for each climate hazard in the SSP5–8.5 scenario (High Emissions Scenario), allowing PNB to identify the timing of significant increases in specific climate hazards. This is based on climate risk assessment conducted by S&P Sustainable1 on select critical operational sites.

Sustainability-related risks and opportunities

IFRS S1–30(a), IFRS S1–33(a),IFRS S1–44(a)(i)(ii)(iii)(iv), IFRS S1–46(a)(b)

Beyond physical risks, PNB also manages sustainability-related risks and opportunities across its lending portfolio and operations. These include risks from regulatory and policy changes, climate exposure within loan portfolios, operational emissions, sustainable finance integrity, cybersecurity and data privacy risks, and social and financial inclusion challenges.

Risk responses include enhanced screening, scenario analysis, integration of ESG considerations into credit and operational processes, and the use of external data and analytics to strengthen risk identification and strategic planning.

Sustainability Risk Area	Potential Impact	Opportunities/ Mitigation Actions	Key Performance Indicators (KPIs)	Response/Management
Climate & Physical Risk in Loan Portfolio	Credit losses and asset devaluation in sectors exposed to climate hazards (agriculture, real estate, infrastructure).	Integrate climate risk screening; scale green and resilience financing; conduct scenario analysis.	• % of loan book assessed for climate risk • Value of Green and Social Loans • Estimated exposure to high-risk regions	Leverage reports provided by S&P Global for risk assessment and strategic planning. Conduct further engagements with Subject-matter Experts to enhance climate risk data integration
Transition Risk & Policy Change	Stranded-asset risk in carbon-intensive sectors; higher credit provisioning due to changing regulations.	Develop transition-linked lending; adopt exclusion policies; disclose sector exposure.	• % of new corporate lending screened for ESG • Exposure to Hard-to-Abate sectors • Published exclusion policy coverage	Leverage reports provided by S&P Global for risk assessment and strategic planning. Conduct further engagements with Subject-matter Experts to enhance climate risk data integration
Operational Emissions & Energy Efficiency	Increased energy cost and carbon footprint from branches and data centres; reputational risk post-green bond issuance.	Improve energy efficiency; procure renewable energy; publish GHG targets.	• Scope 1 & 2 emissions (tCO₂e) • % renewable electricity • Energy use per branch	By 2025, baseline data will be accurately established due to renovation of PNB offices and downsizing of leased areas. • All leased areas will be provided with individual electricity and water meters to accurately determine consumption per office. • Target consumption for electricity and water by 2025 will be reduced by 1.5% per capita.

Sustainability Risk Area	Potential Impact	Opportunities/ Mitigation Actions	Key Performance Indicators (KPIs)	Response/Management
Sustainable Finance Integrity & Allocation Reporting	Loss of investor trust and credibility if sustainability proceeds are not transparently allocated or verified.	Publish annual allocation and impact reports; obtain independent assurance.	- Amount of green/sustainability proceeds allocated (Php) - Assurance statement issued	Amount of green/sustainability bond proceeds allocated (Php) were issued a limited assurance statement by Punongbayan & Araullo (P&A).
Cybersecurity & Data Privacy	Financial loss, reputational damage, or regulatory exposure arising from cyber incidents or data privacy breaches.	Strengthen enterprise cyber resilience, protect customer trust, and enhance operational stability through proactive security governance and awareness.	- Number of material cyber incidents - Average incident resolution time - Information security processes aligned with ISO/IEC 27001:2022 (selected business and support units)	- Implemented multi-layer security controls - Formal incident response protocols - Continuous cybersecurity awareness programs delivered through webinars, alerts, and internal campaigns.
Social & Financial Inclusion Risk	Loss of stakeholder trust or regulatory scrutiny arising from gaps in access to financial services or consumer protection.	Expand inclusive banking reach, deepen customer engagement, and support national financial inclusion objectives through hybrid delivery models.	- Number of new clients reached in underserved areas - Comparison of Client Base and Digital Application Usage Rates (%) - Total users enrolled in Digital banking	Progressive integration of digital banking solutions alongside branch and branch-lite expansion, supported by customer education initiatives and assessments of unbanked municipalities.
Governance & ESG Integration	Data gaps, or weakened oversight affecting strategic and regulatory outcomes.	Strengthen governance discipline, improve decision-useful ESG data, and reinforce accountability across business units.	- Frequency of ESG reporting to senior management and Board committees - Business units with ESG focal points - Sustainability embedded in leadership competencies	ESG considerations integrated into enterprise risk management and governance structures, with defined oversight responsibilities and cross-functional coordination mechanisms.

Performance is tracked through defined metrics, such as loss event reporting, climate risk assessments, portfolio exposure indicators, emissions data, and customer protection metrics. Business units submit

monthly Loss Event Reports documenting disruptions or damages from natural events, reinforcing accountability and continuous improvement in risk management practices.

Climate Change Resilience

On the other hand, climate resilience is a core consideration in PNB’s approach to safeguarding operations and maintaining service continuity. The Bank integrates climate-related risks into operational planning, business continuity management, and facility-level assessments to ensure preparedness for extreme weather and other climate-driven events. Operational resilience measures include proactive identification of high-risk locations, regular testing of continuity and recovery plans, and coordination across business units to respond effectively to disruptions. These measures are particularly relevant given the Bank’s nationwide branch network and exposure to climate-sensitive regions.

Our resilience planning also considers longer-term transition risks linked to evolving regulations, market expectations, and client behavior. By embedding climate considerations into strategic planning and risk assessments, the Bank seeks to remain adaptable while supporting stable operations and protecting stakeholder interests.

At the same time, climate resilience creates opportunities for the Bank to support clients in adapting to climate risks. These opportunities include financing projects that enhance climate adaptation, disaster resilience, and sustainable infrastructure, reinforcing PNB’s role in supporting broader economic and community resilience.



Mitigation and Adaptation Strategies to Climate Change

PNB’s mitigation and adaptation strategies focus on reducing the Bank’s environmental footprint, managing climate-related risks, and supporting the transition to a more sustainable economy. Mitigation efforts include improving energy efficiency across operations, monitoring and managing greenhouse gas emissions, reducing paper use through digitalization, and optimizing travel and logistics to lower fuel consumption. The Bank targets an annual 1.5% reduction in GHG emissions based on its 2023 baseline, supported by operational controls and efficiency initiatives.

Adaptation strategies emphasize preparedness and response. These include strengthening business continuity and crisis management capabilities, enhancing data and risk analytics for climate exposure, and ensuring insurance coverage for significant climate-related loss events. Facility-level improvements and environmental risk assessments further support adaptation to physical climate risks.

In managing sustainability-related risks and opportunities, PNB continues to strengthen sustainable finance integrity through transparent allocation and reporting of sustainability-linked proceeds, supported by independent assurance where applicable. The Bank is also preparing to engage suppliers more actively by encouraging emissions disclosure and alignment with PNB’s sustainability objectives, extending climate action beyond its direct operations.

Feature Story

Prepared for Climate Risks: Mapping Employee Exposure Through Physical Hazard Assessment

The Physical Hazard Risk Assessment strengthens organizational resilience by identifying climate- and disaster-related risks affecting the Bank's workforce. As of March 5, 2025, it covered all 8,798 employees across 592 locations, using UPLB hazard data for 78% and HazardHunterPH results for 22%.

By combining these datasets, the Bank established a baseline of employee exposure, raising awareness of local hazards and enabling quick identification of affected personnel during disasters. Supported by a learning video, the



interim initiative guides employees in generating individual susceptibility reports via HazardHunterPH.

The long-term plan is to integrate this process into MyHRzone for direct employee updates. Beyond enhancing business continuity and BSP ESRMS compliance, the initiative highlights the Bank's commitment to employee safety, climate resilience, and preparedness.

Responsible Waste Management

GRI 3-3, 306-1, 306-2

PNB's commitment to operational sustainability is anchored by responsible material sourcing and rigorous waste reduction protocols. While paper remains a necessary input across banking operations, particularly in domestic and overseas branches, the Bank continues to implement measures to reduce waste generation and improve resource efficiency. These include promoting digitization, encouraging double-sided printing, and increasing the use of electronic communication across business units.

The Bank also extends the useful life of office assets to reduce unnecessary disposal. Defective furniture, fixtures, and equipment are repaired and reused where feasible, helping minimize waste and optimize

resource use. In 2025, 100% of branches were equipped with clearly labeled bins for recyclable, non-recyclable, and biodegradable waste, supporting proper segregation at source. Repair and reuse programs helped extend the average lifespan of furniture and fixtures by 30%.



100%
Percentage of our branches implementing digital processes



30%
Average lifespan extended for furniture and fixtures through repair and reuse programs

In 2025, **162,190** transactions were completed using Adobe Acrobat Sign, reducing the carbon footprint by **89%** compared to paper processes. This shift saved 328,446 liters of water, 13,720 kg of wood (97 trees), 2,170 kg of waste, and 103 million BTU of energy monthly. Monthly CO₂ emissions avoided ranged from 567 g to 1,119,767 g across business units.



162,190
Utilized Transactions completed using Adobe Acrobat Sign



89%
Lower carbon footprint compared to paper-based processes

Estimated Monthly Resource Savings* (Average of 5 pages per transaction)



328,446
liters of water saved



13,720
kilograms of wood saved



Equivalent to **97**
trees preserved



2,170 kilograms of
waste avoided



103,389,760
BTU (or 87 billion hours) of energy saved

Monthly CO₂ Emissions Avoided (grams CO₂e)



Credit Card:



102,361 | **1,119,767**

Application form of 10 pages with 1 participant

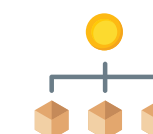


Institutional Banking Sector:



27,217 | **302,393**

Transactions with an average of 5 pages with 8 participants



Other Business Units:



567 | **6,161**

Transactions with an average of 1 page and 1 participant

*Estimates from Adobe Sign's Resource Saver calculator are used to illustrate operational resource efficiency gains from digitalization initiatives. These estimates are not included in financed-emissions calculations, which are measured in accordance with the Partnership for Carbon Accounting Financials (PCAF) methodology.

Waste Management

Our waste management system emphasizes proper segregation, responsible disposal, and regulatory compliance. Biodegradable and non-biodegradable waste streams are managed through established segregation and recycling practices, with solid waste collection and disposal handled by accredited third-party service providers.

Compliance oversight is supported by trained Pollution Control Officers (PCOs), who ensure adherence to applicable local and national environmental regulations. In 2025, **54 employees** completed PCO training, and **21 employees** completed Materials Handling (MH) training. Cumulatively since 2018, **254 employees** have completed PCO training and **116 employees** have completed MH training, strengthening institutional capacity for environmental compliance.

Beyond compliance, PNB continues to promote waste reduction awareness among employees and stakeholders. The Bank aims to gradually move toward more circular practices by reducing packaging, increasing reuse, and embedding waste minimization into daily operations, efforts that also contribute to cost efficiency and operational discipline.

Waste Generated (in MT) GRI 306-3, 306-4, 306-5

	2025	2024	2023
Total hazardous waste	0.08	2.39	18.15
Total non-hazardous waste	532.64	912.28	642.68
Total waste generated	532.72	914.67	660.83

Overseas Branches and Offices Waste Generated (in MT)

2025	2024	2023
2.4*	149.36**	4.26



254

Employees completed PCO Training since 2018

116

Employees completed the MH Training since 2018

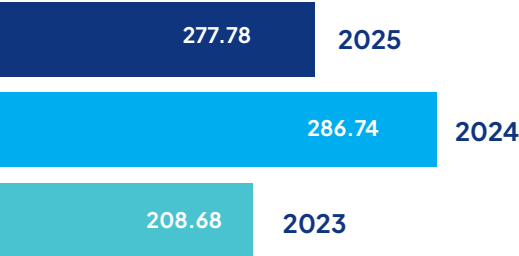
54

Employees completed the PCO Training in 2025

21

Employees completed the MH Training in 2025

Paper Consumption (in MT)



Common Types of Wastes from PNB Head Offices (in MT)

	2025	2024	2023
Solid Waste (i.e., paper wastes, construction debris, elevator parts, tree branch cuttings, etc.)	198.05	774.50	568.82
Used oil	0.00	0.00	2.91
Busted Fluorescent/LED Lights	0.08	0.00	2.71

*Waste consumption for 2025 covers only PNB Tokyo and Nagoya Branches
 ** Waste consumption for 2024 only covers New York, Los Angeles, Guam, Japan, and Singapore

Common Types of Wastes from the Branches (in MT)

	Metro Manila Branches			Luzon Branches			Visayas Branches			Mindanao Branches			Overseas Branches		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
Solid Waste (i.e., paper wastes, construction debris, elevator parts, tree branch cuttings, etc.)	32.61	48.78	20.02	260.46	44.65	24.86	10.22	20.11	52.49	11.50	24.24	0.77	2.40	149.36	4.26*
Used oil (i.e, from gensets during power outages and weekly testing)	0.00	0.00	0.00	0.00	0.00	2.07	0.00	0.00	0.55	0.00	0.00	0.05	0.00	0.00	0.00
Lead Acid Batteries (from gen sets)	0.00	0.00	1.50	0.00	0.00	-0.75	0.00	0.00	2.83	0.00	0.00	0.01	0.00	0.00	0.00
Busted Fluorescent / LED Lights	0.08	0.00	0.37	0.00	0.00	2.58	0.00	0.00	0.12	0.00	0.00	1.04	0.00	0.00	0.00
Contaminated Rugs	0.00	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
Ozone depleting substances (i.e., aerosol spray cans for disinfectants, air fresheners, etc.)	0.00	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
Electronic Wastes (i.e, old defective machines, old/broken-IT-related equipment/peripherals, etc.)	1.55	0.33	0.16	16.99	1.34	1.98	1.15	0.37	0.00	0.10	0.36	0.00	0.00	0.00	0.00

* Data on solid wastes reported by IBRG was from PNB Tokyo, PNB Europe, and PNB Los Angeles,

Employee Well-being and Future-Proofing Human Capital

SDG 3, 4, 5, 8, 10



High-Trust, Inclusive, Purpose-Driven Culture

We proudly foster a workplace culture anchored on trust, shared responsibility, and purpose. The Bank promotes collaboration and employee participation in achieving corporate objectives by maintaining fair employment practices, including the regularization of employees and limiting outsourcing to non-core functions. These practices support workforce stability and reinforce equity across the organization.

Employee satisfaction and engagement are regularly assessed to guide people management strategies. In the 2024 Employee Engagement Survey released in 2025, PNB recorded an employee satisfaction score of 3.49 out of 4, reflecting positive perceptions of the Bank's benefits and work arrangements. Employees

cited the competitiveness of benefits, partial work-from-home arrangements, and officer-level car plans as key contributors to satisfaction. Notably, the top three highest-rated satisfaction areas over the past three years have consistently been: (1) relationship with co-employees; (2) relationship with supervisors; and (3) the job itself, underscoring strong workplace relationships and role fulfillment across the organization.

PNB also conducts annual human capital risk assessments to identify workforce-related risks and opportunities, reinforcing a proactive approach to maintaining a secure, productive, and engaged workforce aligned with long-term business objectives.



3.49/4
Employee Satisfaction Score for 2024
published in 2025

Non-Discrimination

GRI 3-3, 406-1

PNB is committed to providing a safe, respectful, and discrimination-free workplace. Policies on anti-discrimination, gender equality, anti-sexual harassment, and whistleblowing establish clear standards for behavior and accountability. These policies include provisions for identifying and addressing misconduct, anti-retaliation safeguards, and coverage that extends beyond employees to outsourced personnel, vendors, interns, and other stakeholders.

Whistleblowing channels are in place to enable confidential reporting of concerns and to protect individuals who raise issues in good faith. In 2025, no cases of employee discrimination were reported, reinforcing the effectiveness of the Bank's controls and workplace standards.

Fairness and equity are embedded in PNB's compensation and benefits framework. Salaries are determined based on role, performance, experience, and tenure, and are regularly reviewed to remain competitive and compliant with labor laws, industry practices, and the Collective Bargaining Agreement (CBA). Changes to compensation and benefits are subject to approval by the Corporate Governance and Sustainability Committee and the Board of Directors.

Our commitment to non-discrimination and gender equality is grounded in long-standing institutional actions and measurable outcomes. In 2019, the Bank became the first Philippine bank to join the Philippine Business Coalition for Women Empowerment (PBCWE), signaling a formal commitment to advancing gender equality in the workplace. This was followed in 2020 by PNB becoming the first bank in the country to be certified as gender-equal, after strengthening internal policies and practices in line with guidance from EDGE Certification and PBCWE recommendations. In March 2021, PNB further reinforced

this commitment by becoming the first local universal bank to sign the UN Women's Empowerment Principles (WEPs), embedding gender equality into its governance and operational frameworks.

Beyond policy commitments, PNB continues to collaborate with PBCWE through initiatives such as the documentation of employee experiences via Workplace Gender Equality (WGE) case studies, ensuring that gender inclusion is reflected in lived workplace realities. These efforts have translated into tangible outcomes: in 2021, 100% of reported sexual harassment cases were resolved, reflecting the effectiveness of the Bank's reporting, investigation, and resolution mechanisms. Employees have expressed confidence and trust in management's handling of such cases, with policies designed to encourage reporting by all genders, including male complainants. Victims reported a sense of relief and reassurance after being heard and having their concerns addressed promptly and fairly, reinforcing a safe, respectful, and gender-sensitive work environment.



ZERO
Recorded cases of discrimination

Diversity, Equality, and Inclusion

Diversity, equality, and inclusion (DEI) is promoted through policies, learning initiatives, and employee support programs that go beyond compliance. While specific gender ratio targets have not yet been set, gender diversity remains a key consideration in workforce demographics and is regularly reviewed and reported to management to support informed decision-making and equitable representation.

Capability-building initiatives support inclusive behaviors across the organization. The InDiVisible program, launched in 2021, continues to promote personal awareness and inclusivity through virtual instructor-led training. Employees also have access to curated DEI learning paths via LinkedIn Learning, delivered through themed monthly journeys such as *Cultivating Inclusion in the Workplace*, *Celebrating Women*, and *Collaborating in a Multigenerational Workplace*.



1:2
Male-to-female ratio



67%
Women employees



54.80%
Women in leadership and/or management positions

Feature Story

PNB and PANELCO III Partner to Build a Sustainable Retirement Program for Employees

Philippine National Bank, through its Trust Banking Group, formalized a partnership with Pangasinan III Electric Cooperative, Inc. (PANELCO III) to establish a structured retirement program for the cooperative's 346 employees, reinforcing a shared commitment to long-term employee welfare and financial security. Signed in Rosales, Pangasinan, the agreement brings PNB's institutional-grade retirement fund management to an organization serving 16 municipalities in eastern Pangasinan, combining professional investment oversight, transparent reporting, and full implementation



of employee plan rules. Backed by PNB's in-house research and advisory expertise, the collaboration underscores the Bank's role as a trusted partner in helping organizations safeguard the future of Filipino workers while strengthening the communities they serve.

Feature Story

Powering Security Beyond the Grid: PNB and ISECO Build a Stronger Retirement Future

A partnership anchored on long-term security took shape as Philippine National Bank, through its Trust Banking Group, joined forces with Ilocos Sur Electric Cooperative, Inc. (ISECO) to establish a structured retirement program for its employees. The collaboration goes beyond fund administration—bringing professional investment management, transparent reporting, and disciplined governance to help ensure that years of service translate into financial stability after

Empowering Communities with a Brighter Tomorrow PNB x Ilocos Sur Electric Cooperative



retirement. By supporting ISECO in strengthening employee welfare, the partnership reflects a shared commitment to responsible stewardship and to building confidence among workers who keep essential services running across the province.

Feature Story

Investing in Lifelong Security: MOPRECO Entrusts Employee Retirement to PNB

In Mountain Province, a forward-looking move to protect employee welfare saw the Mountain Province Electric Cooperative, Inc. (MOPRECO) partner with Philippine National Bank's Trust Banking Group to establish a dedicated retirement fund for its workforce. Designed to provide sustainable, well-managed retirement benefits, the program supports employees' long-term financial planning while easing the

Leading cooperative in Mountain Province taps PNB for Employees' Retirement Fund



administrative burden on the cooperative. Through this engagement, PNB reinforces its role as a trusted partner for institutions seeking prudent, future-ready solutions that place people's financial security at the center of organizational success.

Ready-now Leadership Bench

GRI 3-3

People strategy at PNB emphasizes building a leadership pipeline that is prepared to meet current and future business needs. Recruitment is guided by fairness and objectivity, with selection based on skills, competencies, and potential, and supported by unbiased tools and processes aligned with the Bank’s diversity, equality, and inclusion principles. As of December 2025, PNB employed 8,858 full-time employees, with 1,561 employees (18%) adopting alternative work arrangements to support work-life harmony.

The Bank encourages internal mobility and flexible career paths through cross-departmental movements, supporting talent retention, motivation, and optimal deployment of skills. In 2025, PNB recorded 858 new hires, representing 10% of the total workforce. Of these, 593 (69%) were female and 265 (31%) were male, continuing a four-year trend of higher female hiring. The majority of new hires were aged 30 and below (66% or 566). Compared to 2024, the attrition declined from 11% to 9% with engagement, training and retention strategies.

The Bank recognizes ongoing hiring challenges, particularly the limited availability of qualified candidates for critical and technical roles amid strong competition from fintech, BPO, and e-commerce sectors. Candidate preferences for flexible or remote work arrangements, along with regulatory requirements that lengthen recruitment timelines, also influence talent acquisition strategies.

To ensure leadership continuity, PNB implements a Succession Management Program that identifies potential successors for critical roles and supports their readiness through structured development plans.

Individual learning gaps are monitored and addressed to ensure a steady pipeline of leaders capable of assuming expanded responsibilities.

PNB also invests in early talent development through its On-the-Job Training (OJT) Program. In 2025, 575 students from 78 colleges and universities participated, gaining practical corporate experience while forming a potential future talent pool for the Bank.

Employee readiness is reinforced through wellness and work-life harmony initiatives. Mental health metrics aligned with group-level KPIs are integrated into the Bank’s wellness framework. Programs include access to a 24/7 mental health hotline, in-house psychosocial support, regular webinars on stress management and resilience, and activities such as the Wellness and Sustainability Fair, which addresses mental, physical, and financial well-being.

Employee Breakdown by Gender

GRI 2-7, 2-8, 102-3

	Gender	No. of Employees	Percentage	Total
2023	Female	5,500	66%	8,327
	Male	2,827	34%	
2024	Female	5,853	66%	8,816
	Male	2,963	34%	
2025	Female	5,910	67%	8,858
	Male	2,948	33%	

Employee Breakdown by Contract, Position, Gender, and Age for 2025

Category	Male			Female			Total
Contract	< 30 y.o.	30–50 y.o.	> 50 y.o.	< 30 y.o.	30–50 y.o.	> 50 y.o.	
Regular	648	1,757	440	1,603	3,124	947	8,519
Probationary	61	26	2	163	42	0	294
Contractual/Fixed-term	0	0	14	0	0	32	45
Position							
Senior Officers (VP and up)	0	21	52	0	23	67	163
Middle Officers (M2 to SAVP)	3	353	200	7	468	457	1,488
Junior Officers (AM1 to M1)	146	825	134	200	1,579	319	3,203
Rank and File (Senior Clerk to Senior Specialist)	560	584	70	1,559	1,096	135	4,004
Total	709	1,783	456	1,766	3,166	978	8,858

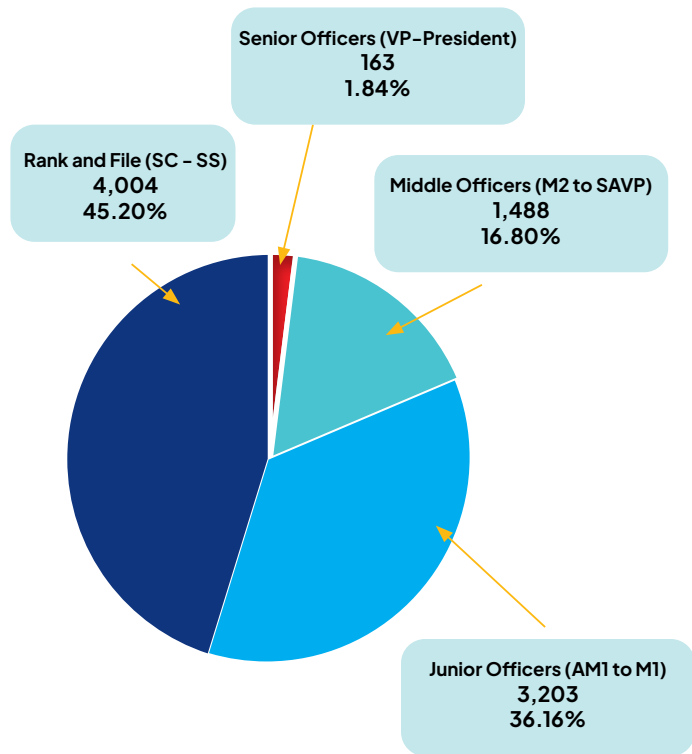
Breakdown of Employees per Gender and Island Group for 2025

Gender	Region	2025		2024		2023	
		No. of Employees	Total	No. of Employees	Total	No. of Employees	Total
Female	NCR	3,390	5,910	3,208	5,853	3,154	5,500
	Luzon	1,230		1,384		1,165	
	Visayas	727		724		672	
	Mindanao	559		532		503	
	Overseas	4		5		6	
Male	NCR	1,831	2,948	1,800	2,963	1,713	2,827
	Luzon	481		519		488	
	Visayas	301		307		293	
	Mindanao	326		332		327	
	Overseas	9		5		6	
TOTAL:			8,858		8,816		8,327



Percentage Breakdown per Rank

	2025	
Senior Officers (VP-President)	163	1.84%
Middle Officers (M2 to SAVP)	1,488	16.80%
Junior Officers (AM1 to M1)	3,203	36.16%
Rank and File (SC-SS)	4,004	45.20%
TOTAL:	8,858	100.00%



Breakdown per Gender and Rank

GRI 405-1

Rank	2025		
	Female	Male	Total
President	-	1	1
Executive Vice President	-	3	3
First Senior Vice President	4	7	11
Senior Vice President	14	14	28
First Vice President	20	14	34
Vice President	52	34	86
Senior Asst Vice President	87	53	140
Assistant Vice President	153	135	288
Senior Manager	286	166	452
Manager 2	406	202	608
Manager 1	682	340	1,022
Assistant Manager 2	785	386	1,171
Assistant Manager 1	631	379	1,010
Senior Specialist	220	128	348
Specialist	203	93	296
Senior Assistant	407	184	591
Assistant	691	317	1,008
Senior Clerk	1,269	492	1,761
TOTAL:	5,910	2,948	8,858

Breakdown per Group

Group/Sector	2025		
	Female	Male	Total
Consumer Finance Sector ¹	179	134	313
Corporate Secretary's Office	16	10	26
Corporate Security Group ²	7	29	36
Credit Management Group	117	137	254
Digital Channel Management & Innovation Group ³	21	8	29
Enterprise Risk Management Group	77	41	118
Financial Management, Strategy, and Sustainability Sector ⁴	1		1
Global Banking and Markets Sector	71	54	125
Global Compliance Group	39	22	61
Human Resource Group	73	25	98
Information Technology Group	149	296	445
Institutional Banking Sector	320	163	483
Internal Audit Group	99	54	153
International Banking & Remittance Group	24	22	46
Legal Group ²	57	35	92
Marketing Group ³	22	16	38
Office of the Chief Financial Officer ⁴	349	202	551
Office of the Corporate Treasurer	18	2	20
Office of the President	3	2	5
Operations Group	532	480	1,012
Retail Banking Sector	3,584	1,143	4,727
Trust Banking Group	65	32	97
Trainees (BOTP, JEDI, MTP)	88	41	129
TOTAL:	5,910	2,948	8,858

- Split of the Consumer Finance Sector (CFS) into Cards & Financial Solutions Group (CFSG) and Mortgage & Auto Lending (MAL), effective October 1, 2025. As of December 31, 2025, the reorganization remains in its transition period (i.e., employee retagging is ongoing). The one (1) employee officially hired under MAL is temporarily reflected under CFS pending completion of the retagging process.
- Dissolution of Enterprise Services Sector and transfer of offices under ESS, effective October 1, 2025:
 - Acquired Assets Group to Office of the Chief Financial Officer
 - Administration Group to Office of the Chief Financial Officer
 - Remedial Accounts Management Group to Institutional Banking Sector
 - Corporate Security Group to be reporting directly to the President
 - Legal Group to be reporting directly to the President
- Dissolution of Marketing & Brand Management Sector effective February 1, 2025; Marketing Group and Digital Channel Management & Innovation Group to be reporting directly to the President
- Renaming of the Financial Management, Strategy & Sustainability Sector to the Office of the Chief Financial Officer (OCFO), effective October 1, 2025.

* Effective December 15, 2025, transfer of supervision of Remedial Accounts Management Group from Institutional Banking Sector to be directly reporting to the President. As of December 31, 2025, reorganization is in transition period (i.e., for retagging of employees to appropriate Offices).

Breakdown of New Hires per Age and Gender
GRI 401-1

Age Range of New Hires	2025			2024			2023		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years old	413	153	566	745	278	1,023	502	234	736
30–50 years old	151	102	253	201	160	361	183	131	314
> 50 years old	29	10	39	20	15	35	9	10	19
TOTAL	593	265	858	966	453	1,419	694	375	1,069



Breakdown of New Hires per Island Group for 2025

Age Range	2025		
	Female	Male	Total
< 30 y.o.			
NCR	241	80	321
Luzon	66	21	87
Visayas	50	20	70
Mindanao	56	32	88
30–50 y.o.			
NCR	93	63	156
Luzon	25	18	43
Visayas	17	12	29
Mindanao	16	9	25
> 50 years old			
NCR	20	8	28
Luzon	4	1	5
Visayas	2	0	2
Mindanao	3	1	4
TOTAL:	593	265	858

Total Employee Movements in 2025

	2025	
Male	2,067	27.10%
Female	5,561	72.90%
TOTAL:	7,628	100.00%

Breakdown of Voluntary Separations per Gender and Position in 2025
GRI 401-1

Gender	2025			
	Officer	Rank-and-File	No. of Separations	Attrition Rate
Female	304	229	533	65.32%
Male	158	125	283	34.68%
TOTAL:	462	354	816	100.00%

Breakdown of Voluntary Separations per Age Group in 2025

	2025	
<30 years old	233	28.55%
30–50 years old	313	38.36%
>50 years old	270	33.09%
TOTAL:	816	100.00%

Breakdown of Voluntary Separations per Tenure in 2025

	2025	
0 to 2 years	250	30.64%
3 to 5 years	51	6.25%
6 to 9 years	92	11.27%
10 to 14 years	77	9.44%
15 to 19 years	84	10.29%
20 to 26 years	37	4.53%
27 to 35 years	205	25.12%
36 years and above	20	2.45%
TOTAL:	816	100.00%

Breakdown of PNB Outsourced Personnel by Role, Age, and Location of Assignment

Type of Services Rendered	NCR/Luzon			Visayas			Mindanao			Total
	< 30 y.o.	30–50 y.o.	> 50 y.o.	< 30 y.o.	30–50 y.o.	> 50 y.o.	< 30 y.o.	30–50 y.o.	> 50 y.o.	
Security	0	1,511	0	0	396	0	0	344	0	2,251
Maintenance/Janitorial/Housekeeping	104	426	69	26	73	33	38	44	18	831
Clerical/Messengerial	136	90	25	0	0	0	0	0	0	251
Money Sorter	24	31	3	8	14	1	14	11	0	106
Drivers	3	21	9	0	1	1	1	3	1	40
IT	102	36	5	5	8	0	5	7	0	168
TOTAL:	369	2,115	111	39	492	35	58	409	19	3,647

Breakdown and Percentage of Promoted Employees per Gender

	2025	
Female	1,010	70%
Male	428	30%
TOTAL:	1,438	100%

Employee Management

GRI 3–3, 201–3

We offer a comprehensive benefits package that includes various leave entitlements, healthcare coverage, insurance, retirement plans, subsidies, allowances, and recently introduced benefits such as Volunteer Leave, Paid Time Off (PTO) and Longevity Pay. These benefits reflect the Bank’s commitment to employee well-being and fairness beyond minimum regulatory requirements.

PNB also provides targeted support to employees from vulnerable sectors, including those with mental health conditions. This support includes comprehensive healthcare coverage, access to a 24/7 mental health hotline, in-house psychosocial facilitation, and a dedicated Mental Health Policy.

Employee wellness programs address mental, physical, spiritual, and social well-being. These include annual physical examinations, medical teleconsultations, wellness webinars, faith-based sessions, team-building activities,

interest clubs, and an annual Wellness Fair featuring consultations and learning sessions on health, financial well-being, sustainability, and personal development. Through these initiatives, PNB seeks to build an inclusive workplace where employees feel supported, valued, and empowered to contribute meaningfully.



Benefits Breakdown in 2025

GRI 401–2

Benefits	# of women who availed	% of women who availed	# of men who availed	% of men who availed
SSS	1,123	68%	522	32%
Philhealth	432	82%	93	18%
Pag-IBIG	882	73%	330	27%
Parental leave	304	80%	77	20%
Vacation Leave	5,145	66%	2,612	34%
Sick Leave	4,700	68%	2,215	32%
Medical benefits (aside from Philhealth)	Board of Directors, Officers, and Regular Rank-and-File employees are included in the HMO coverage.			
Housing assistance (aside from Pag-IBIG)	6	75%	2	25%
Retirement fund (aside from SSS)	257	67%	129	33%
Telecommuting	899	58%	662	42%
Flexible working hours	783	59%	535	41%

Parental Leave
GRI 401-3

2025	Female	Male	Total
Total number of employees that were entitled to parental leave	336	81	417
Total number of employees that took parental leave in 2025	315	79	394
Total number of employees that returned to work in 2025 after parental leave ended	304	77	381
Return to work rate	96.51%	97.47%	96.70%
Total number of employees who availed the parental leave in 2024 and returned to work in 2025	296	83	379
Total number of employees that took parental leave in 2024	312	89	401
Retention rate	94.87%	93.26%	94.51%

Local Hiring & Market Presence

PNB’s recruitment approach supports both workforce development and local economic participation. The Bank prioritizes attracting and developing qualified candidates regardless of gender, in line with its non-discrimination policy, while building a workforce that reflects the communities it serves. Local hiring contributes to operational continuity, market familiarity, and stronger engagement with customers and stakeholders.

Through branch-based recruitment and training, PNB strengthens its presence in key markets and supports employment opportunities in the areas where it operates. The Bank supplements its core workforce with consultants and outsourced personnel

Solo Parental Leave
GRI 401-3

Indicators	Female	Male	Total
Total number of employees that were entitled to solo parental leave	159	11	170
Total number of employees that took solo parental leave in 2025	151	11	162
Total number of employees that returned to work in 2025 after solo parental leave ended	146	11	157
Return to work rate	96.69%	100.00%	96.91%
Total number of employees who availed the solo parental leave in 2024 and returned to work in 2025	152	9	161
Total number of employees that took solo parental leave in 2024	152	9	161
Retention rate	100.00%	100.00%	100.00%

for specialized or project-based requirements, ensuring flexibility while maintaining focus on core banking functions. In 2025, a total of 858 new hires and 816 turnovers were recorded.

	2025	2024	2023
Total New Hires	858	1,404	1,069
Rate	10%	16%	13%

	2025	2024	2023
Total Turnover	816	930	1,088
Rate	9%	11%	13%

Labor Relations & Collective Bargaining
GRI 3-3, 2-30, 402-1

A constructive and respectful relationship with our workforce through open dialogue and active engagement with employee unions is a core priority of PNB. The Bank upholds the right to collective bargaining and fosters collaboration by conducting regularly Labor-Management Council (LMC) meetings. These meetings serve as a forum to discuss workplace concerns, clarify policies, and ensure consistent alignment and/or with the provisions of the Collective Bargaining Agreement (CBA), thus, promoting transparency and mutual understanding.

Union representation is integrated into governance and oversight processes. Union officers participate in key committees, including the Occupational Safety and Health Committee, allowing employee perspectives to be considered in matters affecting workplace safety, welfare, and working conditions. Moreover, union officers accompany cited rank-and-file employees during the Ethical Standards Committee hearing/s.

Employee concerns and grievances are addressed through structured mechanisms established under the CBA, supported by Alternative Dispute Resolution (ADR) practices and the Bank’s Whistleblower Policy. These mechanisms provide clear channels for raising issues, ensure due process, and include anti-retaliation safeguards to protect employees who speak up in good faith. The Human Resources Group also facilitates counseling and open dialogue with employees to resolve concerns promptly and prevent escalation.

As of 2025, **3,778 employees** were covered under the Collective Bargaining Agreement. Through these practices, PNB seeks to sustain stable labor relations, protect employee rights, and support a fair and productive working environment.



Workplace Health, Safety and Wellbeing
GRI 3-3, 403-1, 403-2, 403-8, 403-9, 403-10

Providing a safe, healthy, and supportive work environment for all employees is a non-negotiable commitment towards our workforce. As further guided by the Occupational Safety and Health (OSH) Standards Act and related regulations, the Bank implements a comprehensive Occupational Safety, Health, and Family Welfare (OSHFW) Program. Oversight is provided by the OSHFW Committee, which convenes monthly to monitor compliance, assess workplace risks, and recommend preventive and corrective actions.

Core elements of the program include systematic hazard identification, risk assessment, and the application of appropriate controls, guided by the Bank’s Risk Assessment Matrix and Hazard Identification,

Risk Assessment, and Control (HIRAC) framework. Compliance with regulatory and internal standards is reinforced through external audits by the Department of Labor and Employment (DOLE) and periodic internal reviews conducted by the Internal Audit Group.

In 2025, 100% of employees were covered under the Bank’s occupational health and safety program. The Bank recorded zero work-related fatalities, while zero cases of work-related ill-health fatalities were reported. A total of 17,839,416 safe man-hours were logged during the reporting period, reflecting continued focus on preventive safety measures.



100%
Employees Covered in OSH

ZERO
Recorded fatalities as a result of OSH
work-related injury and ill health

17,839,416
Safe man hours

Health, Safety & Well-Being

GRI 3-3, 403-3, 403-4, 403-5, 403-6, 403-7

PNB prioritizes physical safety through structured training, preparedness, and response protocols. Safety Officers and First Aiders are required to undergo accredited training programs, including Basic Life Support and CPR, as well as disaster preparedness courses. In addition to physical safety, PNB supports employee mental health through services like psychosocial support, teleconsultations, and awareness programs. These capabilities support a timely and effective response to workplace emergencies.

Emergency preparedness remains a key focus across all branches and offices. Regular earthquake and fire evacuation drills are conducted to ensure readiness and awareness among employees. These activities are supported by clear emergency management protocols that cover notification procedures, evacuation guidelines, and crisis response measures, as outlined in the Bank's Business Continuity Plan.

Through these measures, PNB aims to minimize workplace hazards, enhance preparedness, and ensure that health and safety considerations are consistently applied across all operations.

Mental Health and Wellness

We recognize mental health as a critical component of overall employee wellbeing and organizational resilience. In alignment with group-level key performance indicators, mental health metrics are integrated into the Bank's wellness framework to support work-life harmony and holistic employee care.

Employees have access to a range of mental health resources, including 24/7 mental health hotlines through KonsultaMD, in-house psychosocial support facilitated by trained responders, and medical teleconsultation services. Awareness and capacity-building are supported through regular webinars focusing on stress management, resilience, and mental health education.

In 2025, **17.15%** or **1,519 employees** were able to participate in mental health-related programs during the year. These initiatives are designed to equip employees with practical tools to manage personal and professional challenges.



Mental Health Program Data Breakdown	
Programs	Number of Employees who availed
Mental Health Webinars (ERHP: Tuesday Health Series)	1,085
Mental Health Webinars (IBE)	382
Psychosocial consultations with in-house psychosocial support facilitator	52



100%
of employees have access to and can
avail all mental wellness initiatives

1,519
Employees Who Participated in
2025 Mental Health Programs

Feature Story

Finding Purpose at Work: Faithful Thursdays Foster Values and Well-Being Across PNB

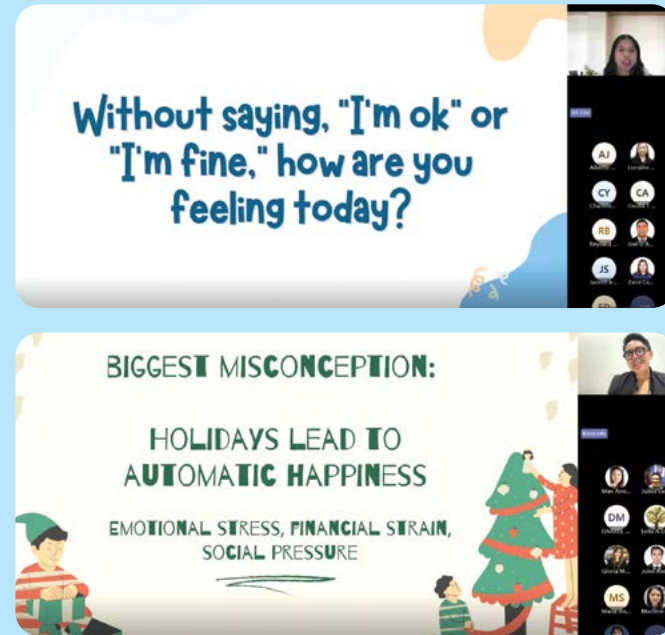
A growing number of employees are setting aside time twice a month for reflection and renewal through *Faithful Thursdays*, a series of one-hour spiritual talks open to all Philnabankers. Led by pastors and members of the clergy, the sessions explore topics such as courage in times of change, teamwork grounded in shared values, and the role of personal integrity in nation-building and professional life. Beginning in 2026, the program expands into a hybrid format combining face-to-face and virtual participation, allowing more employees to join and strengthening the Bank's effort to support holistic well-being and a values-driven workplace culture.



Feature Story

Wellness Tuesdays: Empowering Healthy Philnabankers

PNB promotes employee wellness through the Tuesday Health Series, a semi-monthly program in partnership with ValuCare. Each one-hour session alternates between physical health topics, like heart health, nutrition, and flu prevention, and mental health discussions on stress management, seasonal affective disorder, and postpartum depression. The program helps Philnabankers build health awareness while reinforcing a supportive and healthier workplace.



Security Practices

GRI 3-3, 410-1

Workplace safety is reinforced through robust security practices that protect employees, facilities, and operations. These measures complement the Bank's health and safety programs, contributing to a secure working environment.

As such, the Bank requires Safety Officers and First Aiders to complete accredited training programs, including Basic Life Support and CPR, as well as disaster preparedness courses, to strengthen on-site emergency response capabilities. Regular earthquake and fire evacuation drills are conducted across branches to reinforce preparedness and awareness. Compliance with safety requirements is

validated through external inspections conducted by the Department of Labor and Employment, as well as periodic internal reviews by the Internal Audit Group.

Security considerations are embedded in operational protocols and emergency response planning, ensuring alignment with safety standards and regulatory requirements. Coordination among management, safety officers, and relevant committees supports effective monitoring and response to security-related risks.

Talent Development and Engagement

GRI 3-3, 404-3

PNB recognizes that employee capability and engagement are critical to operational effectiveness and long-term performance. The Bank promotes continuous improvement by encouraging employees to strengthen skills and competencies relevant to their roles. A capable and engaged workforce supports process efficiency, reduces operational errors, and contributes to service quality and innovation.

Employee performance is assessed through structured evaluation processes that support development and accountability. Rank-and-file employees undergo semi-annual performance reviews, while officers are evaluated annually. These reviews identify strengths, areas for development, and opportunities for career progression, forming the basis for performance discussions and talent planning.



100%
Employees who received a career and performance review in 2025

The Bank upholds a culture of meritocracy, where performance, readiness, and demonstrated values guide recognition and advancement. Employees who consistently perform well are acknowledged through promotions, performance-based salary adjustments, and formal recognition programs. These include the Service Excellence Award and internal features such as "Living Our Values Everyday" and "Employee Spotlight," which highlight individuals whose contributions exemplify the Bank's core values. Through these mechanisms, PNB reinforces engagement, motivation, and shared accountability for results.

Recognizing Excellence at Work

Learning & Development

GRI 3-3, 404-2

Our learning and development programs are designed to equip employees with the skills needed to perform effectively in a changing operating environment. Training initiatives focus on enhancing technical competence, improving operational efficiency, and preparing the workforce for emerging trends that affect the banking industry.

In 2025, learning priorities focused on building readiness for the increasing use of artificial intelligence across the organization. Employees participated in the AI Proficiency & Excellence Academy (APEX) series of training sessions, which focus on the effective and ethical use of AI tools. More specialized programs in coding and development are planned for a targeted

group of employees in 2026 and beyond, supporting deeper technical capability where required.

The Bank continues to address practical challenges in delivering training, including the limited availability of training rooms as demand for in-person and hybrid sessions increases. To manage this, training schedules are carefully planned to maximize available space, while alternative options, including external venues, are evaluated to strike a balance between effectiveness and cost efficiency. Through these, PNB seeks to ensure that employees are equipped with relevant skills, adaptable to change, and prepared to contribute meaningfully to the Bank's operational goals and future direction.



2,801
Internal and External Trainings
Conducted in 2025

363,915
Total Training Hours Attended
by Employees

8,909
LinkedIn Online Learning
Employee Activation

35,107
Completed eLearning Courses



651
JEDI Graduates since 2009

952
MTP Graduates since
2004

1,896
BOTP Graduates since
2010

118
Mentors since 2022



180
Mentees since 2022

27
training sessions under
the AI Proficiency and
Excellence Academy

1,007
Employees
Were upskilled and
trained in AI Literacy and
digital tools, achieving
the Vision 1000 target in
100 days

Feature Story

Where Difference Becomes Strength: InDiVisible Program

InDiVisible affirms a simple but often overlooked truth: diversity is not an abstract ideal but a daily workplace reality shaped by differences in background, belief, generation, and experience. The program invites employees to move beyond surface-level inclusion by examining how personal awareness, empathy, and behavior influence team dynamics. Grounded in research linking diversity to creativity and innovation, the session reframes inclusion as a shared responsibility, one that begins with personal transformation and leads to



collective harmony. Through fostering understanding rather than conformity, InDiVisible helps create a workplace where differences are recognized as assets and every employee feels a genuine sense of belonging.

Breakdown of Participants in the Management Development Program

Rank	2019–2025		
	Female	Male	Total
Manager	3	0	3
Area Head	1	4	5
Section Head	1	1	2
Department Head	7	7	14
Division Head	14	4	18
Region Head	0	3	3
Group Head	1	0	1
TOTAL	27	19	46

Training Hours by Gender GRI 404–1

	2025		
	Female	Male	Total
No. of Employees	5,899	2,939	8,838
No. of Training Hours	246,991	116,924	363,915
Average No. of Training Hours per Employee	41.87	39.78	41.18

Training Hours by Rank

	2025		
	Officers	Rank-and-file	Total
No. of Employees	4,844	3,994	8,838
No. of Training Hours	199,823	164,092	363,915

Feature Story

Making Appreciation a Daily Practice Through the Languages of Appreciation Program

The Languages of Appreciation program addresses a fundamental human need in the workplace: to feel seen, valued, and acknowledged. Through this session, employees are introduced to the different ways appreciation can be expressed and received, emphasizing that recognition is most meaningful when it aligns with individual preferences. Through translating appreciation from intention into practice, the program strengthens working relationships and



encourages more thoughtful, respectful interactions across teams. In cultivating a culture where gratitude is communicated intentionally and consistently, the initiative reinforces engagement, trust, and a shared sense of purpose across the organization.

Feature Story

Safety as a Shared Responsibility

The Occupational Safety and Health Training program reinforces the Bank's commitment to making safety an integral part of everyday operations, not merely a regulatory requirement. By equipping employees with formal Safety Officer certification, the program ensures that every head office and branch has the capacity to anticipate risks, respond decisively to emergencies, and uphold occupational health standards. More than compliance, the initiative



cultivates a culture of vigilance and accountability, providing reassurance to employees, clients, and visitors alike that safety is actively managed, understood, and prioritized across the organization.

Feature Story

Prepared When It Matters Most: Equipping Employees Through Occupational First-Aid (OFA) Training Program

The Occupational First Aid Training program strengthens workplace resilience by ensuring that trained first aiders are always within reach when health-related emergencies arise. Through structured certification, employees gain the skills and confidence needed to respond promptly and appropriately to medical incidents, minimizing risk and safeguarding lives. Beyond fulfilling statutory requirements, the program underscores the Bank's responsibility to protect both its people and the communities it serves, reinforcing trust and peace of mind through preparedness, competence, and care.



Feature Story

Shared Passions, Stronger Teams: Interest Clubs Build Community Across PNB

From sports courts to music stages, PNB Interest Clubs continue to bring employees together beyond the workplace, creating spaces where shared passions strengthen camaraderie and teamwork. Supported through financial subsidies and promoted across internal communication channels, these clubs allow Philnabankers to pursue interests ranging from sports such as basketball, badminton, bowling, and cycling, to artistic pursuits like music and dance. In 2025, the community expanded with the addition of four new groups—the Football Club, Music Club, Pickleball Club, and Table Tennis Club—bringing the total number of clubs to 12. Club-led activities grew in scale, with employees organizing musical performances, inter-office tournaments, and representing the Bank in competitions against other institutions.

A highlight of the year was the 109th Anniversary Virtual Bike Ride, which celebrated employee participation and athletic excellence across categories, recognizing standout ride photos, fastest finishers, and early completers from branches and head office units nationwide. The spirit of competition also extended to team sports, with the PNB Basketball Team participating in the BKT Intersister Cup, a tournament between companies within the Lucio Tan Group, every year since the tournament's post-pandemic revival in 2023. Through these activities, Interest Clubs continue to reinforce teamwork, wellness, and a shared sense of pride—demonstrating how engagement beyond daily work helps cultivate a more connected and energized workforce.



Feature Story

Building Bank-Wide Awareness, One Question at a Time

Knowledge-sharing takes center stage in the Bank's weekly Know-Your-Bank Pop Quiz, an initiative designed to deepen employees' understanding of the Bank's products, services, policies, and milestones. Every Wednesday, a question is circulated through internal communication channels, encouraging employees across units to engage, learn, and stay informed about developments within the organization. Correct responses are rewarded through a random draw of cash prize winners, turning learning into an interactive and rewarding experience. Beyond



friendly competition, the quiz strengthens awareness and alignment across the workforce, ensuring that employees remain knowledgeable ambassadors of the Bank's services and culture while fostering a sense of shared participation across offices and branches nationwide.

Feature Story

#LetsGoLunes: Turning Mondays into Moments of Team Spirit

Workweeks now begin on a livelier note through #LetsGoLunes, the Bank's monthly energizer program launched in June 2025 to promote teamwork and workplace camaraderie. Employees form teams of five to compete in fast-paced, "minute-to-win-it" style parlor games that bring energy and friendly competition into the workplace, with all participants receiving cash prizes and additional rewards given to winning teams. More than just a recreational break, the



initiative strengthens cross-unit connections and boosts morale, helping employees start the week refreshed while reinforcing a collaborative and positive work culture across the organization.

Governance & Integrated Performance

GRI 3-3, 2-25, 2-26, 205-1, 205-2, 205-3,
FN-CB-510a.2, IFRS S1-27(a)(i), IFRS S2-6(a)(i), SDG 2, 3, 4, 8, 9, 13, 14, 15, 16, 17

Good Governance

Upholding high standards of corporate governance, ethical conduct, and accountability across all levels of the organization are the core of the Bank's operational and sustainability governance. Our governance framework is anchored on clear policies, including the Code of Conduct, Anti-Bribery and Corruption (ABC) Policy, and Whistleblower Policy, which apply to all directors, officers, and employees.

The ABC Policy strictly prohibits bribery and corrupt practices in any form, while the Whistleblower Policy provides secure and confidential channels for reporting violations, with explicit protection against retaliation. These policies are made accessible through the Bank's intranet and are reinforced during onboarding and the New Employees Orientation (NEO) to ensure awareness and understanding from the outset of employment.

In 2025, the Bank conducted 687 training runs on anti-bribery, corruption prevention, and ethical practices. All

whistleblower reports are handled confidentially and investigated by the appropriate bodies, including the Ethical Standards Committee and the Committee on Decorum and Investigation for harassment-related cases. Any confirmed violations are subject to disciplinary action in accordance with established policies.

As part of its risk-based governance approach, 100% of operations were assessed for bribery and corruption risks in 2025, with particular focus on gifts and hospitality, vendor management, and compliance with standard operating procedures. Identified risks were addressed through strengthened controls and monitoring. There were zero confirmed cases of corruption during the reporting year, reflecting the effectiveness of the Bank's governance controls and ethical culture.



687
Training runs conducted for
Anti-Bribery and Corruption
and Ethical Awareness



ZERO
Confirmed Cases of
Corruption in 2025



ZERO
Legal cases related to anti-
corruption, anti-competitive
behavior, anti-trust, or monopoly
practices in 2025

Communication and Training on Anti-Corruption Policies and Procedures

DISCLOSURE		2025	
		Number	Percentage
Employees to whom the organization’s anti-corruption policies and procedures have been communicated to	Officers	591	7%
	Managers	4,263	48%
	Supervisors	-	-
	Rank and File	4,004	45%
Employees that have received anti-corruption training	Officers	585	7%
	Managers	4,259	48%
	Supervisors	-	-
	Rank and File	3,994	45%
Business partners to whom the organization’s anti-corruption policies and procedures have been communicated to		292	100%
Governance body that have received anti-corruption training		1	100%
Governance body to whom the organization’s anti-corruption policies and procedures have been communicated to		1	100%
Directors comprising governance body who have received anti-corruption training and to whom the organization’s anti bribery & corruption policies & procedures have been communicated to		21	100%

Socio-Economic Compliance

GRI 2-27

PNB ensures full compliance with applicable laws, regulations, and supervisory requirements governing banking operations, corporate conduct, and disclosures. Compliance obligations cover financial regulations, labor standards, taxation, data privacy, and ethical business practices, and are embedded into policies, procedures, and internal controls across the organization.

Regular reviews and assessments support continuous alignment with regulatory expectations issued by oversight bodies such as the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission. Compliance responsibilities are clearly assigned, and monitoring mechanisms enable early identification

and remediation of potential gaps. Through consistent policy updates, employee training, and internal oversight, PNB maintains a disciplined compliance environment that supports trust among regulators, customers, investors, and the broader public.

Financial Performance and Efficiency

The Bank views financial performance and operational efficiency as essential enablers of long-term sustainability. By managing resources prudently and delivering stable financial results, the Bank is able to generate value for stakeholders while supporting economic development.

In 2025, PNB continued to generate and distribute economic value through employee compensation, payments to suppliers, taxes to government, dividends to shareholders, and community investments. These value flows demonstrate how financial performance translates into shared benefits across the Bank’s ecosystem. Operational efficiency is reinforced through disciplined cost management, prudent capital allocation, and continuous improvement initiatives across business units, supporting financial resilience and sustained performance.

Our Dividend Policy

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

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

Economic Performance

GRI 3-3

PNB’s economic performance reflects its ability to generate and distribute value responsibly across stakeholders while maintaining financial strength to support long-term growth. In 2025, the Bank continued to balance operational efficiency, employee welfare, shareholder returns, government contributions, and supplier partnerships, ensuring that economic value created translates into tangible benefits for the broader economy. The following table presents how value generated by the Bank is distributed and retained to sustain operations, invest in growth, and support communities where it operates.

Economic value generated and distributed (in Php million)

GRI 201-1

	2025	2024	2023
Direct economic value generated	₱84,113.00	₱79,341.00	₱ 73,628.00
Direct economic value distributed	₱69,843.00	₱65,154.00	₱ 61,412.00
Operating costs	₱24,983.00	₱28,171.00	₱ 30,477.00
Employee wages & benefits	₱11,754.00	₱10,669.00	₱ 10,464.00
Dividends to stockholders	₱4,211.00	-	-
Taxes to government	₱19,477.00	₱17,317.00	₱ 14,609.00
Payments to suppliers	₱9,406.00	₱8,985.00	₱ 5,821.00
Community investments	₱12.00	₱8.00	₱ 41.00
Direct economic value retained	₱ 14,270.00	₱14,187.00	₱ 12,212.00

Indirect Economic Impact

GRI 3-3, 203-2

Beyond direct financial contributions, PNB generates indirect economic impact by supporting financial intermediation, capital market development, and informed investment decision-making. Through its lending, investment products, and research services, the Bank facilitates access to capital for businesses, supports household financial security, and contributes to broader economic stability.

PNB’s investment research and trust banking services play a key role in guiding investors through changing market conditions, helping clients manage risk and build long-term wealth. Recognition from

independent institutions underscores the Bank’s role in strengthening market confidence and financial literacy.

Through continued engagement with employees, suppliers, clients, and communities, PNB contributes to economic activity beyond its balance sheet—supporting job creation, supplier ecosystems, tax revenues, and community development while reinforcing its position as a dependable financial partner for Filipinos.

Feature Story

PNB Profit Peso Bond Fund Recognized Among the Best at Vision 2025

Philippine National Bank’s Profit Peso Bond Fund earned national recognition as one of the **Best Managed Funds for 2025** in the Intermediate Term Bond Funds category, following a rigorous evaluation at the CFA Society of the Philippines’ *Vision 2025: Market Forecast and Fund Excellence*. Selected from 170 qualified funds across 16 institutions, the award reflects the Fund’s disciplined investment strategy, strong risk-adjusted performance, and adherence to ethical fund management standards. Designed for investors with moderate risk tolerance, the Fund’s



diversified fixed-income portfolio underscores PNB’s commitment to delivering steady, well-managed investment solutions that balance resilience and long-term value creation.

Feature Story

PNB Named Best Bank for Investment Research—Again

PNB reaffirmed its leadership in market intelligence after being named Best Bank for Investment Research in the Philippines by *Euromoney* for the fifth consecutive year, a testament to the Bank’s consistent delivery of timely, relevant, and decision-enabling research. The recognition highlights the strength of PNB’s Economist and Research Division in guiding clients through evolving market conditions with depth and clarity. Anchored by solid financial performance, marked by rising core income and



sustained profitability in early 2025, the award reinforces PNB’s role as a trusted source of insight for investors, institutions, and the wider banking public.

Social Responsibility and Community Engagement

PNB views social responsibility as an extension of its role as a trusted financial institution, grounded in respect for people, communities, and shared development. The Bank’s approach to community engagement is guided by open dialogue, proximity to communities it serves, and responsiveness to local needs. Priority is given to areas where PNB operates, enabling the Bank to build long-term relationships, understand context-specific challenges, and deliver programs with tangible impact.

Community engagement typically begins with outreach through email and direct coordination, followed by site visits to assess needs and strengthen relationships.

Ongoing engagement is maintained through regular communication, including virtual platforms, to monitor progress and ensure continuity of support. Programs are designed to contribute to sustainable development outcomes while fostering trust between the Bank, its stakeholders, and partner communities.

PNB’s corporate social responsibility initiatives focus on five core areas: environmental protection, education, health, livelihood, and community development. These focus areas reflect the Bank’s assessment of priority social needs and its capacity to deliver meaningful contributions.

Human Rights

FN-CB-510a.2

Human rights is a foundational element of PNB’s corporate culture and governance framework. Aligned with the Human Rights Policy Statement of its parent company, LT Group, Inc., the Bank is committed to upholding human rights across its operations, workplaces, and business relationships.

Key policies that support this commitment include the Code of Conduct, which prohibits harassment, bullying, and discrimination; the Non-Discrimination Policy; the Equal Employment Opportunity Policy; the Whistleblower Policy with anti-retaliation safeguards; Anti-sexual Harassment Policy as expanded pursuant to Safe Spaces Act, and adherence to the Women’s Empowerment Principles. Together, these policies promote fairness, dignity, and equal opportunity for all employees.

In 2025, PNB further strengthened its human rights framework through policy enhancements, employee education, and proactive risk assessments aimed at maintaining a safe, inclusive, and respectful workplace. Human rights standards are also applied to key suppliers through the Bank’s vendor accreditation and due diligence processes, reinforcing expectations beyond internal operations.

Reported violations are investigated with due process by the Ethical Standards Committee or the Human Resource Group, depending on the nature of the concern. Employees may also raise issues through union representation, the Labor Management Council, or confidential whistleblowing channels, ensuring multiple avenues for grievance and redress.



Community Relations & Initiatives

GRI 3-3, 413-1, 413-2

PNB’s community initiatives are implemented through coordinated efforts led by the Corporate Sustainability and Social Responsibility Division (CSSRD) and the Human Resource Group, with active participation from employees across the organization. Employees are regularly informed of upcoming activities through detailed email notices that include registration details and activity guidelines. To encourage participation, the Bank provides logistical support such as transportation, meals, shirts, and other necessary materials. Employees are also granted one day of paid Volunteer Leave for participation in volunteer activities, including those organized by external partners.

Driving Responsible Corporate Citizenship and Employee Volunteerism

Branches, area offices, and employee interest groups are empowered to initiate their own community outreach activities with support from the Bank. These initiatives are documented and shared internally through PNB Engage, fostering awareness and encouraging wider participation. Outstanding initiatives may also be recognized under the Bank-wide Service Excellence Awards, reinforcing a culture of volunteerism and shared responsibility.



Key Community Initiatives in 2025

Environmental Protection

- 1. International Coastal Cleanup**
 - 62 PNB employees volunteered at Manila Bay, supporting coastal protection and marine waste reduction efforts.
- 2. PNB CommuniTree 2025**
 - 58 volunteers from the PNB Financial Center planted **1,000 narra seedlings** in Sitio Alasasin, Barangay Daraitan, Tanay, Rizal.
 - Activity was conducted in partnership with the **Tan Yan Kee Foundation, Inc.** as part of the program’s fifth year.
- 3. Cumulative Impact**
 - A total of **7,608 trees** have been planted under the PNB CommuniTree program since 2020.
 - The program has consistently exceeded its annual target of planting **1,000 trees**, reflecting sustained commitment to reforestation and environmental stewardship.



Education

- 1. Classroom Construction for Indigenous Learners**
 - Donated Php 1.2 million to Friends of HOPE, Inc. for the construction of a classroom for Aeta students in Camias, Porac, Pampanga, supporting access to quality education in indigenous communities.
- 2. Digital Learning Support**
 - Donated **70 refurbished desktop units and 20 laptops** to Sta. Teresita’s Academy of Aritao, Inc., enhancing students’ access to technology-enabled learning.
 - Donated **two printers** to BYSMP – Bless the Children Foundation to support educational and administrative needs.



Health

1. Lifesaver Blood Donation Drive

- Mobilized **124 successful blood donors** in partnership with **PNB Holdings Corporation** and the **Philippine Red Cross**, generating **124 blood bags** to support hospitals and patients in need.
- **Bahay Aruga Outreach Program** by the **Credit Management Division (CMD)**: On **December 17, 2025**, CMD volunteers organized a Christmas party and gift-giving activity for **39 cancer patients aged 2 to 69**, together with their families and caregivers, at Bahay Aruga in Ermita, Manila.



Livelihood

1. QR Ph–Powered Cashless Collection Initiative

- Partnered with PMFTC Inc. to deploy QR Ph–enabled cashless collection, providing over 1,200 sales personnel with QR-enabled IDs to streamline nationwide sales transactions.
- Enhanced operational efficiency while providing faster, safer, and more convenient payment options, supporting income continuity for sales teams and improving the customer payment experience.



Community Development

1. Disaster Response and Relief Operations

- **Employee volunteerism at the DSWD Visayas Repacking Center, with 63 Philnabankers** supporting relief operations and helping prepare food packs for disaster-affected communities.
- **Pagtutulungan ng Bayan** initiatives mobilized fundraising and relief distribution for communities impacted by typhoons and earthquakes in Cebu and Leyte, reinforcing coordinated disaster response efforts.
- **Cebu Earthquake Relief Drive** led by Philnabankers, with Php 139,211.00 utilized to deliver essential assistance, including:
 - **950 sacks of rice** (5 kg each)
 - **950 units of 6-liter drinking water** (Summit/Absolute)
 - **950 food packs** containing biscuits, noodles, and coffee
 - **In-kind donations** such as clothes, footwear, hygiene kits, and other essential goods
- **Cebu-based PNB employees** volunteered directly to support disaster-affected communities across the Visayas.
- **“Paint, Play, Give” Outreach** with BYSMP: On November 29, 2025, PNB volunteers shared a morning of creative and recreational activities with children under the care of BYSMP – Bless the Children Foundation, Inc., as part of the HRG and CSSRD Outreach 2025 initiative.
- **Outreach Activity with the Elderly at Blessed Home Care Facility**: In November 2025, the Enterprise Risk Management Group (ERMG) conducted an outreach activity at Blessed Home Care Facility in Quezon



City, incorporating calamity preparedness awareness and providing go-bags to elderly residents and homecare personnel amid the recent calamities in the country.

2. Community Support and Seasonal Outreach

- **Donation of 100 Noche Buena packages** to **Happyland residents affected by fire**, in partnership with **Upskills+ Foundation**.
- **Happyland Community Outreach (December 12, 2025)** led by the **Office of the Chief Financial Officer**, through the **Corporate Sustainability and Social Responsibility Division (CSSRD)**, in collaboration with Upskills+ Foundation Inc., providing food and support to families in Tondo, Manila.
- **Distribution of clothes and toys** to communities in **Cebu and Leyte** affected by natural disasters.

Others

1. Digital Experience and Customer Access

- **PNB Website Revamp:** Rolled out a newly redesigned website to enhance usability, accessibility, and navigation—strengthening PNB's role as a reliable digital partner for Filipinos at home and abroad.

2. Strategic Partnerships for Everyday Value

- **PNB–PAL Co–brand Partnership Renewal:** Renewed collaboration with Philippine Airlines to continue delivering integrated travel and financial benefits, reinforcing shared efforts to elevate customer experience and lifestyle value for Filipinos.
- **PNB–PAFCPIC Partnership:** Strengthened ties with the Philippine Army Finance Center Producers Integrated Cooperative to expand tailored financial services and long-term financial security for cooperative members.

3. Inclusive and Global Financial Services

- **SSS–PNB Pension Services Agreement:** Signed a memorandum of agreement with the Social Security System to facilitate pension account services for Filipino migrants and foreign nationals, improving access through PNB's international network.
- **Beneficiaries:** Filipino migrants, foreign nationals, and pensioners benefit from more convenient, accessible, and globally connected banking services.

4. Support for Overseas Filipino Communities

- **PNB New York Recognition:** Acknowledged by the Philippine Consulate General in New York for its continued support of the Filipino–American community, highlighting PNB's role in providing accessible banking and remittance solutions for overseas Filipinos and businesses.

Transparency, Accountability and Ethical Operations

GRI 2–9, 2–11, 2–12, 2–13, 2–14, 2–24

In 2025, 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.

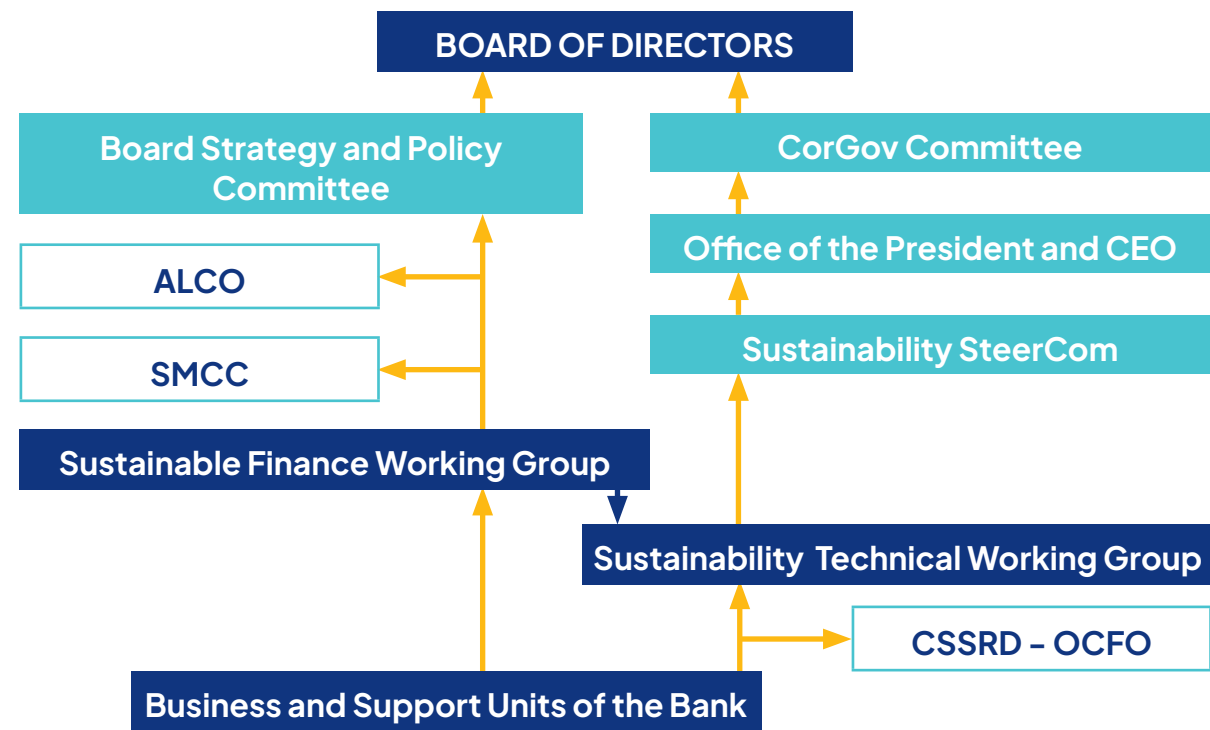
Moreover, we formed a Sustainability Steering Committee (SteerCom) backed up by a Technical Working Group (TWG) composed of the following businesses and functions with the objective of providing technical assistance, guidance, and direction to the Bank's sustainability endeavors:

- **Corporate Sustainability and Social Responsibility Division (CSSRD):** Formed in 2020 as the Corporate Sustainability Unit (CSU), the CSSRD

was restructured 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





Sustainability Leadership Structure

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 Committee (CorGov) at the Board level and operationalized through the Sustainability Steering Committee and Technical Working Group.

Corporate Governance and Sustainability Committee

The CorGov Committee 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. Managing 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. Supporting Capacity Building**
Establishing training programs for the Board, management, and staff on key sustainability topics to enhance their knowledge and expertise.
- 6. Managing Resource Allocation**
Ensuring the availability of resources necessary to achieve the Bank's sustainability goals.
- 7. Ensuring Non-Financial Disclosures**
Developing a clear policy on disclosing material non-financial information, particularly regarding economic, environmental, social, and governance (EESG) issues, in compliance with BSP Circular 1085.

- 8. Adhering 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.

Organizational Teams

- Sustainability Steering Committee:** Provides guidance to the Technical Working Group and ensures that sustainability strategies are effectively implemented.
- Sustainability Technical Working Group:** Comprised of 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: Geocel D. Olanday (Independent Director) Vice Chairperson: Maria Almasara Cyd N. Tuaño-Amador (Independent Director)	Members (Independent Directors) 1. Geocel D. Olanday 2. Maria Almasara Cyd N. Tuaño-Amador 3. Judith V. Lopez 4. Isabelita M. Papa 5. Marcia T. Uy
Frequency of Meetings: Monthly	
Steering Committee Composed of Sector/Group Heads Chairperson: Head, Enterprise Risk Management Group Vice Chairperson: Head, Credit Management Group	Members: 1. Head, Administration Group 2. Heads, Cards and Financial Solutions & Mortgage and Auto Lending Groups 3. Head, Credit Management Group 4. Head, Enterprise Risk Management Group 5. Head, Global Compliance Group 6. Head, Global Markets Group 7. Head, Human Resource Group 8. Head, Information Technology Group 9. Head, Institutional Banking Sector 10. Head, Internal Audit Group 11. Head, International Banking and Remittance Group 12. Head, Office of the Chief Financial Officer 13. Head, Operations Group 14. Head, Retail Banking Sector 15. Head, Trust Banking Group 16. Head, Wealth Management Group
Frequency of Meetings: Monthly	
Technical Working Group Composed of one-downs or assigned representatives of the Group/Sector Heads Chairperson: Corporate Sustainability and Social Responsibility Division - OCFO Vice Chairperson: Enterprise Risk Management Group	Members: 1. Administration Group 2. Cards and Financial Solutions & Mortgage and Auto Lending Groups 3. Credit Management Group 4. Enterprise Risk Management Group 5. Global Compliance Group 6. Global Markets Group 7. Human Resource Group 8. Information Technology Group 9. Institutional Banking Sector 10. Internal Audit Group 11. International Banking and Remittance Group 12. Office of the Chief Financial Officer 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 TWG. Secretariat: Corporate Sustainability and Social Responsibility Division - OCFO	Members: 1. Credit Management Group 2. Enterprise Risk Management Group 3. Financial Accounting Department 4. Financial Institutions Division 5. International Banking and Remittance Group 6. Marketing Group 7. Retail Lending Group 8. Trust Banking Group 9. Wealth Management Group • Global Compliance Group** • Internal Audit Group** **Consultants/Resource Persons only
Frequency of Meetings: Monthly	

Business Ethics

PNB’s commitment to ethical operations is embedded in its governance culture and reinforced through policies, structures, and practices that promote integrity, fairness, and responsible conduct. Ethical considerations are integral to decision-making processes, supported by clear accountability mechanisms and strong internal controls.

The Bank’s governance framework emphasizes responsible business conduct by institutionalizing sustainability and ethical principles across operations. This includes promoting environmentally and socially responsible decision-making, aligning incentives and responsibilities with ESG objectives, and ensuring that ethical considerations are reflected in both strategic and operational activities.

Ethical oversight is strengthened through regular monitoring and reporting, with sustainability and governance performance reviewed by the appropriate Board and management committees. Policies on transparency and disclosure ensure that material non-financial information, including economic, environmental, social, and governance matters, is communicated clearly and consistently to stakeholders.



Additional Information

Limited Assurance Report



**The Board of Directors and Holders of Sustainable Financing Instruments
Philippine National Bank**
PNB Financial Center, Pres. Diosdado Macapagal Blvd.
Pasay City

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
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Independent Limited Assurance Report on the Sustainable Financing Instruments Allocation Report

Conclusion

We have performed limited assurance procedures on the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio included in the Sustainable Financing Instruments Allocation Report (hereafter the "SFI Allocation Report") as at August 31, 2025, of Philippine National Bank (the Bank or PNB).

Based on our procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio included in the SFI Allocation Report as at August 31, 2025 are not, in all material respects, prepared in accordance with the Eligibility Criteria as described in the PNB Sustainability Financing Framework dated October 2024 (hereafter the "Framework").

Basis for Conclusion

We conducted our limited assurance procedures in accordance with the Philippine Standard on Assurance Engagements (PSAE) 3000 (Revised), *Assurance Engagements other than Audits and Review of Historical Financial Information*. Our responsibilities under this standard are further described in the *Our Responsibilities on Limited Assurance Report on the SFI Allocation Report* section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our assurance engagements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We apply Philippine Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide the basis for our conclusion.

Subject Matter Information

The scope of our work is limited to assurance over the application of the Eligibility Criteria in the SFI Allocation Report as of August 31, 2025.

Certified Public Accountants
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Offices in Cavite, Cebu, Davao
BOA/ PRC Cert of Reg. No. 0002
SEC Accreditation No. 0002

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Reporting Criteria

The reporting criteria are the Eligibility Criteria described in the Framework. The SFI Allocation Report needs to be read and understood together with the Eligibility Criteria as described in the Framework.

Responsibilities of Management and Those Charged with Governance for the SFI Allocation Report

Management is responsible for the preparation of the SFI Allocation Report, which includes the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio, in accordance with the Eligibility Criteria as described in the Framework, and for such internal control as management determines is necessary to enable the preparation of the SFI Allocation Report that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Bank's reporting process.

Our Responsibilities on Limited Assurance Report on the SFI Allocation Report

Our objective is to plan and perform the procedures in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and vary in nature and timing from and are less in extent than for a reasonable assurance engagement. The level of assurance obtained in engagements with a limited level of assurance is therefore substantially less than the assurance obtained in audit engagements. Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the SFI Allocation Report. The materiality affects the nature, timing and extent of our procedures and the evaluation of the effect of identified misstatements on our conclusion.

As part of our procedures in accordance with PSAE, we exercise professional judgment and maintain professional skepticism throughout our work.

Approach

The procedures we performed were based on our professional judgment and we believe that the procedures performed, and the assurance evidence obtained are sufficient and appropriate to provide a basis for our conclusion.

Apart from the SFI Allocation Report and bond prospectus, we were not provided copies of any loan documents or any other relevant requirements. Instead, those documents were inspected virtually or onsite at the Bank's premises.

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Our work included, among other things, the following procedures:

General Procedures

- Identified areas of the SFI Allocation Report where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion.
- Considered the internal control relevant to our review in order to determine assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the Bank's internal control.
- Reviewed the second opinion from S&P Global, which addresses the applicability of the Eligibility Criteria used in the preparation of the Eligible Green and Social Loan Portfolios in the SFI Allocation Report, and identified key and relevant matters therefrom in the designing and performing assurance procedures.
- Reviewed the application of the Eligibility Criteria used in the preparation of the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio in the SFI Allocation Report.
- Interviewed relevant staff and officers at PNB responsible for managing, reporting, and consolidating the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio.
- Evaluated internal and external documentation, based on limited sampling, to determine whether the information in the Eligible Green Loan Portfolio and Eligible Social Loan Portfolio is plausible in line with the eligibility criteria of the Framework.

Specific Procedures

- Reviewed the statement of the sustainability bonds (SFI).
- Reviewed nominated assets/projects that meet the objectives and eligibility criteria of the Framework.
- Use of Proceeds:
 - Reviewed the percentage of net proceeds allocated to Eligible Green and Eligible Social categories.
 - Reviewed if there are any overlaps of nominated assets/projects with other SFI.
- Reporting –
 - Reviewed consistency of information as processed in the Bank's internal account systems and as consolidated and disclosed in the SFI Allocation Report as at August 31, 2025.

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Restriction of Use of Limited Assurance Report

Our limited assurance report is intended solely for the Board of Directors of PNB and the Holders of Sustainability Bonds issued by PNB and should not be distributed to other parties and used for other purposes. We do not therefore accept or assume responsibility for any other purpose or to any other person or organization.

PUNONGBAYAN & ARAULLO

By: 
Arman B. Neptuno
Partner

CPA Reg. No. 0148776
TIN 428-244-641
PTR No. 10465912, January 2, 2025, Makati City
BIR AN 08-002551-048-2023 (until November 14, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-020 (until August 12, 2027)

September 30, 2025

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Allocation Report

The proceeds for the October 2024 PNB Sustainability Bond¹ were fully allocated to renewable energy projects. Details of the allocation to eligible projects are indicated in the table below.

Table 1: Allocation as of 31 August 2025 for the PNB Sustainability Bond

Bond Issuance Amount (USD Million)	Issue Date	Maturity Date	Net Proceeds Allocated to Renewable Energy Projects (USD Million) ²	Net Proceeds Allocated (USD Milion)	Buffer - Identified Eligible Green Use of Proceeds ³
300	23 October 2024	23 October 2029	300	300	299

¹ Refers to the Issue of U.S.\$300,000,000 Senior Notes due 2029 under the US\$2,000,000,000 Medium Term Note Programme
² Exchange rate as of 31 August 2025: PHP 57.13 (USD 1)
³ Other identified eligible use of proceeds are under Renewable Energy and Sustainable Water & Wastewater Management Category

GRI Content Index

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, 2025
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector	None

GRI Standard	Disclosure		Location (Page No.)	Reason for Omission		
				Requirement(s) omitted	Reason	Explanation
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	2-1	Organizational details	1-2, 4			
	2-2	Entities included in the organization's sustainability reporting	104			
	2-3	Reporting period, frequency and contact point	PNB reports on its sustainability activities and initiatives annually 104			
	2-4	Restatements of information	176			
	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	4, 87, 114-116			
	2-7	Employees	198			
	2-8	Workers who are not employees	198			
	2-9	Governance structure and composition	57, 92, 227			
	2-10	Nomination and selection of the highest governance body	62			
	2-11	Chair of the highest governance body	6, 92, 227			
	2-12	Role of the highest governance body in overseeing the management of impacts	68, 227			
	2-13	Delegation of responsibility for managing impacts	227			

GRI Standard	Disclosure		Location (Page No.)	Reason for Omission		
				Requirement(s) omitted	Reason	Explanation
	2-14	Role of the highest governance body in sustainability reporting	68, 227			
	2-15	Conflicts of interest	67			
	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 228–231 for reference.			
	2-17	Collective knowledge of the highest governance body	64			
	2-18	Evaluation of the performance of the highest governance body	64			
	2-19	Remuneration policies	89			
	2-20	Process to determine remuneration	63, 90			
	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	6, 8, 54, 100, 107, 109			

GRI Standard	Disclosure		Location (Page No.)	Reason for Omission		
				Requirement(s) omitted	Reason	Explanation
	2-23	Policy commitments	84, 124–125			
	2-24	Embedding policy commitments	84, 124–125, 227			
	2-25	Processes to remediate negative impacts	217			
	2-26	Mechanisms for seeking advice and raising concerns	137, 217			
	2-27	Compliance with laws and regulations	79, 218			
	2-28	Membership associations	122			
	2-29	Approach to stakeholder engagement	137			
	2-30	Collective bargaining agreements	207			
MATERIAL TOPICS						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	129–130			
	3-2	List of material topics	129–130			
ECONOMIC AND GOVERNANCE						
GRI 3: Material Topics 2021	3-3	Management of material topics	219			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	219			
	201-3	Defined benefit plan obligations and other retirement plans	63, 90, 205			
GRI 3: Material Topics 2021	3-3	Management of material topics	144, 220			
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	144–145			
	203-2	Significant Indirect economic impacts	144–145, 220			
GRI 3: Material Topics 2021	3-3	Management of material topics	172			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	172–173			
GRI 3: Material Topics 2021	3-3	Management of material topics	86, 217			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	86, 217			
	205-2	Communication and training about anti-corruption policies and procedures	217			
	205-3	Confirmed incidents of corruption and actions taken	217			

GRI Standard	Disclosure		Location (Page No.)	Reason for Omission		
				Requirement(s) omitted	Reason	Explanation
ENVIRONMENT						
GRI 3: Material Topics 2021	3–3	Management of material topics	174			
GRI 103: Energy 2025	103–1	Energy policy and commitments	174			
	103–2	Energy consumption and self-generation within the organization	175			
	103–3	Upstream and downstream energy consumption		103–3–a to 103–3b	Not Applicable	At present, upstream and downstream energy consumption is not monitored due to limitations in value chain data tracking. The Bank is undertaking efforts to strengthen value chain energy reporting and improve data availability in future reporting periods.
	103–4	Energy intensity	177			
	103–5	Reduction in energy consumption	174			
GRI 3: Material Topics 2021	3–3	Management of material topics	182			
GRI 303: Water and Effluencts 2018	303–1	Interactions with water as a shared resource	182			
	303–2	Management of water discharge-related impacts	182			
	303–3	Water withdrawal	183			
	303–4	Water discharge	183			
	303–5	Water consumption	183			
GRI 3: Material Topics 2021	3–3	Management of Material topics	178			
GRI 102: Climate Change 2025	102–1	Transition plan for climate change mitigation	178			
	102–2	Climate change adaptation plan	178			
	102–3	Just transition	198			
	102–4	GHG emissions reduction targets and progress	178			
	102–5	Scope 1 GHG emissions	178			
	102–6	Scope 2 GHG emissions	178			
	102–7	Scope 3 GHG emissions	179, 182			

GRI Standard	Disclosure		Location (Page No.)	Reason for Omission		
				Requirement(s) omitted	Reason	Explanation
	102-8	GHG emissions intensity		102-8-a to 102-8-b	Not Applicable	At present, GHG emissions intensity is not disclosed, as the necessary systems and data to measure and quantify this metric are not yet in place.
	102-9	GHG removals in the value chain		102-9-a to 102-9-d	Not Applicable	At present, GHG removals within the value chain are not disclosed, as the necessary systems and data to identify and quantify such removals are not yet in place.
	102-10	Carbon credits		102-10-a to 102-10-e	Not Applicable	As the Bank does not participate in carbon credit transactions, there is currently no data to disclose for this indicator.
GRI 3: Material Topics 2021	3-3	Management of Material topics	190			
GRI 3: Waste 2020	306-1	Waste generation and significant waste-related impacts	190			
	306-2	Management of significant waste-related impact	190			
	306-3	Waste generated	192			
	306-4	Waste diverted from disposal	192			
	306-5	Waste diverted to disposal	192			
CUSTOMERS AND COMMUNITIES						
GRI 3: Material Topics 2021	3-3	Management of material topics	222			
GRI 413: Local Communities 2016	413-1	Operations with local community, engagement, impact assessments and development programs	1 week at least 222-226			
	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	158			

GRI Standard	Disclosure		Location (Page No.)	Reason for Omission		
				Requirement(s) omitted	Reason	Explanation
GRI 417: Marketing and Labelling 2016	417-1	Requirements for product and service information and labeling	158			
	417-2	Incidents of non-compliance concerning product and service information and labelling	158			
	417-3	Incidents of non-compliance concerning marketing	158			
GRI 3: Material Topics 2021	3-3	Management of material topics	161			
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer data privacy and losses of customer data	161			
Digital transformation & Innovation						
GRI 3: Material Topics 2021	3-3	Management of material topics	160			
Customer engagement & satisfaction						
GRI 3: Material Topics 2021	3-3	Management of material topics	153			
EMPLOYEES						
GRI 3: Material Topics 2021	3-3	Management of material topics	198			
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		202-1-a to 202-1-d	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
	202-2	Proportion of senior management hired from the local community		202-2-a to 202-2-d	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 Standard	Disclosure		Location (Page No.)	Reason for Omission		
				Requirement(s) omitted	Reason	Explanation
GRI 3: Material Topics 2021	3-3	Management of material topics	198			
GRI 401: Employment 2016	401-1	New employee hired and employee turnover	202-203			
	401-2	Benefits provided to full time employees that are not provided to temporary or part-time employees	205			
	401-3	Parental Leave	206			
GRI 3: Material Topics 2021	3-3	Management of material topics	207			
GRI 402: Labor/ Management Relations	402-1	Minimun notice periods regarding operational changes	207			
GRI 3: Material Topics 2021	3-3	Management of material topics	207			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	207			
	403-2	Hazard identification, risk assessment, and incident investigation	207			
	403-3	Occupational health services	208			
	403-4	Worker participation, consultation, and communication on occupational health and safety	208			
	403-5	Worker training on occupational health and safety	208			
	403-6	Promotion of worker health	208			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	208			
	403-8	Workers covered by an occupational health and safety management system	207			
	403-9	Work-related injuries	207			
	403-10	Work-related ill health	207			
GRI 3: Material Topics 2021	3-3	Management of material topics	211			

GRI Standard	Disclosure		Location (Page No.)	Reason for Omission		
				Requirement(s) omitted	Reason	Explanation
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	212			
	404-2	Programs for upgrading employee skills and transition assistance	89, 211			
	404-3	Percentage of employees receiving regular performance and career development reviews	100 % employees receive regular performance and career development reviews 211			
GRI 3: Material Topics 2021	3-3	Management of material topics	198			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	61, 200			
	405-2	Ratio of basic salary of remuneration of women to men		405-2-a to 405-2-b	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.
GRI 3: Material Topics 2021	3-3	Management of material topics	195			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	195			
GRI 3: Material Topics 2021	3-3	Management of material topics	210			
GRI 410: Security Practices	410-1	Security personnel trained on human rights policies and procedures	210			

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	Unit of Measure	Code	Page No.
Table 1. Sustainability Disclosure Topics & Metrics					
Data Security	Description of approach to identifying and addressing data security risks	Discussion and Analysis	n/a	FN-CB-230a.2	161
Financial Inclusion & Capacity Building	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers ³	Quantitative	Number	FN-CB-240a.4	164
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	149
Business Ethics	Description of whistleblower policies and procedures	Discussion and Analysis	n/a	FN-CB-510a.2	85, 217, 222
Activity Metric		Category	Unit of Measure	Code	Page No.
Table 2. Activity Metrics					
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Board of Directors



Lucio C. Tan
Chairman Emeritus



Edgar A. Cua
Chairman/Director



Lucio C. Tan III
Vice Chairman / Director



Geocel D. Olanday
Independent Director



Isabelita M. Papa
Lead Independent Director



Sheila T. Pascual
Director



Edwin R. Bautista
Executive Director/
President and CEO



Judith V. Lopez
Independent Director



Chester Y. Luy
Director



Wilfrido E. Sanchez
Director



Eusebio V. Tan
Director



Michael G. Tan
Director



Board of Directors



Vivienne K. Tan
Director



**Maria Almasara Cyd
N. Tuaño-Amador**
Independent Director



Marcia T. Uy
Independent Director



Cesar L. Villanueva
Director

Board Advisors



Florido P. Casuela **William T. Lim** **Federico C. Pascual**



Lourdes A. Salazar **Carmen K. Tan** **Florencia G. Tarriela** **Atty. Ruth Pamela
E. Tanghal**
Corporate Secretary



Lucio C. Tan

Current Position in the Bank:
Chairman Emeritus

Age: 91
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/Director

Age: 70
Nationality: Filipino
Education:

- Bachelor of Arts in Economics degree (Honors Program) from the Ateneo de Manila University
- Master of Arts in Economics degree from the University of Southern California
- Master of Planning Urban and Regional Environment degree from the University of Southern California
- Advanced Chinese from the Beijing Language and Culture University
- Sustainable Development Training Program, Cambridge University

Date of First Appointment

- May 31, 2016 (Independent Director)
- April 25, 2023 (Chairman of the Board)
- April 29, 2025 (Director)

Number of Years Served as a Director of the Bank

- 8 years, 11 months (Independent Director)
- 2 years, 8 months (Chairman of the Board)
- 8 months (Director)

Directorship in Other Listed Companies: None

Other Current Positions

- Chairman/Director of Allied Integrated Holdings, Inc. (formerly PNB Savings Bank)
- Chairman/Director of PNB Capital and Investment Corporation
- Director of PNB-Mizuho Leasing and Finance Corp., PNB-Mizuho Equipment Rentals Corporation, PNB International Investments Corporation, and PNB Remittance Company (Canada)
- Director of Davao Unicar Corporation
- Board Advisor of PNB Remittance Centers, Inc.
- Advisor of Peking University Alumni Association of the Philippines, Inc.

Previous Positions

- Independent Director of Allied Commercial Bank, Xiamen, Allied Integrated Holdings, Inc., PNB-Mizuho Leasing and Finance Corp., PNB-Mizuho Equipment Rentals Corporation, PNB International Investments Corporation, and PNB Remittance Company (Canada)
- Vice Chairman/Independent Director of PNB Capital and Investment Corporation
- Vice Chairman/Director of PNB Savings Bank
- Held various managerial and staff positions at the Asian Development Bank (ADB) during a 30-year professional career
- Retired in 2015 as Senior Advisor, East Asia Department of the Asian Development Bank (ADB), based in ADB's Resident Mission in Beijing, People's Republic of China (PRC). Other managerial positions in ADB included Deputy Director General, East Asia Department, Country Director, ADB Resident Mission in Indonesia and Deputy Country Director, ADB Resident Mission in PRC.
- Staff Consultant, SGV & Co.



Lucio C. Tan III

Current Position in the Bank:
Vice Chairman / Director

Age: 33
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 (Director)
- April 30, 2024 (Vice Chairman)

Number of Years Served as a Director of the Bank

- 4 years, 8 months (Director)
- 1 year, 8 months (Vice Chairman)

Directorship in Other Listed Companies

- Director, President and Chief Operating Officer of LT Group, Inc.
- Director, President and Chief Operating Officer of PAL Holdings, Inc.
- Director of MacroAsia Corporation

Other Current Positions

- Director of PNB Holdings Corporation, Philippine Airlines, Inc., Air Philippines Corporation, Lufthansa Technik Philippines, MacroAsia Airport Services Corporation, MacroAsia Catering Services Inc., MacroAsia SATS Food Industries, MacroAsia SATS Inflight Services Corporation, Prior Holdings Corporation, Belton Communities, Inc., Eton City, Inc., First Homes, Inc., ALI Eton Property Development Corporation, Dominion Realty and Construction Corporation, Fortune Tobacco Corporation, REM Development Corp., Shareholdings, Inc., Sipalay Trading Corporation, Qualisure Holdings, Inc., Asia's Merging Dragon Corporation, PMFTC Inc., and Fortune Landequities and Resources, Inc.
- Director and President of Dunman Holdings Corporation, Tanduay Brands International, Inc., and Tanduay Distillers, Inc.
- Vice Chairman and President of Sabre Travel Network (Philippines) Inc.
- Vice President of Dunmore Development Corporation
- Member of Stanford Tau Beta Pi Engineering Honor Society

Other Previous Position/s

- Vice Chairman/Director/COO of LT Group, Inc.
- Director of Victorias Milling Company, Inc., Allied Club, Inc., Asia Cancer Center, Inc., Kaizer Chemical Industries, Inc., and Silangan Holdings, Incorporated
- Director/Vice President of PAL Holdings, Inc.
- President and COO of Tanduay Distillers, Inc.

Awards/Citations

- Stanford University Frederick E. Terman Award (2015), award given to engineering seniors who are at the top 5% of their class
- Stanford University Tau Beta Pi Engineering Honor Society (2013), honor given to engineering juniors/seniors who are at the top 1/8 of their class
- Stanford University President's Award for Academic Excellence Freshmen Year (2012), award given to freshmen who are at the top 3% of their class
- Young Presidents' Organization (Local and International Chapters)



Edwin R. Bautista

Current Position in the Bank:
Executive Director/President and CEO

Age: 65

Nationality: Filipino

Education:

- Bachelor of Science in Mechanical Engineering from the De La Salle University
- Advanced Management Program from the Harvard Business School

Date of First Appointment

- April 29, 2025

Number of Years Served as a Director of the Bank

- 8 months

Directorship in Other Listed Companies

- None

Other Current Positions

- Director of Allianz PNB Life Insurance, Inc., PNB International Investments Corporation, PNB RCI Holding Co. Ltd., and PNB Remittance Company (Canada)

- Director of Bankers Association of the Philippines
- Board Member of the Philippine Map Collectors Society
- Board Member/Trustee of DLSU-College of St. Benilde
- Board Member/Trustee of DLSU Dasmariñas Museum Foundation

Other Previous Positions

- Director/President & CEO/President & COO of UnionBank of the Philippines
- Held various positions from SVP to Senior EVP in UnionBank of the Philippines
- Chairman of City Savings Bank, Inc.
- Chairman of First Union Plans
- Director of First Union Properties
- Chairman of UBP Currency Brokers
- Director of UnionBank Investment Corp.
- Director of UBX
- Director/Vice Chairman of Union Digital Bank
- Director of Aboitiz Power Corporation
- Director of Aboitiz Equity Ventures
- Director/Treasurer of BancNet
- Chairman of the Philippine Clearing House Corporation
- Director/ExCom/Treasurer of the Bankers Association of the Philippines
- President & CEO of International Exchange Bank
- Board Member/Trustee of the Museo de Iloilo
- SVP and Group Head of Global Transaction Banking of Citibank N.A.
- Faculty of College of Engineering/Director of Placement Office of the De La Salle University



Judith V. Lopez

Current Position in the Bank:
Independent Director

Age: 68

Nationality: Filipino

Education

- Bachelor of Science in Business Administration major in Accountancy from the University of the East
- Management Development Program from the Asian Institute of Management
- Executive Business Course for PWC Partners from the University of Western Ontario
- Executive Program from the Harvard School of Business
- Certificate in Business Economics- Strategic Economic Business Program from the University of Asia and the Pacific
- Certified Public Accountant

Date of First Appointment

- April 29, 2025

Number of Years Served as a Director of the Bank

- 8 months

Directorship in Other Listed Companies

- None

Other Current Positions

- Independent Director of PNB Capital and Investment Corporation

Other Previous Positions

- Independent Director of Philippine Veterans Bank
- Chairman/Member, External Audit Committee of International Monetary Fund (Washington DC)
- Chairman and Senior Partner/Vice Chairman/Managing Partner for Assurance/Audit Partner of Price Waterhouse Philippines/Isla Lipana & Co.
- Trustee/Chairman of FINEX Foundation
- Trustee of FINEX Academy
- President/Member of the Board of Financial Executives Institute of the Philippines
- Chairman of Audit and Assurance Standards Council
- Member of Financial Reporting Standards Council
- Member of Philippine Interpretations Committee
- President of Association of Certified Public Accountants in Public Practice (ACPAPP)
- President of ACPAPP Foundation
- Board Member/Sectoral Director for Public Practice of Philippine Institute of Certified Public Accountants



Chester Y. Luy

Current Position in the Bank:
Director

Age: 56

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
- Master's in Management from the J.L. Kellogg Graduate School of Management at Northwestern University, Evanston, Illinois, U.S.A.
- Chartered Financial Analyst (CFA)

Date of First Appointment

- May 11, 2020 (Board Advisor)
- September 22, 2023 (Director)

Number of Years Served as a Director of the Bank

- 3 years, 4 months (Board Advisor)
- 2 years, 3 months (Director)

Directorship in Other Listed Companies

- Board Advisor of LT Group, Inc.

Other Current Positions

- Director of Tanduary Distillers, Inc., Philippine National Bank (Europe) PLC, PNB Global Remittance and Financial Company (HK) Limited, and PNB Remittance Company (Canada)
- Board Advisor of Eton Properties Philippines, Inc. and PNB Capital and Investment Corporation

Other Previous Positions

- Board Advisor of Philippine National Bank
- He served in senior leadership roles as Managing Director across a variety of businesses including Investment Banking, Corporate Finance, Credit Risk Analysis, Investment Management, and Wealth Management with several international banks and was based in New York and Singapore.
- He held senior leadership roles at JPMorgan, Bank of America Merrill Lynch, Barclays Capital, HSBC, Julius Baer, Bank of Singapore, Rizal Commercial Banking Corporation, and PNB
- Executive Vice President (EVP) and Head of Strategy Sector and Head of Wealth Management Group of Philippine National Bank
- Senior Executive Vice President (SEVP), Treasurer and Head for the Financial Advisory and Markets Group (comprised of the Treasury and the Wealth Management Group) of RCBC
- President and CEO of RCBC Forex Brokers Corporation
- Director of PNB-Mizuho Leasing and Finance Corporation
- Member of the Singapore Institute of Directors
- Served on the Board of a Singapore-based Real Estate and Hospitality Entity

Awards/Citation

- Men Who Matter Award (2017) by People Asia Magazine Survey
- Top Senior Analyst in the U.S. by Institutional Investor Magazine Polls for several years
- Awarded as the Most Outstanding Business Administration Student for the Class of 1990 of University of the Philippines
- Graduated at the Top of his Class, garnering the highest GPA for the graduating University of the Philippines' B.S. Business Administration Class of 1990



Geocel D. Olanday

Current Position in the Bank:
Independent Director

Age: 70

Nationality: Filipino

Education

- Bachelor of Science in Business Administration and Accountancy from the University of the Philippines
- Master of Business Administration from the University of the Philippines
- Certified Public Accountant

Date of First Appointment

- October 11, 2024

Number of Years Served as a Director of the Bank

- 1 year, 2 months

Directorship in Other Listed Companies

- Lead Independent Director of SBS Philippines Corporation

Other Current Positions

- Independent Director of PNB Remittance Company (Canada)
- Teaching Fellow at the Institute of Corporate Directors
- Advisor of MERG Realty and Amaris Global Philippines
- Consultant at the Department of Education

Other Previous Positions

- CEO & Chief Advisor of Amaris Global Advisory Services (HK), Ltd.
- Trustee of South Metro Manila iHome Foundation, Inc.
- President of Eternal Bright Sanctuary, Inc.
- Advisor of MGS Construction Incorporated
- Non-Executive Director of Star 8 Green Technology Corporation, Philippines and Mindoro Resources Ltd.
- Chief Operating Officer of Moldex Realty, Inc., Habitat for Humanity Philippines Foundation, Household Development Corporation, Southwell Waterworks Corporation, Brittany Corporation, Capitol Development Bank Securities, Inc., and Brown Bull Properties, Inc.
- Part-time Professor Level 5 of De La Salle - College of Saint Benilde
- Senior Vice President of Greenfield Development Corporation
- Country General Manager of Baxter Healthcare Philippines, Inc.
- President of Golden MV Holdings, Inc., Manuela Corporation, and Citicorp Scrimgeour Vickers Ph
- Vice President of Citibank NA, Manila Branch
- Marketing Manager of Unilever Philippines, Inc.
- Vice President for Marketing of Security Bank Corporation - Diners Club International Corporation
- Assistant Vice President of Security Bank Corporation
- Part-time Manager of Plastimer Industrial Corporation
- Senior Product Manager of Unilever Philippines, Inc.



Isabelita M. Papa

Current Position in the Bank:
Lead Independent Director

Age: 77

Nationality: Filipino

Education

- Bachelor of Science in Commerce – Banking & Finance from the University of Sto. Tomas

Date of First Appointment

- August 5, 2021 (Independent Director)
- April 29, 2025 (Lead Independent Director)

Number of Years Served as a Director of the Bank

- 4 years, 4 months (Independent Director)
- 8 months (Lead Independent Director)

Directorship in Other Listed Companies

- None

Other Current Positions

- Independent Director of PNB-Mizuho Leasing and Finance Corporation, PNB-Mizuho Equipment Rentals Corporation, PNB Capital and Investment Corporation, PNB Remittance Centers, Inc., PNB Remittance Company (Canada), and PNB RCI Holding Co., Ltd.
- Sole Proprietor of Isabelita Transport
- Consultant of Bankers Association of the Philippines
- Co-Chairperson for the Task Force of the ISO 20022 Migration Project
- Resource Person for Corporate Governance of the Bankers Institute of the Philippines

Previous Positions

- Executive Vice President for Operations and Information Technology – Asia United Bank
- Director: Rural Bank of Angeles and Cavite United Rural Bank
- Senior Vice President/Country Manager – Bank of America N.A.
- Executive Vice President for Operations – United Overseas Bank Phils.
- Senior Vice President for Operations: Solidbank Corporation and The International Corporate Bank
- Assistant Vice President for International Division – Family Bank & Trust Co.
- Unit Head/Account Officer – Citibank N.A.
- Chairperson – SWIFT Users Group, Philippines
- Chairperson, Subcommittee on Payments and Funds Transfer – Bankers Association of the Philippines
- President / Resource Person for Corporate Governance – Bankers Institute of the Philippines
- Member – Catholic Mass Media Awards Committee



Wilfrido E. Sanchez

Current Position in the Bank:
Director

Age: 88

Nationality: Filipino

Education

- Bachelor of Arts degree from the Ateneo de Manila University
- Bachelor of Laws from the Ateneo De Manila University
- Master of Laws from Yale Law School

Date of First Appointment

- April 27, 2021 (Independent Director)
- April 30, 2024 (Director)

Number of Years Served as a Director of the Bank

- 3 years (Independent Director)
- 1 year, 8 months (Director)

Directorship in Other Listed Companies

- Board Advisor of LT Group, Inc.

Other Current Positions

- Tax Counsel of QMLaw Firm
- Independent Director of Asia Brewery, Inc., Tanduay Distillers, Inc., KS Prime Financial Corp., and Commercial Trade Financial Services, Inc.
- Director of Eton Properties Philippines, Inc., Kawasaki Motor Corporation, EMCOR, Inc., K-Servico, Inc., J-DEL Investments and Management Corp., WODEL Financial, Inc., and Trimotors Technology Corp.
- Trustee of JVR Foundation, Inc.

Other Previous Position/s

- Independent Director of Philippine National Bank, Eton Properties Philippines, Inc., and LT Group, Inc.
- Director of EEI Corporation and House of Investments, Inc.
- Vice Chairman/Director of Antonelli Realty Holdings, Inc.
- Trustee of NYK-TDG Friendship Foundation, Inc., Asian Institute of Management, and Gokongwei Brothers Foundation
- Independent Director of Transnational Diversified Corp., and Asiabest Group International Inc.
- Director of Universal Robina Corp., Transnational Plans, Inc., Center for Leadership & Change, Inc., Adventure International Tours, Inc., Transnational Financial Services, Inc., Amon Trading Corp., Rizal Commercial Banking Corporation, Magellan Capital Holdings Corporation, and Joint Research and Development Corporation



Sheila T. Pascual

Current Position in the Bank:
Director

Age: 63

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

- 6 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
- Treasurer of Eton Properties Ltd.

Other Previous Position/s

- Marketing Development Officer of Asia Brewery Incorporated



Eusebio V. Tan

Current Position in the Bank:
Director

Age: 74

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

- 2 years, 3 months

Directorship in Other Listed Companies

- None

Other Current Positions

- Of Counsel of Angara Abello Concepcion Regala & Cruz Law Offices (ACCRLAW)
- Director of PNB Holdings Corporation

Other Previous Positions

- Various positions in ACCRLAW
- 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 the Integrated Bar of the Philippines – Makati Chapter
- Member of the 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: 59

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

- 12 years, 11 months

Directorship in Other Listed Companies

- Director of LT Group, Inc. and Victorias Milling Company, Inc.

Other Current Positions

- Director, President and Chief Operating Officer of Asia Brewery, Inc.
- Director of the following companies: Absolut Distillers, Inc., Tanduary Distillers, Inc., Tanduary Brands International, Inc., Shareholdings, Inc., PMFTC Inc., Pan Asia Securities, Inc., Asia's Emerging Dragon

Corporation, Paramount Land Equities, Inc., Saturn Holdings, Inc., Tangent Holdings Corporation, PNB Global Remittance and Financial Company (HK) Limited, Allied Banking Corp. (Hong Kong) Limited, Foremost Farms, Inc., Trustmark Holdings Corporation, and Havitas Developments Corporation

- Director/Treasurer of Zuma Holdings and Management Corporation
- Trustee of Help Educate and Rear Orphans (HERO) Foundation, Inc.
- Member of ASEAN Business Advisory Council (ASEAN BAC)
- Director/Vice President of Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. (FFCCCII)
- Member of the Private Sector Advisory Council

Other Previous Positions

- Chairman of PNB Holdings Corporation
- Director/President/Chief Operating Officer of LT Group, Inc.
- Director of Philippine Airlines Inc., Bulawan Mining Corporation, PNB Management and Development Corporation, Alliedbankers Insurance Corporation, PNB Forex, Inc., PNB Savings Bank, Air Philippines Corp., Lucky Travel Corporation, Eton Properties Philippines, Inc., ALI-Eton Development Corporation, Sabre Travel Network (Philippines), Inc., Allied Commercial Bank, Xiamen, MacroAsia Corporation, Maranaw Hotel (Century Park Hotel)
- Director and Treasurer of PAL Holdings, Inc.
- Director for Transport and Vice President for Industry of Philippine Chamber of Commerce and Industry
- Trustee of Philippine Airlines Foundation, Inc.
- Director of Allied Banking Corporation (ABC) from January 30, 2008 until 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

- 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: 69

Nationality: Filipino

Education

- Bachelor of Science in Business Economics from the University of Philippines School of Economics (with honors)
- Master of Arts in Economics from the University of Philippines School of Economics
- Master of Science in Policy Science from the Graduate Institute of Policy Science in Tokyo, Japan
- Doctor of Philosophy in Economics from the Australian National University
- Leadership Course in Driving Government Performance from Harvard Kennedy School of Government

Date of First Appointment

- April 25, 2023

Number of Years Served as a Director of the Bank

- 2 years, 8 months

Directorship in Other Listed Companies

- None

Other Current Positions

- Independent Director of Radiowealth Finance Company Inc., Radiowealth Financial Services Corporation, and PNB International Investments Corporation
- Chairman/Independent Director of PNB Remittance Company (Canada)
- Advisor of the Association of BSP Retirees, Inc., and BSP Compassionate Leaders for Animal Welfare
- Advisor of the National Graduate Institute for Policy Studies – Philippine Alumni Association

Previous Positions

- Deputy Governor of the Resource Management Sector of the 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



Vivienne K. Tan

Current Position in the Bank:
Director

Age: 57

Nationality: Filipino

Education

- Bachelor of Science - Double Degree in Mathematics and Computer Science from the University of San Francisco, U.S.A.
- Diploma in Fashion Design and Manufacturing Management from the Fashion Institute of Design and Merchandising, Los Angeles, U.S.A.

Date of First Appointment

- December 15, 2017

Number of Years Served as a Director of the Bank

- 8 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

- 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)



Marcia T. Uy

Current Position in the Bank:
Independent Director

Age: 63

Nationality: Filipino

Education

- Bachelor of Science in Business Economics from the University of the Philippines, Diliman
- Master of Business Administration from Fordham University Graduate School of Business, New York
- Association of Corporate Treasurers (ACT) Certificate in International Treasury (CertT)

Date of First Appointment

- April 29, 2025

Number of Years Served as a Director of the Bank

- 8 months

Directorship in Other Listed Companies

- None

Other Current Positions

- Independent Director of PNB International Investments Corporation
- Director of McKinley West Homeowners' Association
- Affiliate Membership Association of Corporate Treasurers (ACT). The ACT is the only professional treasury body with a Royal Charter, serving as a center of excellence for treasury, risk, and corporate finance.
- Member NextGen Organization of Women Corporate Directors (NOWCD)

Other Previous Positions

- Head of Commercial Treasury, Assistant Group Treasurer & Director of Rio Tinto
- Treasurer of GE Healthcare
- Head of Treasury Operations of Shell Treasury Centre East of Royal Dutch Shell
- Head of Treasury & Corporate Finance of Pilipinas Shell Petroleum Corporation
- Senior Budget Analyst of the Office of Management & Budget, New York City
- Co-chair International Chamber of Commerce (ICC) Steering Committee Digital Trade Standards, Singapore



Cesar L. Villanueva

Current Position in the Bank:
Director

Age: 69
Nationality: Filipino
Education

- Bachelor of Science in Commerce – Magna Cum Laude from the Holy Angel University
- Bachelor of Laws – Valedictorian and Cum Laude from the Ateneo de Manila Law School
- Master of Laws from the Harvard Law School
- Diplomate of Juris Science from the San Beda Graduate School of Law
- Certified Public Accountant
- Member, Philippine Bar

Date of First Appointment

- April 29, 2025

Number of Years Served as a Director of the Bank

- 8 months

Directorship in Other Listed Companies

- None

Other Current Positions

- Senior Founding Partner of Villanueva Gabionza & Dy Law Firm
- Executive Director of Asian Development Bank Administrative Tribunal
- Independent Director of Professional Services, Inc./The Medical City
- Director of Kapampangan Development Foundation, Inc.
- Professorial Lecturer of Ateneo de Manila Law School
- Chairman of VGS Insurance Agency, Inc.
- Director of VGS Holdings, Inc.
- Director/President of VGS Properties, Inc.
- Director of VGS Land, Inc.
- Director of GTM Real Estate Holdings, Inc.
- Director of Batangas Land Company, Inc.

Other Previous Positions

- Dean of Ateneo de Manila Law School
- Director/Chairman of the Institute of Corporate Directors
- Independent Director of Medical Doctors, Inc. (Makati Medical Center)
- Chairman/CEO of GOCC Governance Commission
- Chairman of Clark Development Corporation
- Director of Clark International Airport Corp.



Florido P. Casuela

Current Position in the Bank:
Board Advisor

Age: 84
Nationality: Filipino
Education

- Bachelor of Science in Business Administration, major in Accounting, from the University of the Philippines
- Master of 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 (President)
- April 29, 2025 (Board Advisor)

Directorship in Other Listed Companies

- None

Other Current Positions

- Chairman of PNB Securities, Inc.

Other Previous Positions

- Director/President of Philippine National Bank
- Director of Allianz PNB Life Insurance, Inc.
- Director of BancNet, Inc.
- Director of PNB International Investments Corporation
- Director of PNB RCI Holding Co., Ltd.
- Director of PNB Remittance Company (Canada)
- Director and President of Genbancor Condominium Corporation
- President and Vice Chairman of Land Bank of the Philippines
- President and Vice Chairman of PNB Republic Bank (now Maybank Philippines, Inc.)
- President of Surigao Micro Credit Corporation
- Vice Chairman of PNB Savings Bank (now Allied Integrated Holdings, Inc.)
- Chairman of Casuela Equity Ventures, Inc.
- Director of Surigao Micro Credit Corporation
- Director of PNB Life Insurance, Inc.
- Director of Manila Electric Corporation
- Director of Asean Finance Corporation Ltd. (Singapore)
- Trustee of Land Bank of the Philippines Countryside Development Foundation, Inc.
- Senior Adviser of the Bank of Makati (a Savings Bank), Inc.
- Senior Adviser of 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.)
- Board Member of Fertilizer and Pesticide Authority (Note: Being represented in the FPA Board by FVP Jonathan Uy)

Awards/Citations

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



William T. Lim

Current Position in the Bank:
Board Advisor

Age: 85
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 Jordan, Inc.
- Director of PNB Securities, Inc., PNB Holdings Corporation, Allied Integrated Holdings, Inc. (formerly PNB Savings Bank), Allied Commercial Bank – Xiamen, and Genbancor Condominium Corporation
- Advisor to the Chairman of the Board of Directors of Allianz PNB Life Insurance, Inc.

Other Previous Positions

- Board Advisor of PNB Savings Bank
- Director of PNB Life Insurance, Inc., BH Fashion Retailers, Inc., and Concept Clothing, Co., Inc.
- Consultant of Allied Banking Corporation
- Director of Corporate Apparel, Inc.
- Director of Concept Clothing
- Director of Freeman Management and Development Corporation
- Worked with Equitable Banking Corporation for 30 years, occupying various positions, including as VP & Head of the Foreign Department



Federico C. Pascual

Current Position in the Bank:
Board Advisor

Age: 83
Nationality: Filipino
Education

- Bachelor of Arts, Ateneo de Manila University
- Bachelor of Laws (Member, Law Honors Society), University of the Philippines
- Master of Laws, Columbia University

Date of First Appointment

- May 27, 2014 (as Independent Director)
- April 27, 2021 (as Chairman of the Board)
- April 25, 2023 (Board Advisor)

Directorship in Other Listed Companies

- None

Other Current Positions

- Chairman of PNB-Mizuho Leasing and Finance Corporation and PNB-Mizuho Equipment Rentals Corporation

- Independent Director of Allianz PNB Life Insurance, Inc.
- President/Director of Tala Properties, Inc. and Woldingham Realty, Inc.
- Director of Apo Reef World Resort, Sarco Land Resources Ventures Corporation, SCTEX Development and Franchisers Corporation, and Hermosa Golden Rainbow Corporation
- Partner of the University of Nueva Caceres Bataan Branch

Other Previous Positions

- Independent Director of PNB International Investments Corporation
- Chairman/Independent Director of PNB General Insurers Co., Inc. and PNB Capital and Investment Corporation
- Independent Director of PNB Holdings Corporation and PNB Savings Bank
- President and General Manager of Government Service Insurance System
- President and CEO of Allied Banking Corporation and PNOC Alternative Fuels Corporation
- Various positions with PNB for twenty (20) years, including Acting President, CEO and Vice Chairman
- President and Director of Philippine Chamber of Commerce and Industry
- Chairman of National Reinsurance Corporation
- Co-Chairman of the Industry Development Council of the Department of Trade and Industry
- Treasurer of BAP-Credit Guarantee
- Director of San Miguel Corporation, Philippine Stock Exchange, Manila Hotel Corporation, Cultural Center of the Philippines, CITEM, Bankers Association of the Philippines, Philippine National Construction Corporation, Allied Cap Resources HK, Oceanic Bank SF, USA, AIDSISA Sugar Mill, PDCP Bank, Equitable PCIB, Bankard, Philippine International Trading Corporation, and Philippine National Oil Corporation
- Chairman and President of Alabang Country Club



Lourdes A. Salazar

Current Position in the Bank:
Board Advisor

Age: 70
Nationality: Filipino
Education
 • Bachelor of Science in Commerce – major in Accounting (BSC in Accounting), University of Santo Tomas
 • Certified Public Accountant
 • Bachelor of Laws (LLB), University of the East
Date of First Appointment
 • April 25, 2023
Directorship in Other Listed Companies
 • None

Other Current Positions
 • Chief Executive Officer & Director, Allied Banking Corporation (Hong Kong) Limited, a restricted license bank
 • Board Adviser of Philippine Airlines, Inc.
 • Trustee, Allied Banking Corporation (Hong Kong) Limited Provident Fund
 • Director, ACR Nominees Limited
 • Director & Shareholder, Aposal Realty Corporation
 • Trustee & Special Projects Adviser, The Hong Kong Bayanihan Trust
 • Chairman, The DTC Association (The Hong Kong Association of Restricted License Banks and Deposit-taking Companies)
 • Honorary Member, The Philippine Chamber of Commerce in Hong Kong
 • Member representing DTCA, The Hong Kong General Chamber of Commerce
 • Member representing DTCA, The Deposit-taking Companies Advisory Committee, Hong Kong Monetary Authority
 • Honorary Advisor, The Hongkong Institute of Bankers
Other Previous Positions
 • Independent Non-Executive Director, Allied Banking Corporation (Hong Kong) Limited, a restricted license bank
 • Independent Non-Executive Director, Dynamic Holdings Limited (HK Stock Code 29)
 • Executive Director, The Philippine Chamber of Commerce in Hong Kong
 • Member, HK Qualifications Framework Banking Industry Training Advisory Committee
Awards/Citations
 • Banaag Award – The Philippine Presidential Citation for Filipino Individuals 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: 84
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, 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., Tanduary 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: 78
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 N.A. 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



Ruth Pamela E. Tanghal

Current Position in the Bank:
Corporate Secretary

Age : 57
Nationality: Filipino
Education
 • Bachelor of Science in Mathematics from the Notre Dame University, Cotabato City
 • Juris Doctor from the Notre Dame University, Cotabato City
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

Management Committee



Standing from left: Francis B. Albalate, Roland V. Oscuro, Lotus R. Altavas, Allan L. Ang, Maria Paz D. Lim, Edwin R. Bautista
Seated from left: Roberto F. Abastillas, Jennifer Y. Ng

Standing from left: Juliet S. Dytoc, Reynaldo C. Burgos, Mariana F. Caculitan, Antonio M. Elicaño, Jenilyn B. Valdez, Joel D. Tirona
Seated: Mariza L. Tiburcio

Management Committee



Standing from left: Mark S. Pantallon, Michael M. Morillos, Maria Teresa C. Velasco, Noel C. Malabag, Humildad M. Santelices, Dave T. Morales
Seated: Constantino T. Yap

Standing from left: Modette Ines V. Cariño, Roberto D. Baltazar, Analisa I. San Pedro, Carlo S. Dimaala, Melissa K. Gabor, Mario Luis P. Cruel
Seated: Joy Jasmin R. Santos

**Edwin R. Bautista**

65, Filipino. “Edwin” is a seasoned banking executive with decades of leadership experience across universal banking, digital banking, and financial services. He currently serves as Executive Director, President, and Chief Executive Officer of Philippine National Bank, a role to which he was appointed on April 29, 2025. He holds a Bachelor of Science in Mechanical Engineering from De La Salle University and completed the Advanced Management Program at Harvard Business School. Prior to his current appointment, he held numerous senior leadership and board positions, most notably as President and CEO of UnionBank of the Philippines, where he previously served as President and COO and held various roles from Senior Vice President to Senior Executive Vice President. His extensive board experience spans publicly listed and non-listed institutions, including Union Digital Bank, Citibank N.A., Aboitiz Power Corporation, Aboitiz Equity Ventures, BancNet, and the Philippine Clearing House Corporation, among others. In addition to his corporate roles, he remains active in industry and academic circles, serving as Director of the Bankers Association of the Philippines and as Trustee of several educational and cultural institutions, reflecting his strong commitment to governance, innovation, and institutional development.

**Roberto Fo. Abastillas**

65, Filipino. “Bobby” is an Executive Vice President and Head of the Institutional Banking Sector. He obtained his Bachelor of Science in Management (Honors Program) from the Ateneo de Manila University and completed the Management Development Program at the Asian Institute of Management. He brings over 40 years of banking experience, including 18 years in key leadership roles at UnionBank of the Philippines. His previous positions include Executive Vice President and Head of the Commercial Banking Center and SME Group. He also served as a member of the Board of several UnionBank subsidiaries, including Bangko Kabayan Inc. (2023) and First Union Insurance and Financial Agencies, Inc. (2017). In addition, he served as Co-Chairman of the Credit Committee and was a member of both the Management and Retirement Committees. Prior to joining PNB, he worked as a consultant, providing strategic guidance to help organizations achieve their financial objectives. Earlier in his career, he held various leadership and officer roles across several financial institutions, including First Vice President and Account Management Group Head at International Exchange Bank (1995), Vice President and Account Management Center Group Head 1 at United Coconut Planters Bank (1986), Account Officer at UnionBank (1983), and Associate Account Officer at Family Bank & Trust Company (1982).

**Francis B. Albalade**

55, Filipino. “Francis” is an Executive Vice President and Chief Financial Officer of the Philippine National Bank. He is a Certified Public Accountant and currently serves as Vice President and Member of the Board of Trustees 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 concurrently served as Head of Transaction Advisory Services (2007–2009) and Audit Senior Manager (1999–2003). He later served as Financial Services Industry Audit Leader at Deloitte Philippines from 2011 to 2016. He earned a Master’s degree in Business Management from the Asian Institute of Management and a Bachelor of Science in Commerce, major in Accounting, from San Beda College. He also attended the Pacific Rim Bankers Program at the University of Washington in 2006.

**Roberto D. Baltazar**

62, Filipino. “Dondi” is an Executive Vice President and Head of Global Banking and Markets Sector, which supervises the Global Markets Group and Wealth Management Group. He is likewise an Advisor at PNB Capital and Investment Corporation. He sits as a voting member of the Asset/Liability Committee (ALCO), Senior Management Credit Committee, and the Institutional Banking Credit Committee. He is likewise Chairman of the Customer Experience Committee. He brings with him over 40 years of banking experience in the Financial Markets, Corporate Banking and Investment Banking. He was a relationship manager in the former Far East Bank and Trust Company; spent 4 years in Citibank as a foreign exchange trader; then moved to HSBC in 1994 as Head of Foreign Exchange (FX) Trading before eventually becoming 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 Philippines President in 2013. He was an active member of the BAP Open Market Committee, specifically in the Foreign Exchange Subcommittee. Dondi obtained his Bachelor of Arts in Economics from the Ateneo de Manila University and Master’s in Business Administration from the University of North Carolina at Chapel Hill, USA.

**Allan L. Ang**

51, Filipino. “Allan” is a First Senior Vice President and Deputy Head of the Institutional Banking Sector for Corporate Banking at PNB. He joined PNB in February 2008 as a Corporate Banking Account Officer and steadily advanced through the organization. He was promoted to Division Head in 2009, and in February 2013, he was appointed Corporate Banking Group Head. His responsibilities further expanded in 2016 when he concurrently served as Head of the Government Banking Group and the Ecosystem Division. In 2023, he assumed his current sector-wide leadership role. With more than 30 years of experience in corporate banking and credit analytics, Allan has played a key role in driving the Bank’s portfolio growth. His expertise spans corporate finance, including project finance, mergers and acquisitions (M&A) financing, offshore financing, and traditional lending. He also plays an active role in bank governance as a member of PNB’s Asset and Liability Committee and various credit committees. Prior to joining PNB, Allan held senior leadership roles in global banking institutions. He served as Head of Southeast Asia and India Cluster Credit Analytics at Citibank, N.A., and earlier as Head of Corporate Banking at Bank of China, where he established corporate banking policies and procedures. Allan holds a Bachelor of Science in Industrial Engineering from the University of Santo Tomas and a Master of Science in Computational Finance, with distinction (Silver Medal), from De La Salle University.

**Reynaldo C. Burgos**

57, Filipino. “Rey” is a First Senior Vice President and Head of the Centralized 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 Board of Directors and a member of the Operations and e-Banking Committees. He is also a Director of the Philippine Clearing House Corporation (PCHC) and a member of the Executive, Arbitration, and Information Technology Committees. Before joining PNB, he was connected with Metropolitan Bank & Trust Company (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 process re-engineering, branch transformation to a sales model, process review and streamlining, data-driven work and analytics, and automation. He was a major contributor to the Cash Service Alliance (CSA) Project of the Bangko Sentral ng Pilipinas (BSP) and acted as Technical Working Group Head in the implementation of the Check Image Clearing System (CICS) in the Philippines, under the guidance of the BSP, PCHC, and BAP. He served as President of the Clearing Officers Club, Inc. (COCI) of the Philippines for 11 years and is an ex officio member to date. Rey holds a Bachelor of Science in Commerce, major in Accountancy, from Colegio de San Juan de Letran.



60, Filipino. “Muffet” is a 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 (GSG) 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.



57, Filipino. “Caloy” is a seasoned professional in the banking industry and currently serves as First Senior Vice President and Head of the Retail Banking Sector. With over 36 years of extensive experience, he has built a distinguished career that began in 1989, when he joined Far East Bank and Trust Company as a Settling Clerk. After six years, he transitioned to Banco de Oro, where he served as a Branch Accountant for more than a year. His career then progressed through a series of increasingly responsible roles, starting with BA Savings Bank in October 1996. By May 1997, he joined Capitol Development Bank, and a year later moved to Rizal Commercial Banking Corporation – Savings Bank, where he dedicated nearly five years of service. In 2004, he joined Allied Banking Corporation (ABC) as a Branch Operations Officer. His tenure at ABC was marked by significant professional growth and achievement. He developed comprehensive expertise in branch banking operations, advancing through key leadership roles including Branch Head, Area Head, and Region Head. His strong leadership and sustained performance culminated in his appointment as Branch Banking Group Head for Visayas and Mindanao in March 2018. This track record was further recognized when, on May 16, 2024, he was promoted to head the Retail Banking Sector, officially assuming his new responsibilities and the rank of First Senior Vice President effective June 1, 2024. Caloy holds a Bachelor of Science in Accountancy from the University of San Jose–Recoletos, Main Campus, and a Master’s degree in Business Administration from the same institution.



64, Filipino. “Girlie” is a First Senior Vice President and Corporate Treasurer of PNB. She concurrently serves as Treasurer of PNB Capital and Investment Corporation and Allied Integrated Holdings, Inc. She obtained her Bachelor of Science in Business Administration, major in Finance and Marketing, from the University of the Philippines, and a Master of Business Administration from the Ateneo de Manila University. She joined PNB on June 23, 1981, rose through the ranks, and held various officer positions in the Department of Economics & Research, Budget Office, and Corporate Disbursing Office prior to her current role.



54, Filipino. “Noel” is a First Senior Vice President – Deputy Head of Global Banking and Markets Sector and Head of Global Markets Group. Prior to joining the Bank, he was 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 with HSBC Philippines, where he honed his expertise in interest rates, foreign exchange, derivatives, and liquidity management. A respected member of the banking industry with over 30 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 earned his Bachelor of Science degree, major in Marketing Management, from De La Salle University.



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



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

**Roland V. Oscuro**

62, Filipino. “Roland” is a First Senior Vice President and Chief Information Security Officer, concurrently serving as Data Protection Officer. He obtained his Bachelor of Science in Electronics and Communications Engineering degree from the Mapúa Institute of Technology and earned units in the Master of Business Administration for Middle Managers program at the Ateneo de Manila Graduate School. He is a licensed Electronics and Communications Engineer and an ISACA-Certified Information Security Manager (CISM). Prior to his present position, Roland was hired as an IT Consultant of the Bank on November 2, 2003. In May 2004, he was appointed Head of the Network Management Division of the Information Technology Group, with the rank of First Vice President. Before joining PNB, he served as Operational Support System Group Manager of Multi-Media Telephony, Inc. (Broadband Philippines). He was also associated with various corporations, including Ediserve Corp. (Global Sources), Sterling Tobacco Corporation, Zero Datasoft (Al Bassam), the Metal Industry Research and Development Center, and Pacific Office Machines, Inc.

**Humildad M. Santelices**

57, Filipino. “Mil” is a First Senior Vice President and Deputy Head of the 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 of the Senior Management Credit Committee and the Institutional Banking Sector Credit Committee. Prior to her current role, she served as 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 President and Chief Executive Officer of RCBC Leasing & Finance Corporation and RCBC Rental Corporation (formerly First Malayan Leasing & Finance Corporation and Malayan Rental Corporation) before joining PNB. She began her banking career at 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 Assistant Vice President and Department Head for Lending in 2000. She moved to Chinatrust Commercial Bank as a Credit Review Officer from 2002 to 2004 and as Division Head / Project Team Head – New Markets in 2005. Subsequently, she served as Vice President and Division Head of SME Lending at Planters Development Bank from 2005 to 2007. Mil is a Certified Public Accountant and earned her Bachelor of Science in Business Administration, major in Accounting, from Catanduanes State Colleges and her Master of Business Administration from the Asian Institute of Management.

**Mariza L. Tiburcio**

55, Filipino. “Mariza” is a First Senior Vice President and Head of the Remedial Accounts Management Group of Philippine National Bank. She was promoted to First Senior Vice President in 2022, reflecting her expanded leadership responsibilities and significant contributions to the Bank. Mariza oversees the Bank’s strategies for remedial accounts and plays a key role in maintaining asset quality and strengthening the credit risk management framework. Her leadership is instrumental in the effective management of non-performing loans, driving improvements in portfolio performance and reinforcing robust risk controls across the organization. Prior to her current appointment, she held progressively senior positions within PNB since 2003, through which she developed extensive expertise in the management of non-performing loans and remedial accounts. She holds a Bachelor of Science in Business Administration, major in Management, from Ateneo de Naga University.

**Lotus R. Altavas**

51, Filipino. “Lotus” is a Senior Vice President and Head of the Human Resource Group. She is a seasoned HR professional with over 20 years of solid experience gained in the banking and financial services industry. Prior to joining PNB in March 2024, she held the role of HR Business Partner at BDO Unibank, Inc., covering the Information Technology Group. Before BDO, she was associated with ING Bank for six years as Director and Head of Human Resources, concurrently serving as HR Business Partner for Asia Retail Markets. She worked at Citi for 12 years, where she held, among others, an HR Generalist role for various business units. She left Citi in 2016 as Vice President, handling HR for the Operations and Technology Group. Lotus graduated magna cum laude from St. Scholastica’s College, Manila, earning degrees of Bachelor of Science in Psychology and Bachelor of Arts in Guidance and Counseling.

**Mario Luis P. Cruel**

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

**Antonio M. Elicaño**

61, Filipino. “Anton” is a Senior Vice President and Chief Legal Counsel of Philippine National Bank. He earned a double major from the Ateneo de Manila University in 1987 and 1988 and obtained his Juris Doctor (J.D.) from the Ateneo Law School in 1994. Prior to joining the Bank in 2010, he served as a Court Attorney at the Supreme Court of the Philippines for four years, followed by a year in Malacañang as Deputy Executive Director of the Preparatory Commission on Constitutional Reforms. He entered private practice in 2000 and was with the Bernas Law Offices until 2010.

**Jennifer Y. Ng**

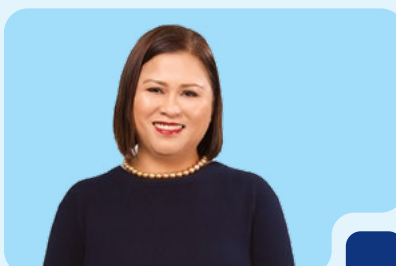
52, Filipino. “Jen” is a Senior Vice President and Chief Marketing and Customer Experience Officer at PNB, where she provides strategic leadership in brand stewardship, customer experience transformation, and enterprise-wide marketing initiatives. Prior to assuming leadership of Marketing, she served as Head of the Bank’s Branch Banking Group for Metro Manila, providing strategic direction to operational excellence, sales performance, and service delivery across the network. With over 25 years of distinguished experience in banking and financial services, Jen has held senior leadership roles at Security Bank Corporation, Asiatrust Development Bank, and Planters Development Bank, where she honed deep expertise in branch banking, consumer sales, and integrated marketing. She also brought her regional perspective to the remittance industry as Director for Asia Pacific and Head of Philippine Operations of Transfast Remittance LLC. Under her leadership, PNB launched its “Every Step Together” rebranding campaign, which garnered multiple accolades, including Rebranding Campaign of the Year at the Asian Banking and Finance Awards. In early 2026, Jen was elected to the Board of Trustees as a Director of the Bank Marketing Association of the Philippines, where she actively contributes to advancing industry standards, collaboration, and best practices. Jen holds a Bachelor of Science in Medical Technology from the University of Santo Tomas and a Master of Business Administration from the Ateneo Graduate School of Business (Regis Program).

**Joy Jasmin R. Santos**

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

**Jenilyn B. Valdez**

50, Filipino. “Jen” is a Senior Vice President and Head of the Corporate Planning, Strategy, and Research Group. She earned her Bachelor of Science in Commerce, major in Marketing Management, from De La Salle University. She completed her Master of Management at the Macquarie Graduate School of Management, Macquarie University, in Sydney, Australia. In 2022, she obtained a Certificate in Corporate and Strategic Planning for Executives from the Asian Institute of Management. Prior to joining PNB, she served as First Vice President at Security Bank Corporation and Head of the Financial Planning Division from September 2020 to August 2025. Her fintech experience was gained at TrueMoney Philippines, Inc., where she served as Chief Financial Officer and Treasurer from 2016 to 2020, and at G-Xchange, Inc., where she held the role of Finance and Treasury Operations Director from 2014 to 2016. Earlier in her career, she held various leadership roles at Citibank Philippines, N.A. within the Global Consumer Business, from 2006 to 2014. Her international exposure includes experience in Mergers and Acquisitions (M&A) Research and Capital Markets, where she worked in Sydney, Australia, with Thomson Reuters Australia from 2000 to 2005.

**Maria Teresa C. Velasco**

54, Filipino. “Mau” is a Senior Vice President of Philippine National Bank (PNB), serving as Deputy Head of the Global Banking and Markets Sector and Head of the Wealth Management Group. She assumed leadership of the Wealth Management Group in 2019, where she provides strategic direction across portfolio growth, advisory standards, product strategy, and risk and governance alignment. Since taking on her current role, Mau has led the strategic evolution of the business by elevating advisory quality, modernizing processes, and strengthening investment and product capabilities. Her leadership has positioned the Wealth Management Group for long-term competitiveness amid increasingly dynamic and complex market conditions. Central to her approach is building a high-performing team and fostering a client-centric, performance-driven culture anchored on disciplined execution and continuous learning. Prior to joining PNB, Mau served as Senior Vice President and Head of Global Distribution and Advisory at Rizal Commercial Banking Corporation. Earlier in her career, she held senior Treasury leadership roles in sales, derivatives, and product development at BDO Unibank, Inc., and began her professional journey as a Treasury Banking Analyst at San Miguel Food Group. Mau holds a Bachelor of Arts in Economics under the Honors Program from Ateneo de Manila University, where she graduated with Honorable Mention. She has completed extensive executive and professional training in corporate governance, leadership development, treasury management, and investments.

**Constantino T. Yap**

62, Filipino. “Cons” is a Senior Vice President and Head of the Digital Channel Management and Innovation Group, overseeing the Bank’s business strategies related to digital transformation. In 2007, he joined Allied Banking Corporation (ABC) as Special Projects Manager within the IT Division, where he spearheaded core banking system implementations for Allied Commercial Bank (Xiamen) and First Investment Finance Limited in Papua New Guinea. Following the merger of ABC and PNB, he was appointed Head of IT in 2013, where he implemented integration strategies for core banking and other banking applications across several banking organizations. In 2018, he was assigned to the Office of the President to oversee the Bank’s strategies related to information technology. With over 18 years of experience in IT and banking, Cons has been instrumental in driving technological advancements and operational efficiency. Prior to joining the banking industry, he served as Dean of the College of Engineering and the College of Computer Studies and Systems at the University of the East (Manila campus) from 2005 to 2007, and as Assistant Dean of the College of Computer Studies at Lyceum of the Philippines from 2004 to 2005. He also served as 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**

55, Filipino. “Juliet” is a 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, covering a comprehensive range of risk areas, including credit, market, operational, strategic, regulatory, liquidity, and reputational risks, among others. In September 2020, Juliet was appointed Head of the Market and Asset Liability Management (ALM) Division to manage the Bank’s market, liquidity, and interest rate risk exposures. She was designated Officer-in-Charge of the Enterprise Risk Management Group in February 2022 and was appointed Chief Risk Officer in March 2023. She has more than 30 years of experience in the banking and finance industry in the areas of risk management, investment analysis, account management, and product development. She began her career as a Management Trainee under PCIBank’s Management Development Program and was eventually seconded to PCIB Securities as an Investment Analyst. She later developed an interest in the trust business and was transferred to Equitable PCI Bank (now BDO Unibank) as a Trust Portfolio Manager. She continued this track at Metrobank as Trust Credit and Risk Officer, where she was part of the first trust risk management unit in the banking industry. She briefly handled product management at Standard Chartered Bank, where she introduced structured products for wealth management clients. At Sterling Bank of Asia, she refocused on risk management as Head of the Market Risk Unit. She is fluent in French and has conversational proficiency in Chinese. Juliet graduated cum laude with a Bachelor of Arts in European Languages and earned her Master’s in Business Administration from the University of the Philippines. In 2000, she completed a one-year course in Trust Operations and Investment Management at the Trust Institute Foundation of the Philippines (TIFFP), placing fourth out of 80 participants. She was previously certified by the Securities and Exchange Commission (SEC) as a Fixed Income Salesman. She is a Chartered Financial Analyst (CFA®) charterholder and has been an active member of the CFA Society of the Philippines since 2005.

**Melissa K. Gabor**

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

**Modette Ines V. Cariño**

54, Filipino. “Modette” is a Senior Vice President and Assistant to the President. Prior to her current role, she served as First Vice President and Head of the Consumer Credit Division of the Retail Lending Group. Having dedicated 18 years to the Bank, she began her career as a Business Development Officer under the Consumer Finance Group and eventually handled the 14 Regional Consumer Finance Centers nationwide. She was subsequently seconded to PNB Savings Bank in March 2015 as Consumer Banking Group Head. With her extensive experience in consumer lending, she was appointed President and Chief Executive Officer of PNB-IBJL Leasing and Finance in October 2016. She returned to PNB in July 2019 as Head of the Retail Lending – Metro Manila Sales Division. Prior to joining the Bank, she worked with various banks engaged in consumer lending, including Security Bank Corporation, International Exchange Bank, and Union Bank. She holds a Bachelor of Science in Commerce, major in Accounting, from De La Salle University.

**Joel D. Tirona**

46, Filipino. “Joel” is the Officer-in-Charge of the Cards and Financial Solutions Group and currently heads the Cards and Payments Solutions Division of Philippine National Bank. In this role, he provides strategic leadership in the development, portfolio management, and growth of the Bank’s credit card and payments businesses, including initiatives that expand digital and alternative payment channels. With over two decades of experience in the financial services industry, Joel has built deep expertise in credit cards, payments, and consumer banking. His work focuses on technology-driven initiatives, new product development, and the rollout of innovative solutions that enable secure and seamless customer transactions. Joel also represents Philippine National Bank on the steering committee of the InstaPay network under Philippine Payments Management, Inc., where he contributes to the advancement of the Philippines’ real-time retail payments ecosystem. Prior to joining Philippine National Bank, Joel held key roles at Citi Philippines as Marketing Program Manager, Metropolitan Bank & Trust Company as Senior Channel Manager, and Bank of the Philippine Islands as Senior IT Project Manager. Joel earned his Bachelor of Science in Information Technology from the University of Asia and the Pacific and completed the Management Development Program at the Asian Institute of Management.

**Mark S. Pantallon**

46, Filipino. “Mark” is a Senior Vice President and Controller. A Certified Public Accountant, he is the Head of Accounting and Controllershship Group. Prior to his current role, he was in public practice from 2003 to 2010, serving as Director for Assurance and Advisory Business Services and Financial Services Risk Management at Sycip Gorres Velayo & Co. From 2010 to 2014, he worked at the Bank of Commerce (BOC) as Quality Assurance Department Head under the Internal Audit Division and was later designated Officer-in-Charge of the Finance and Controllershship Group of BOC. From 2014 to 2022, he joined Metrobank as Tax Management Department Head, where he ensured compliance with tax laws, regulations, and filing requirements. He was also assigned as Group Financial Reporting Standards Department Head, where he was responsible for the Metrobank Group’s compliance with accounting standards. He was subsequently promoted as Specialized Accounting Division Head, overseeing the financial reporting and accounting controls of various departments and sections. From 2022 to 2024, he had a stint at City Savings Bank as Financial Controller, where he oversaw the annual bank-wide budgeting and financial reporting processes. Mark graduated from Ateneo de Zamboanga University with a Bachelor of Science in Accountancy.

**Analisa I. San Pedro**

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



PNB 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

PNB's domestic and overseas subsidiaries and offices support its strategic objectives and expand its market reach. They deliver a broad range of financial services, enhancing the Bank's ability to serve diverse customer segments and contributing to operational resilience and sustained growth.

Domestic Subsidiaries and Affiliate

ALLIANZ PNB LIFE INSURANCE, INC.

Allianz PNB Life, Inc. (AZPNBL) was established in 2016 through a joint venture between German-based Allianz Group and the Philippine National Bank (PNB).

Allianz ranked as the top insurance brand and 27th overall in the 2025 Interbrand global rankings, and is recognized as one of the most sustainable global insurers according to the Dow Jones Sustainability Index. Locally, AZPNBL has been certified as a Great Place to Work for three consecutive years and was recognized by Insurance Business Asia as a Top Insurance Employer in 2024. The company is committed to doing the right things the right way—not only for its customers and employees, but also for the communities it serves. It focuses on building resilient societies by implementing programs that reduce environmental impact while empowering college-aged youth and single mothers, enabling them not only to get by, but to improve their lives.

AZPNBL currently operates 22 business centers in key cities in the Philippines, with almost 400 Financial Solution Specialists serving customers of its bancassurance partner PNB, and over 1,945 Life Changers™ 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 was converted into a holding company on October 28, 2020, following PNB's substantial acquisition of its assets and assumption of its liabilities on March 1, 2020, and the subsequent surrender of its thrift bank license to the Bangko Sentral ng Pilipinas (BSP) on March 5, 2020.

The Securities and Exchange Commission Philippines (SEC) later approved, on February 23, 2021, the Bank's conversion from a savings bank to a holding company, the change in its corporate name, and the shortening of its corporate term until December 31, 2022.

As a holding company, AIHI was primarily tasked with managing the remaining real estate assets of the former PNB Savings Bank. It is now in the process of winding down its operations following the end of its corporate life at year-end 2022.

PNB CAPITAL AND INVESTMENT CORPORATION

PNB Capital and Investment Corporation (PNB Capital) is the wholly-owned investment banking arm of PNB. It provides a full range of investment banking services, including loan syndications, retail bond offerings, private placements of debt and equity, public offerings of shares, securitization, and financial advisory services 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 and remains highly active in capital market transactions in the country. It has been recognized multiple times by both local and international award-giving bodies for the successful execution of landmark transactions, reaffirming its commitment to excellence in financial intermediation.

Among its notable accolades are the Transport Deal of the Year at the The Asset Triple A Awards 2024 for the ₱100.0 billion syndicated term loan for SMC Mass Rail Transit 7, Inc.; the Renewable Energy Deal of the Year – Solar and Best IPO Deal at the The Asset Triple A Awards 2025 for the ₱18.2 billion syndicated term loan for 3 Barracuda Energy Corporation and the ₱5.3 billion initial public offering of Citicore Renewable Energy Corp., respectively; the Best Sustainability Bond at the The Asset Triple A Awards 2025 for the US\$300 million sustainability bond issuance of PNB; and the Sustainability Bond of the Year – Philippines at the Asian Banking & Finance Corporate and Investment Banking Awards 2025 for the ₱3.0 billion syndicated term loan for Cebu2World Development Inc.

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 banks, and Mizuho Leasing and Finance Corporation, a member of the Mizuho Financial Group, one of Japan's largest financial services groups.

PNB-Mizuho previously operated as a financing company providing finance leases, operating leases through its wholly-owned subsidiary, PNB-Mizuho Equipment Rentals Corporation (PMERC), and term loans for productive capital expenditures secured by chattel mortgages. PMERC was incorporated in the Philippines in July 2008 as a rental company engaged in the leasing of various 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 the necessary regulatory approvals.

The SEC approved the amendment to the Articles of Incorporation of PNB-Mizuho on December 23, 2022, shortening its corporate term to March 31, 2024, and subsequently approved the amendment to the Articles of Incorporation of PMERC on November 22, 2023, shortening its corporate term to December 31, 2024.

To date, the winding-down process for both entities is ongoing following the end of their respective corporate terms in 2024.

**PNB SECURITIES, INC.**

PNB Securities, Inc. (PNB SI) is a wholly-owned subsidiary of Philippine National Bank (PNB) engaged in the brokerage and dealing of various common and preferred equities, Real Estate Investment Trusts (REITs), Exchange-Traded Funds (ETFs), and other equity-related securities listed on the Philippine Stock Exchange (PSE).

PNB SI provides a range of equity-related services, including, but not limited to, the distribution of initial public offerings in collaboration with PNB Capital, PNB branches, and the Parent Bank's Trust Banking Group and Wealth Management Group; block sales; private placements; tender offer agency; and price stabilization agency services. It also facilitates the processing of dividend and pre-emptive rights entitlements on behalf of its clients.

The Company likewise collaborates with PNB Research in arranging corporate access for its foreign institutional clients.

In addition, PNB SI offers technical research studies and distributes PNB Research reports to inform and guide clients in making investment decisions in the equities market.

Overseas Branches and Subsidiaries

The Bank has the largest overseas network among Philippine banks, with 67 branches, representative offices, remittance centres and subsidiaries in the United States, Canada, Europe, the Middle East and Asia. The Bank also has 106 overseas agents and tie-up partners and maintains correspondent relationships with 333 banks and financial institutions worldwide as at 31 December 2025. Its foreign subsidiaries include the following:

PNB INTERNATIONAL INVESTMENTS CORPORATION

PNB International Investments Corporation (PNB IIC), formerly Century Holding Corporation, a wholly-owned subsidiary of the Bank, is a U.S. non-bank holding company incorporated in California on 21 December 1979. It changed its name to PNB International Investment Corporation on 16 November 1999. PNB IIC owns PNB Remittance Centres, Inc. ("PNB RCI") which was incorporated in California on 19 October 1990. PNB RCI is a company engaged in the business of transmitting money to the Philippines. As of 30 June 2024 PNB RCI has 17 branches in six states of the United States of America.

Effective December 31, 2024, PNB IIC purchased PNB RCI Holding Company, Ltd. which was incorporated in California on 18 August 1999. PNB RCI Holding Company, Ltd. is the holding company for PNB Remittance Company Canada ("PNB RCC"). PNB RCC is also a money transfer company incorporated in Canada on 26 April 2000. PNB RCC has 6 branches as of 30 June 2025.

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

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

PNB GLOBAL REMITTANCE & FINANCIAL COMPANY (HK) LIMITED

PNB Global Remittance & 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.

PHILIPPINE NATIONAL BANK (EUROPE) PLC

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

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

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

ALLIED COMMERCIAL BANK

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

From its establishment in 1993 until 2017, ACB was authorized to deal exclusively in foreign currency-denominated products and services. In 2017, it was permitted to offer local currency, or Chinese Yuan (CNY)-denominated, products and services, except to local residents. In 2020, ACB obtained a banking license that enabled it to serve all market segments and offer a full range of traditional banking products in both local and foreign currencies.

Today, ACB operates as a full-service commercial bank specializing in international trade finance and lending to micro, small, and medium-sized enterprises. It offers a diverse and competitive suite of deposit and lending products and remains committed to developing innovative financial solutions that address the evolving needs of its target clients.

In support of its strategic and operational priorities, ACB has undertaken key initiatives to enhance service delivery and strengthen risk management. In 2020, it launched an enterprise internet banking system to improve convenience for corporate depositors. This was followed in 2022 by system upgrades that automated credit management processes, resulting in improved operational efficiency and stronger risk control.

ACB has also expanded its capabilities in cross-border Chinese Yuan (CNY) business, which covers trade settlements and related transactions conducted in CNY between China and its international trade partners. In early 2024, the Bank successfully developed and tested a pre-system for cross-border CNY payment and collection information management. Following regulatory approval in July 2024, ACB now provides customers with efficient cross-border settlement and financing services.

In line with China's credit investigation framework, which requires banks to submit credit exposure data, ACB advanced the completion of its second-generation corporate credit reporting system in 2024. This initiative further enhanced the accuracy and timeliness of enterprise credit data submissions, ensuring compliance with regulatory requirements.

In 2023, ACB amended its Articles of Association and By-laws to adopt a perpetual corporate term, alongside supplementary revisions aimed at aligning with regulatory standards, strengthening corporate governance, and optimizing the effectiveness of the Board of Directors, Board of Supervisors, and senior management mechanisms. Guided by these updates, ACB has reinforced its governance framework, enhanced organizational effectiveness, and laid a solid foundation for long-term, sustainable growth.

ALLIED BANKING CORPORATION (HONG KONG) LIMITED

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

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

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

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 as follows:

	2024		2025	
	High	Low	High	Low
Jan – Mar	20.80	18.46	49.50	27.55
Apr – Jun	23.95	19.12	55.00	42.00
Jul – Sep	28.90	21.75	71.00	52.30
Oct – Dec	28.25	25.25	55.40	50.00

2. Holders

There are 35,544 shareholders as of December 31, 2025, 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
1. PCD Nominee Corporation (Filipino)	Filipino	169,800,452	11.1288742823	*
2. Key Landmark Investments, Ltd.	Filipino	133,277,924	8.7351549618	*
3. True Success Profits Limited	Filipino	82,017,184	5.3754799765	*
Caravan Holdings Corporation	Filipino	82,017,184	5.3754799765	*
Solar Holdings Corporation	Filipino	82,017,184	5.3754799765	*
4. Prima Equities & Investments Corp.	Filipino	71,765,036	4.7035449794	*
5. Leadway Holdings, Inc.	Filipino	65,310,444	4.2805052168	*
6. Infinity Equities, Inc.	Filipino	61,512,888	4.0316099824	*
7. Pioneer Holdings Equities, Inc.	Filipino	34,254,212	2.2450518506	*
8. Josefina Multi-Ventures Corp.	Filipino	32,152,250	2.1072873713	*
9. PCD Nominee Corporation (Non-Filipino)	Non-Filipino	30,816,056	2.0197120153	*
10. Multiple Star Holdings Corp.	Filipino	30,798,151	2.0185385055	*
11. Donfar Management Limited	Filipino	30,747,898	2.0152448787	*
12. Uttermost Success, Limited	Filipino	30,233,288	1.9815168766	*
13. Mavelstone International Limited	Filipino	29,575,168	1.9383831001	*
14. Pan Asia Securities Corporation	Filipino	27,630,781	1.8109462281	*

Name of Stockholder	Nationality	No. of Shares	Percentage of Ownership	Voting Status
15. Kenrock Holdings Corp.	Filipino	26,018,279	1.7052613973	*
16. Fil-Care Holdings, Inc.	Filipino	25,450,962	1.6680789310	*
17. Fairlink Holdings Corp.	Filipino	25,207,795	1.6521415472	*
18. Purple Crystal Holdings, Inc.	Filipino	24,404,724	1.5995075519	*
19. Kentron Holdings & Equities Corp.	Filipino	24,361,225	1.5966565883	*
20. Fragile Touch Investments, Ltd.	Filipino	22,696,137	1.4875252238	*

* Pursuant to Article IV, Section 4.9 of the Bank’s By-Laws, every stockholder shall be entitled to one (1) vote for each share of common stock in his name in the books of the Bank. The right to vote or direct the voting of the Bank’s shares held by the foregoing stockholders is lodged in their respective Boards of Directors.

3. Dividends

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

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

On April 23, 2021, the 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 ₱100 per share, to all stockholders of record as of May 18, 2021 (Record Date), subject to regulatory and other necessary approvals.

The property dividend 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.

On February 27, 2026 and February 28, 2025, the Board of Directors approved the declaration of cash dividends amounting to ₱5.04 billion and ₱4.21 billion, respectively, with details as follows:

Date of Declaration	Tranche	Amount per Common Share	Record Date	Payment Date
February 28, 2025	First	₱1.38	March 14, 2025	April 2, 2025
February 28, 2025	Second	1.38	September 15, 2025	October 1, 2025
February 27, 2026	First	1.65	March 13, 2026	March 27, 2026
February 27, 2026	Second	1.65	September 18, 2026	October 1, 2026



Statement of Management's Responsibility for Financial Statements

The management of Philippine National Bank (the Bank) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

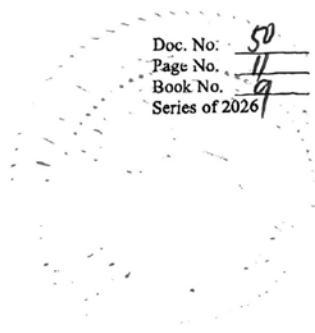
Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


EDGAR A. CUA
Chairman of the Board


EDWIN R. BAUTISTA
President and Chief Executive Officer


FRANCIS B. ALBALADE
Executive Vice President and Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 13 day of MAR 2026 affiants exhibiting to me their Passport / SSS Identification Nos.




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

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, 2025 and 2024, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

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

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

Adequacy of Allowance for Credit Losses on Loans and Receivables

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

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

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

Audit response

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

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

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

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

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

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

Impairment Testing of Goodwill

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

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

Audit response

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

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

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

Valid to cover audit of 2021 to 2025 financial statements

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

Valid to cover audit of 2021 to 2025 financial statements

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

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

February 20, 2026



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

Statements of Financial Position

(In Thousands)

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

See accompanying Notes to Financial Statements.



PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

Statements of Income

(In Thousands, Except Earnings per Share)

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

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

Statements of Comprehensive Income

(In Thousands)

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

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

Statements of Changes in Equity

(In Thousands)

	Consolidated									
	Capital Stock (Note 25)	Capital Paid in Excess of Par Value (Note 25)	Surplus Reserves (Notes 10, 25 and 32)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)			Accumulated Translation Adjustment (Note 25)	Other Equity Reserves (Notes 12 and 25)	Share in Aggregate Reserves (Losses) on Life Insurance Policies (Note 12)	Non- controlling Interests (Note 12)
				Surplus (Note 25)	FVOCI (Notes 9 and 33)	Remeasurement Losses on Retirement Plan (Note 28)				
Balance at January 1, 2025	P61,030,594	P32,116,560	P4,967,037	P113,663,851	P142,134	(P2,655,218)	P2,357,844	P1,189,003	P21,209	P3,781,968
Total comprehensive income (loss) for the year	—	—	—	25,255,162	979,428	479,054	1,054,335	—	(49,924)	27,865,517
Dividends by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	—	—
Sale and redemption of FVOCI equity securities	—	—	—	101,049	—	—	—	—	—	(3,546)
Declaration of cash dividends (Note 25)	—	—	—	(4,211,111)	—	—	—	—	—	—
Transfer to surplus reserves (Notes 10, 25 and 32)	—	—	203,690	(203,690)	—	—	—	—	—	—
Balance at December 31, 2025	P61,030,594	P32,116,560	P5,170,727	P134,605,261	P1,020,513	(P2,176,164)	P3,412,179	P1,189,003	(P28,715)	P3,925,884
Balance at January 1, 2024	P61,030,594	P32,116,560	P4,677,930	P91,979,317	(P1,722,653)	(P2,228,542)	P1,999,668	P248,830	P24,246	P19,114,654
Total comprehensive income (loss) for the year	—	—	—	21,052,896	2,766,656	92,200	358,176	—	(3,037)	24,231,780
Share swap transaction (Notes 9 and 25)	—	—	—	894,900	(894,900)	—	—	940,173	—	—
Transfer to surplus reserves (Notes 10, 25 and 32)	—	—	—	—	—	—	—	—	—	940,173
Transfer of remeasurement gains on retirement plan of a subsidiary	—	—	289,107	(289,107)	—	—	—	—	—	—
Sale of FVOCI equity securities	—	—	—	18,876	—	(18,876)	—	—	—	—
Declaration of dividends by subsidiaries to non-controlling interests	—	—	—	6,969	(6,969)	—	—	—	—	—
Balance at December 31, 2024	P61,030,594	P32,116,560	P4,967,037	P113,663,851	P142,134	(P2,655,218)	P2,357,844	P1,189,003	P21,209	P3,781,968
Balance at January 1, 2023	P61,030,594	P32,116,560	P4,929,242	P73,748,748	(P5,959,275)	(P2,222,945)	P2,314,447	P248,830	P136,096	P109,905,634
Total comprehensive income (loss) for the year	—	—	—	17,979,257	4,236,622	(505,597)	(314,779)	—	(111,850)	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	—	—	—	—	—	—	—	—	—	—
Balance at December 31, 2023	P61,030,594	P32,116,560	P4,677,930	P91,979,317	(P1,722,653)	(P2,228,542)	P1,999,668	P248,830	P24,246	P19,114,654

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)	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)
				Surplus (Note 25)	FVOCI (Notes 9 and 33)	—	—			
Balance at January 1, 2025	P61,030,594	P32,106,560	P4,967,037	P113,823,592	P142,134	(P2,655,218)	479,054	P2,357,844	P1,330,690	P21,312,442
Total comprehensive income (loss) for the year	—	—	—	25,255,162	979,428	—	—	1,054,335	—	27,718,055
Sale and redemption of FVOCI equity securities	—	—	—	101,049	(101,049)	—	—	—	—	—
Declaration of cash dividends (Note 25)	—	—	—	(4,211,111)	—	—	—	—	—	(4,211,111)
Transfer to surplus reserves (Notes 10, 25 and 32)	—	—	203,690	(203,690)	—	—	—	—	—	—
Balance at December 31, 2025	P61,030,594	P32,106,560	P5,170,727	P134,765,002	P1,020,513	(P2,176,164)	P3,412,179	P1,330,690	(P28,715)	P23,631,386
Balance at January 1, 2024	P61,030,594	P32,106,560	P4,677,930	P92,174,169	(P1,722,653)	(P2,728,542)	P1,999,668	P390,517	P24,246	P187,952,489
Total comprehensive income (loss) for the year	—	—	—	21,056,661	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	—
Transfer to surplus reserves (Notes 10, 25 and 32)	—	—	289,107	(289,107)	—	—	—	—	—	940,173
Sale of FVOCI equity securities	—	—	—	18,876	—	(18,876)	—	—	—	—
Balance at December 31, 2024	P61,030,594	P32,106,560	P4,967,037	P113,823,592	P142,134	(P2,655,218)	P2,357,844	P1,330,690	P21,209	P21,312,442
Balance at January 1, 2023	P61,030,594	P32,106,560	P4,929,242	P73,919,909	(P5,959,275)	(P2,222,945)	P2,314,447	P390,517	P136,096	P166,645,145
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	P61,030,594	P32,106,560	P4,677,930	P92,174,169	(P1,722,653)	(P2,728,542)	P1,999,668	P390,517	P24,246	P187,952,489

See accompanying Notes to Financial Statements.





PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

Statements of Cash Flows

(In Thousands)

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

(Forward)

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

Statements of Cash Flows

(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES						
Settlement of bills and acceptances payable	(₱337,675,520)	(₱209,254,316)	(₱136,027,137)	(₱337,675,520)	(₱209,254,316)	(₱134,014,712)
Proceeds from issuances of bills and acceptances payable	327,939,661	209,632,516	140,964,503	327,939,661	209,632,516	140,044,415
Payment of principal portion of lease liabilities (Note 29)	(1,510,025)	(1,127,583)	(1,314,516)	(1,447,467)	(1,052,523)	(1,232,928)
Settlement of LTNCD (Note 17)	(4,600,000)	(8,220,000)	—	(4,600,000)	(8,220,000)	—
Proceeds from issuance of bonds payable (Note 21)	15,682,078	17,303,959	—	15,682,078	17,303,959	—
Settlement of bonds payable (Note 21)	—	(43,383,750)	(16,560,000)	—	(43,383,750)	(16,560,000)
Cash dividends paid (Note 25)	(4,211,111)	—	—	(4,211,111)	—	—
Net cash used in financing activities	(4,374,917)	(35,049,174)	(12,937,150)	(4,312,359)	(34,974,114)	(11,763,225)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(5,017,184)	(19,163,898)	21,220,128	(4,661,312)	(19,562,823)	21,966,553
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	20,638,033	21,151,391	22,217,915	20,522,258	21,052,526	22,103,095
Due from Bangko Sentral ng Pilipinas	55,128,316	95,410,350	94,701,360	55,128,316	95,410,350	94,701,360
Due from other banks	20,183,894	21,243,856	26,010,183	11,478,178	13,626,624	17,599,374
Interbank loans receivable (Note 8)	19,861,641	30,955,766	9,782,452	19,547,264	29,934,920	8,824,713
Securities held under agreements to resell	103,480,119	69,694,538	64,523,863	103,480,119	69,694,538	64,523,863
	219,292,003	238,455,901	217,235,773	210,156,135	229,718,958	207,752,405
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	20,868,793	20,638,033	21,151,391	20,784,084	20,522,258	21,052,526
Due from Bangko Sentral ng Pilipinas	68,529,550	55,128,316	95,410,350	68,529,550	55,128,316	95,410,350
Due from other banks	24,831,235	20,183,894	21,243,856	16,682,618	11,478,178	13,626,624
Interbank loans receivable (Note 8)	27,141,882	19,861,641	30,955,766	26,595,212	19,547,264	29,934,920
Securities held under agreements to resell	72,903,359	103,480,119	69,694,538	72,903,359	103,480,119	69,694,538
	₱214,274,819	₱219,292,003	₱238,455,901	₱205,494,823	₱210,156,135	₱229,718,958
OPERATIONAL CASH FLOWS FROM INTEREST						
Interest paid	₱16,416,744	₱18,168,830	₱13,298,198	₱16,376,138	₱18,120,709	₱13,269,068
Interest received	74,748,246	62,770,452	55,438,281	73,588,365	61,559,767	54,445,224

See accompanying Notes to Financial Statements.



Products and Services

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

Cash Management Solutions

PNB provides a comprehensive suite of Cash Management Solutions designed to help businesses optimize their cash flow and enhance operational efficiency. These solutions combine both electronic and non-electronic services to support the effective management of receivables and payables. The Bank's digital offerings are anchored on PNB CashNet Plus, PNB's corporate internet banking platform that enables convenient, secure, and real-time access to a wide range of cash management services.

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:

- Payroll services
- Intrabank fund transfers
- Interbank fund transfers
- Bills payment services
- Corporate check writing services
- Government payments

In addition to the suite of solutions under PNB CashNet Plus, PNB also provides other **cash management services** to support clients whose collection processes rely heavily on cash or check transactions.

- Deposit pick-up arrangements for cash and check collections
- Cash delivery
- Corporate cash accept machine
- Post-dated check warehousing
- Bills payment collection through PNB channels and InstaPay Bills Pay PH
- Corporate Remote Collection Settlement
- Cashless payments acceptance (debit cards, credit cards and QRPh) via POS terminals or internet 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 Services

- Apply for a savings account
- 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

Fund Transfer and Payment Services

- Send money between PNB accounts, and to other local banks and eWallets using InstaPay or PESONet
- Pay bills using a PNB deposit account or PNB 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
- Lock/Unlock principal PNB credit card
- Pay card bill by choosing total, minimum, or a custom amount with just a tap

UITF Services

- Enroll, subscribe, monitor, and redeem UITF investments

Other Services

- Make cardless withdrawal at any PNB ATM
- Order a checkbook for enrolled checking accounts
- Access the PNB Private Wealth Portal

PNB Digital also includes security and authentication features when customers access their accounts and perform banking transactions.

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

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.

OVERSEAS PRODUCTS AND SERVICES

The Bank offers a comprehensive range of remittance and banking solutions for Global Filipinos and their beneficiaries in the Philippines.

I. Deposit Account Facilitation Services

PNB's overseas offices assist clients in opening Philippine-based deposit accounts, such as OFW Savings Account. Branches abroad can facilitate account opening applications, allowing clients to start banking with PNB even while overseas. Mobile Account Facilitation (MAF) is also available through PNB Digital for clients in Hong Kong, Japan, and Singapore.

II. Loan Products

PNB's overseas offices also offer loan programs designed to support the financial needs of Filipinos and non-Filipinos abroad:

- Own a Philippine Home Loan (OPHL)
- Pangarap Loan (available in Hong Kong and Singapore)
- PNB JAPAN (JPY All-Purpose Assistance Now) Loan

III. Remittance Services

Sending

To ensure accessibility and ease, the Bank provides multiple remittance channels:

- Over-the-Counter (OTC) services at PNB Overseas Branches and Offices
- Mail-in Remittance (available in the US and Japan)
- Email Money Transfer (available in Canada)
- 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

Receiving

Beneficiaries can conveniently receive funds through the following services:

- Credit to PNB Account
- Credit to Other Philippine Banks and e-Wallets
- Cash Pick-up via Advise and Pay Anywhere
- Door-to-Door Delivery Remittance
- Global Filipino Card (GFC)

Other Services

- Overseas Bills Payment (OBP)
- Payroll Services for Seafarers
- AutoPay Remittance Solution (via FED ACH, available in the US)
- Pension Remittance through Direct Deposit Pensioner Account (available in the US)

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.



WEALTH MANAGEMENT

PNB Wealth's Private Banking has a referral arrangement with various product providers including the Retail Banking Sector, Trust Banking Group, Cards and Financial Solutions Group, Investment Distribution Division, PNB Securities, PNB Capital, Allianz PNB Life and Henley & Partners. The following products are listed under the said referral arrangement:

- **Fixed Income Securities (or "bonds")**
Financial instruments that pay investors fixed interest payments until their maturity date. These securities are usually issued by governments and corporations to fund various requirements. Investors can buy bonds either through primary or secondary market.
- **Equities (also known as "stocks" and "common shares")**
Represent ownership in a company. Investors typically invest in publicly listed shares of companies in anticipation of growth in their market value.
- **Pooled Funds**
A type of investment product that contains a portfolio of investments bought using "pooled" money from numerous individual investors. Common examples of pooled funds are mutual funds and Unit Investment Trust Funds. Investors invest in this type of investment product to benefit from the diversified portfolio instead of participating in a specific investment strategy/theme.
- **Derivatives (subject to the Derivatives License of the Bank)**
Financial instruments that derive their value from an underlying asset or a group of assets (i.e., interest rates, currencies, commodities, etc.) and are commonly used by investors to hedge risk and/or improve returns.
 - o Deliverable Foreign Exchange Forward Client and PNB agree to sell and/or buy a specified amount of one currency against another at a specified exchange rate for delivery at a specified future date
 - o Cross Currency Asset Swaps Simultaneous exchange of the coupon and maturity proceeds of USD Bond/note, the "underlying asset", for Philippine Peso.
- **Life Insurance**
 - o Single Pay – A type of life insurance product in which a lump sum of money is paid into the policy in return for a death benefit that is guaranteed to remain paid-up until the death of the insured.
 - o Regular Pay – A type of life insurance in which premiums for the policy is being paid on a regular basis (annually, semi-annually, quarterly, or monthly) over several years depending on the terms of the payment of premiums.
- **Credit Cards (refer to item on Cards Services)**
- **Residency or Citizenship via Investment**
PNB offers a referral-based residency and citizenship by investment solution that supports clients' long-term wealth and legacy planning objectives. Delivered through a reputable third-party provider, the program advances ESG principles by promoting intergenerational security, enhanced access to education and healthcare, and greater global mobility. It is implemented under robust governance, compliance, and due diligence standards, consistent with the Bank's risk management framework and commitment to ethical practices.

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.

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.

CONSUMER LENDING SERVICES

The Bank also extends consumer loans such as:

- **Auto Loans**
A secured loan facility for the acquisition of motor vehicle.
 - o Auto Loan (Personal / Business)
 - o 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.
 - o Housing Loan (Personal/ Commercial) for domestic and overseas clients
 - o 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.
 - o 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 (offered until December 10, 2025)**
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.

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, Personal Equity and Retirement Account (PERA), and global feeder funds. These funds are suited to meet every customer's financial standing, investment goal, risk appetite and investment horizon.

Available UITF Offerings:

1. **Money Market Funds**
Suitable for clients with a conservative risk appetite who seek capital preservation and liquidity through investments in a portfolio of bank deposits and government securities, with a weighted average portfolio life of one (1) year or less.
 - PNB Prime Peso Money Market Fund
 - PNB Prime Dollar Money Market Fund
 - PNB Prestige Peso Money Market Fund
 - PNB Institutional Money Market Fund
2. **Fixed Income Funds**
Designed for clients with a moderate risk appetite who aim for higher potential returns by investing in a mix of bank deposits, government securities, and corporate bonds, with a weighted average portfolio life of more than one (1) year.
 - PNB Profit Peso Bond Fund
 - PNB Profit Dollar Bond Fund
3. **Multi-Asset Fund**
Ideal for clients with a moderately aggressive risk appetite who wish to invest in a portfolio across bank deposits, government securities, corporate bonds, and other allowable investments to achieve balanced growth.
 - PNB Multi-Asset Fund
4. **Local Equity Funds**
Appropriate for clients with an aggressive risk appetite who seek long-term capital appreciation through investments where at least 80% of fund assets are allocated to equities.
 - PNB Phil-Index Tracker Fund
 - PNB High Dividend Fund
 - PNB Equity Fund
5. **PERA Fund**
Designed to help clients build longterm retirement savings while enjoying generous tax incentives under the Personal Equity and Retirement Account (PERA) framework.
 - PNB PERA Bond Fund
6. **Global Feeder Funds**
Intended for clients seeking global diversification by gaining exposure to global markets through investments in offshore funds.
 - PNB Global Growth Equity Feeder Fund
 - PNB US Equity Sustainability Leaders Feeder Fund

All PNB Unit Investment Trust Funds (UITFs) are available through PNB branches nationwide.

For a more convenient, seamless, and secure experience, clients may also invest through the PNB UITF Online, accessible via the PNB Digital app. This fully automated channel enables clients to open a UITF account, subscribe, and redeem investments anytime and anywhere — eliminating the need to visit a physical branch or complete manual forms.

Personal Trust Products and Services

- **Personal Management Trust (PMT)**
It is a living trust arrangement that starts during the client's lifetime. Upon signing the agreement, the client (called the trustor) transfers money or assets to PNB Trust Banking Group, which manages these assets based on the client's instructions and for the benefit of the chosen beneficiary/ies.

PMT is ideal for clients who want their funds professionally managed according to their financial needs and personal wishes. It can also be used for estate planning, helping ensure the smooth distribution of assets to beneficiaries and potentially reducing transfer taxes.

- **Investment Management Account (IMA)**
It provides clients with access to PNB's professional fund management services. Through IMA, clients benefit from the expertise of PNB's seasoned Portfolio Managers, who design and implement a customized investment portfolio and strategy aligned with the client's financial goals, risk profile, and investment horizon.

IMA also offers the potential for higher returns due to PNB's access to high-yielding investment outlets.

Corporate Trust Products and Services

- **Corporate Fund Management**
It allows corporate clients to leverage the Bank's professional fund management expertise. Customized portfolios and investment strategies are developed by experienced Portfolio Managers to support the company's investment objectives, while ensuring alignment with corporate investment policies and risk parameters.
- **Employee Benefit Trust**
It is a trust arrangement established set up by a company to set aside funds the benefit of its employees, such as retirement, pension, or other employee benefits.

It is open to all Philippine-based corporations. PNB provides the necessary professional expertise in assisting companies identify, set up, and manage the most suitable employee benefit program based on their objectives and workforce needs.

Other Fiduciary Trust Products and Services

- **Escrow**
An Escrow arrangement allows PNB Trust Banking Group to act as a neutral third party in transactions involving money, securities, or property. PNB holds the escrow assets and releases them only after all agreed conditions are met, protecting the interests of all parties.

PNB provides the following escrow services:

- o Escrow – DMW (formerly POEA)
- o Escrow – BIR
- o Escrow – Buy and Sell Transactions
- o Escrow – DHSUD (formerly HLURB)
- o Other customized escrow arrangements

- **Corporate Fiduciary Services**
Corporate Fiduciary Services support companies involved in fund-raising or capital-raising activities through debt and equity issuances. It covers the following products and services:

These services include:

- o Facility/Loan Agency
- o Trust Under Indenture
- o Transfer Agency

By appointing PNB as Agent or Trustee, companies benefit from professional oversight, transparency, and investor protection during private or public issuances.

For a complete description of the Bank's various products and services, please visit the PNB website at www.pnb.com.ph.



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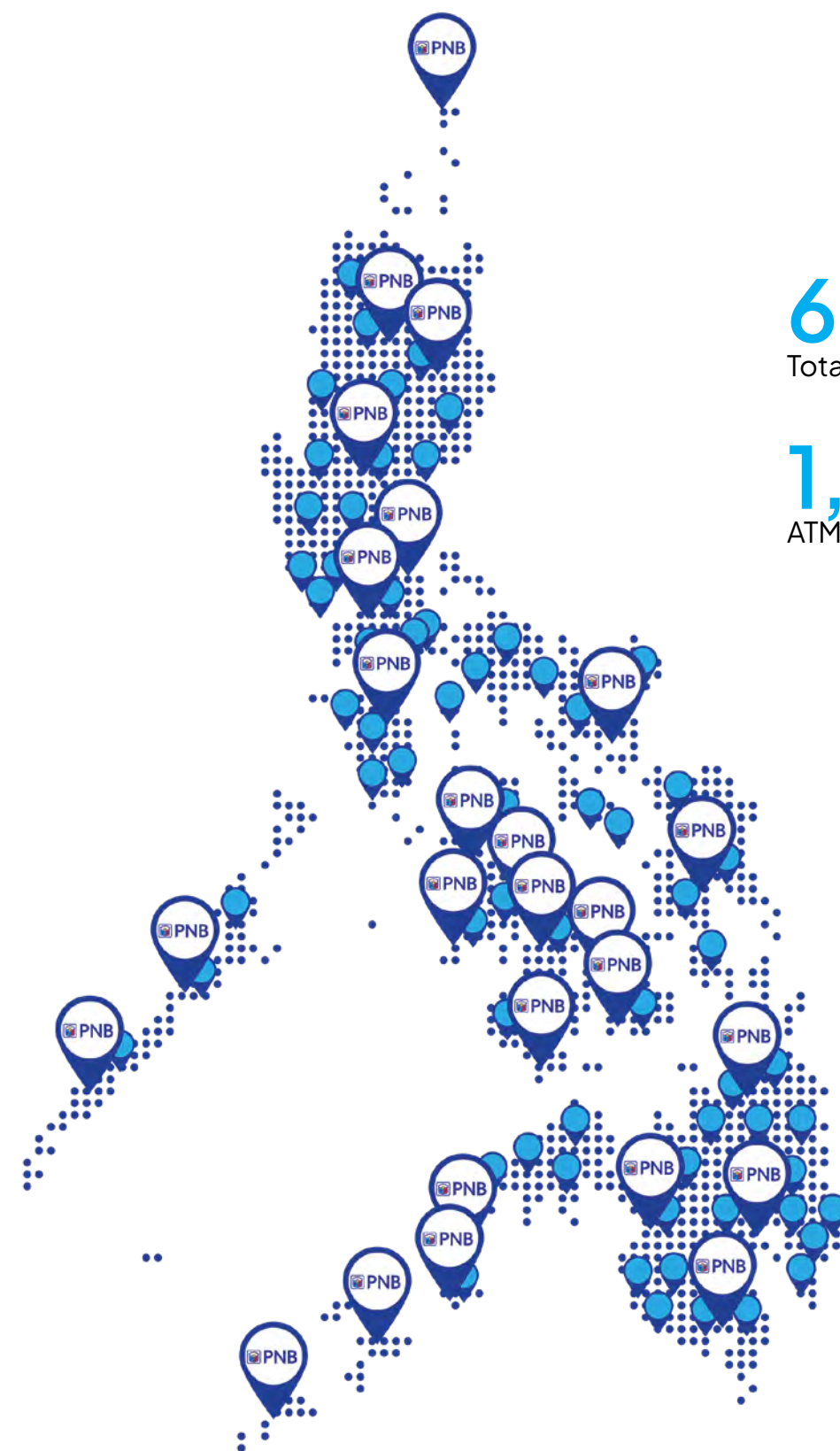
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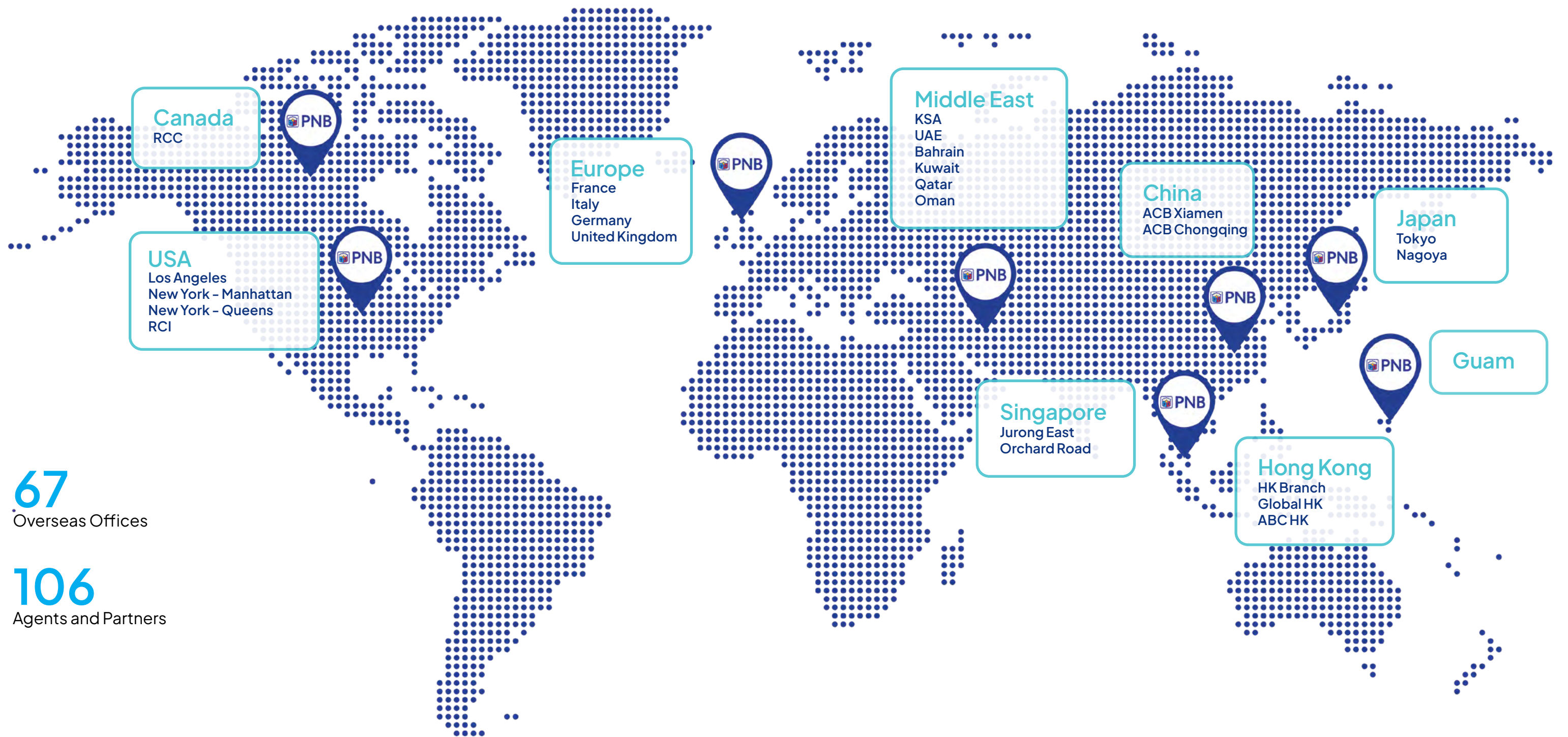
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67
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JO ANN PALABON
Operations Officer



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(as Officer-in-Charge)

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Sharon Marie C. Magpayo

South Metro Manila

Carlo Lucas M. Buan

BRANCH BANKING GROUP – LUZON

Jay B. Pesigan

Northern Luzon

Lourdes M. Valencia

Southern Luzon

Jerry C. Rosete

BRANCH BANKING GROUP – VIS-MIN

John Hilarion C. Salas

Visayas

Walter T. Lasaca

Mindanao

Bonnie M. Duran

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- NMM-1 Maria Luisa M. Rivera
- NMM-2 Yvonne P. Beltran
- NMM-3 Joseph G. Roberts
- NMM-4 Editha P. Mañago
- NMM-5 Mary Jane G. Dacanay
- NMM-6 Khristine N. Pateña
- NMM-7 Frederick Manuel D. Javate

SOUTH METRO MANILA

- SMM-1 Felisabel L. Taganas
- SMM-2 Manuelito R. Chua
- SMM-3 Sheila Z. Sy
- SMM-4 Marie Therese T. Montecer
- SMM-5 Mary Rose D. Gonzales
- SMM-6 Roslyn P. Domingo
- SMM-7 Loreta A. Trasadas
- SMM-8 Alona B. Santos

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AVP Rius Raphael O. Ranches

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Gerry B. Valenciano
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Yolanda M. Albano
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Manuel Antonio G. Lisbona
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Chairman

Joseph Kumar Gross
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To view or download the digital copy of the full PNB 2025 Annual Report,
Audited Financial Statements and Management’s Discussion and Analysis,
you may visit:

<https://pnbph.net/2025AnnualReport>

or scan this QR code:



^{1/} Shortened corporate life until March 31, 2024
^{2/} Shortened corporate life until December 31, 2024
^{3/} Shortened corporate life until December 31, 2022



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SOARING STRONG

Towards a Century
and a Decade

2025 Audited Financial Statements and
Management's Discussion and Analysis

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Statement of Management's Responsibility for Financial Statements

The management of Philippine National Bank (the Bank) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2025, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

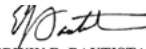
In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease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

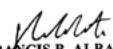
The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


EDGAR A. CUA
Chairman of the Board


EDWIN R. BAUTISTA
President and Chief Executive Officer


FRANCIS B. ALBALADE
Executive Vice President and Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 13 day of MAR 2026 affiants exhibiting to me their Passport / SSS Identification Nos.

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Book No. 9
Series of 2026


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Commission No. 25-28 until 12/31/2026 / Pasay City
Roll of Atty. No. 89394 / IBP No. 568660 until 12/31/2026 / PPL
PTR No. 9236179 until 12/31/2026 / Pasay City
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Independent Auditor's Report



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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, 2025 and 2024, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2025, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

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

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

Adequacy of Allowance for Credit Losses on Loans and Receivables

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

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

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

Audit response

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

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



Independent Auditor's Report

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

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

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

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

Impairment Testing of Goodwill

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

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

Audit response

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

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

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

Valid to cover audit of 2021 to 2025 financial statements

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

Valid to cover audit of 2021 to 2025 financial statements

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

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

February 20, 2026



Statements of Financial Position

(In Thousands)

	Consolidated		Parent Company	
	December 31		December 31	
	2025	2024	2025	2024
ASSETS				
Cash and Other Cash Items	P20,868,793	P20,638,033	P20,784,084	P20,522,258
Due from Bangko Sentral ng Pilipinas (Notes 7 and 17)	68,529,550	55,128,316	68,529,550	55,128,316
Due from Other Banks (Note 33)	24,831,235	20,183,894	16,682,618	11,478,178
Interbank Loans Receivable (Notes 8 and 33)	30,369,881	22,787,194	27,413,929	21,282,167
Securities Held Under Agreements to Resell (Notes 8 and 35)	72,903,359	103,480,119	72,903,359	103,480,119
Trading and Investment Securities				
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 9)	34,652,714	17,920,985	34,643,003	17,770,142
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Note 9)	196,530,773	211,742,783	195,753,685	211,270,334
Investment Securities at Amortized Cost (Note 9)	127,319,342	112,422,382	126,763,609	112,040,395
Loans and Receivables (Notes 10 and 33)	740,017,745	636,819,625	725,029,742	622,392,170
Property and Equipment (Note 11)	10,092,679	10,195,539	9,283,437	9,372,895
Investments in Subsidiaries and an Associate (Note 12)	3,588,781	3,446,613	22,194,377	21,630,204
Investment Properties (Note 13)	16,957,283	15,964,267	16,632,647	15,544,917
Deferred Tax Assets (Note 30)	7,408,396	7,460,676	7,414,909	7,478,726
Intangible Assets (Note 14)	909,363	1,084,955	828,580	1,007,460
Goodwill (Note 14)	10,184,843	10,184,843	10,325,201	10,325,201
Other Assets (Note 15)	9,669,116	8,150,629	9,093,767	7,533,619
TOTAL ASSETS	P1,374,833,853	P1,257,610,853	P1,364,276,497	P1,248,257,101
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 17 and 33)				
Demand	P242,739,639	P244,369,119	P242,461,970	P244,265,215
Savings	558,157,549	575,335,527	556,821,709	574,238,560
Time	260,306,182	147,368,732	256,331,944	144,142,631
Long Term Negotiable Certificates	—	4,598,770	—	4,598,770
	1,061,203,370	971,672,148	1,055,615,623	967,245,176
Financial Liabilities at FVTPL (Notes 18, 23 and 35)	285,562	924,053	285,562	921,693
Bills and Acceptances Payable (Notes 19, 33 and 35)	10,742,748	20,208,451	10,742,748	20,208,451
Lease Liabilities (Notes 29 and 33)	3,372,649	3,808,997	3,249,446	3,722,719
Accrued Taxes, Interest and Other Expenses (Note 20)	9,303,982	8,798,553	9,093,329	8,582,094
Bonds Payable (Note 21)	33,278,399	17,304,421	33,278,399	17,304,421
Income Tax Payable	156,299	159,233	79,377	76,516
Other Liabilities (Note 22)	16,211,043	18,106,056	15,300,627	17,071,589
	1,134,554,052	1,040,981,912	1,127,645,111	1,035,132,659
EQUITY ATTRIBUTABLE TO EQUITY				
HOLDERS OF THE PARENT COMPANY				
Capital Stock (Note 25)	61,030,594	61,030,594	61,030,594	61,030,594
Capital Paid in Excess of Par Value (Note 25)	32,116,560	32,116,560	32,106,560	32,106,560
Surplus Reserves (Notes 10, 25 and 32)	5,170,727	4,967,037	5,170,727	4,967,037
Surplus (Note 25)	134,605,261	113,663,851	134,765,002	113,823,592
Net Unrealized Gains on Financial Assets at FVOCI (Notes 9 and 33)	1,020,513	142,134	1,020,513	142,134
Remeasurement Losses on Retirement Plan (Note 28)	(2,176,164)	(2,655,218)	(2,176,164)	(2,655,218)
Accumulated Translation Adjustment (Note 25)	3,412,179	2,357,844	3,412,179	2,357,844
Other Equity Reserves (Notes 12 and 25)	1,189,003	1,189,003	1,330,690	1,330,690
Share in Aggregate Reserves (Losses) on Life Insurance Policies (Note 12)	(28,715)	21,209	(28,715)	21,209
Other Equity Adjustment	13,959	13,959	—	—
	236,353,917	212,846,973	236,631,386	213,124,442
NON-CONTROLLING INTERESTS (Note 12)	3,925,884	3,781,968	—	—
	240,279,801	216,628,941	236,631,386	213,124,442
TOTAL LIABILITIES AND EQUITY	P1,374,833,853	P1,257,610,853	P1,364,276,497	P1,248,257,101

See accompanying Notes to Financial Statements.

Statements of Income

(In Thousands, Except Earnings per Share)

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
INTEREST INCOME ON						
Loans and receivables (Notes 10 and 33)	P45,845,171	P43,803,454	P40,757,927	P45,111,844	P43,035,508	P40,119,733
Investment securities at amortized cost and FVOCI (Note 9)	17,346,360	16,777,707	12,608,170	17,258,906	16,733,356	12,560,530
Interbank loans receivable and securities held under agreements to resell (Note 8)	4,607,759	4,644,161	3,368,565	4,540,921	4,564,414	3,360,981
Deposits with banks and others (Notes 7, 12 and 33)	938,567	1,637,256	2,607,973	688,126	1,335,615	2,252,437
Financial assets at FVTPL (Note 9)	942,198	596,012	251,894	938,262	587,577	243,483
	69,680,055	67,458,590	59,594,529	68,538,059	66,256,470	58,537,164
INTEREST EXPENSE ON						
Deposit liabilities (Notes 17 and 33)	15,618,161	16,429,535	13,005,646	15,576,956	16,400,951	12,971,817
Bonds payable (Note 21)	894,095	1,237,647	1,660,193	894,095	1,237,647	1,660,193
Bills payable and other borrowings (Notes 19, 29 and 33)	621,349	450,938	335,847	614,464	447,107	319,588
	17,133,605	18,118,120	15,001,686	17,085,515	18,085,705	14,951,598
NET INTEREST INCOME	52,546,450	49,340,470	44,592,843	51,452,544	48,170,765	43,585,566
Service fees and commission income (Notes 26 and 33)	7,532,179	6,961,870	6,591,256	6,759,869	6,238,388	5,754,883
Service fees and commission expense	1,700,737	1,447,236	1,266,613	1,600,228	1,336,278	1,150,389
NET SERVICE FEES AND COMMISSION INCOME	5,831,442	5,514,634	5,324,643	5,159,641	4,902,110	4,604,494
OTHER OPERATING INCOME						
Net gains on sale or exchange of assets (Note 26)	2,413,348	1,995,042	4,541,567	2,409,125	1,991,310	4,621,894
Foreign exchange gains - net (Note 23)	1,153,652	1,169,286	1,367,409	1,104,312	961,949	1,149,699
Trading and investment securities gains - net (Notes 9 and 33)	1,856,953	647,580	394,103	1,855,235	646,118	394,755
Equity in net earnings of subsidiaries and an associate (Note 12)	496,001	419,505	268,093	699,557	831,256	560,393
Miscellaneous (Note 27)	981,198	688,971	871,394	887,042	500,029	624,907
TOTAL OTHER OPERATING INCOME	6,901,152	4,920,384	7,442,566	6,955,271	4,930,662	7,351,648
TOTAL OPERATING INCOME	65,279,044	59,775,488	57,360,052	63,567,456	58,003,537	55,541,708
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 16)						
	1,656,282	3,868,111	5,923,054	1,490,255	3,782,256	5,700,264
IMPAIRMENT IN VALUE OF GOODWILL (Note 14)	—	—	1,036,567	—	—	1,036,567
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 25, 28 and 33)	11,754,338	10,668,601	10,464,071	10,980,734	9,902,026	9,709,419
Taxes and licenses (Note 30)	5,783,874	5,230,401	4,852,190	5,739,010	5,186,919	4,778,102
Depreciation and amortization (Note 11)	3,450,564	3,659,014	3,976,069	3,345,144	3,548,348	3,720,234
Occupancy and equipment-related costs (Note 29)	1,124,285	1,117,892	916,735	988,051	973,739	797,259
Miscellaneous (Note 27)	9,334,737	8,953,772	8,218,171	9,042,150	8,677,415	7,948,947
TOTAL OPERATING EXPENSES	31,447,798	29,629,680	28,427,236	30,095,089	28,288,447	26,953,961
INCOME BEFORE INCOME TAX	32,174,964	26,277,697	21,973,195	31,982,112	25,932,834	21,850,916
PROVISION FOR INCOME TAX (Note 30)	6,833,202	5,099,732	4,007,375	6,726,950	4,896,173	3,847,968
NET INCOME	P25,341,762	P21,177,965	P17,965,820	P25,255,162	P21,036,661	P18,002,948
ATTRIBUTABLE TO:						
Equity Holders of the Parent Company (Note 31)	P25,255,162	P21,052,896	P17,979,257			
Non-controlling Interests	86,600	125,069	(13,437)			
	P25,341,762	P21,177,965	P17,965,820			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)						
	P16.55	P13.80	P11.78	P16.55	P13.79	P11.80

See accompanying Notes to Financial Statements.

Statements of Comprehensive Income

(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
NET INCOME	P25,341,762	P21,177,965	P17,965,820	P25,255,162	P21,036,661	P18,002,948
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that recycle to profit or loss in subsequent periods:						
Net change in unrealized gains on debt securities at FVOCI, net of tax (Note 9)	658,280	1,479,784	2,505,660	657,901	1,479,801	2,485,994
Share in changes in net unrealized gains (losses) on financial assets at FVOCI of subsidiaries and an associate (Notes 9 and 12)	29,026	(49,895)	362,392	29,405	(35,694)	382,058
	687,306	1,429,889	2,868,052	687,306	1,444,107	2,868,052
Accumulated translation adjustment	1,115,197	514,591	(341,822)	430,366	(44,871)	(109,124)
Share in changes in accumulated translation adjustment of subsidiaries and an associate (Note 12)	—	—	—	623,969	403,047	(205,655)
	1,802,503	1,944,480	2,526,230	1,741,641	1,802,283	2,553,273
Items that do not recycle to profit or loss in subsequent periods:						
Net change in unrealized gains on equity securities at FVOCI (Note 9)	292,122	1,336,767	1,368,570	292,122	1,322,549	1,368,570
Remeasurement gains (losses) on retirement plan (Note 28)	468,988	84,068	(493,906)	474,889	83,262	(512,517)
Share in changes in aggregate losses on life insurance policies (Note 12)	(49,924)	(3,037)	(111,850)	(49,924)	(3,037)	(111,850)
Share in changes in remeasurement gains (losses) of subsidiaries and an associate (Note 12)	10,066	3,417	(8,275)	4,165	(9,938)	6,920
	721,252	1,421,215	754,539	721,252	1,392,836	751,123
OTHER COMPREHENSIVE INCOME, NET OF TAX						
	2,523,755	3,365,695	3,280,769	2,462,893	3,195,119	3,304,396
TOTAL COMPREHENSIVE INCOME	P27,865,517	P24,543,660	P21,246,589	P27,718,055	P24,231,780	P21,307,344
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	P27,718,055	P24,266,891	P21,283,653			
Non-controlling interests	147,462	276,769	(37,064)			
	P27,865,517	P24,543,660	P21,246,589			

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

Statements of Changes in Equity

(In Thousands)

	Consolidated									
	Capital Stock (Note 25)	Capital Paid in Excess of Par Value (Note 25)	Surplus Reserves (Notes 10, 25 and 33)	Surplus (Note 25)	Net Unrealized Gains (Losses) on FVOCI Assets (Notes 9 and 13)	Remeasurement on Retirement Plan (Note 28)	Accumulated Translation Adjustment (Notes 25 and 35)	Other Equity Reserves (Notes 12 and 35)	Share in Aggregate Reserves (Losses) Insurance Policies (Note 12)	Non-controlling Interests (Note 12)
Balance at January 1, 2025	P61,030,594	P32,116,560	P4,967,037	P113,663,851	P142,134	(P2,655,218)	P2,357,844	P1,189,003	P21,209	P3,781,908
Dividends for the year	—	—	—	—	—	—	—	—	—	—
Transfer to surplus reserves (Notes 10, 25)	—	—	—	—	—	—	—	—	—	—
Transfer of remeasurement gains on retirement plan of a subsidiary	—	—	—	—	—	(18,876)	—	—	—	—
Sale of FVOCI equity securities	—	—	—	—	—	—	—	—	—	—
Declaration of dividends by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	—	—
Balance at December 31, 2025	P61,030,594	P32,116,560	P4,967,037	P113,663,851	P142,134	(P2,655,218)	P2,357,844	P1,189,003	P21,209	P3,781,908
Balance at January 1, 2024	P61,030,594	P32,116,560	P4,677,930	P91,979,317	(P1,722,653)	(P2,728,542)	P1,999,668	P248,830	P24,246	P3,508,745
Total comprehensive income (loss) for the year	—	—	—	21,062,896	2,766,656	92,200	358,176	940,173	(3,037)	24,266,891
Share swap transaction (Notes 9 and 25)	—	—	—	894,900	(894,900)	—	—	—	—	276,769
Transfer to surplus reserves (Notes 10, 25)	—	—	—	—	—	—	—	—	—	—
Transfer of remeasurement gains on retirement plan of a subsidiary	—	—	289,107	(289,107)	—	—	—	—	—	940,173
Sale of FVOCI equity securities	—	—	—	—	—	—	—	—	—	—
Declaration of dividends by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	—	—
Balance at December 31, 2024	P61,030,594	P32,116,560	P4,967,037	P113,663,851	P142,134	(P2,655,218)	P2,357,844	P1,189,003	P21,209	P3,781,908
Balance at January 1, 2023	P61,030,594	P32,116,560	P4,929,342	P73,748,748	(P5,859,275)	(P2,222,045)	P2,314,447	P248,830	P13,696	P3,549,378
Total comprehensive income (loss) for the year	—	—	—	17,979,257	4,236,622	(505,897)	(314,779)	—	—	21,283,653
Transfer to surplus reserves (Notes 10, 25)	—	—	—	—	—	—	—	—	—	(37,064)
Declaration of dividends by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	—	—
Balance at December 31, 2023	P61,030,594	P32,116,560	P4,677,030	P91,979,317	(P1,722,653)	(P2,728,542)	P1,999,668	P248,830	P21,246	P3,508,745
Balance at December 31, 2022	P61,030,594	P32,116,560	P4,677,030	P91,979,317	(P1,722,653)	(P2,728,542)	P1,999,668	P248,830	P21,246	P3,508,745

Statements of Changes in Equity

(In Thousands)

	Parent Company						Share in Aggregate Reserves (Losses) on Life Insurance Policies (Notes 12 and 25)	Total Equity (Notes 12 and 25)
	Capital Stock (Note 23)	Capital Paid in Excess of Par Value (Note 25)	Surplus Reserves (Notes 10, 25 and 32)	Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9, 13, 33)	Remeasurement Losses on Retirement Plan (Note 23)	Accumulated Transition Adjustment (Notes 12 and 25)	Other Equity Reserves (Notes 12 and 25)	
Balance at January 1, 2025	P61,030,594	P32,106,560	P4,967,037	P13,823,592	P4,513,428	P2,357,235	P1,250,690	P313,152,489
Total comprehensive income (loss) for the year	-	-	-	25,255,162	979,428	1,054,435	-	27,718,055
Share swap transaction (Notes 9 and 25)	-	-	-	(4,211,111)	(101,049)	-	-	-
Declaration of cash dividends (Note 25)	-	-	-	-	-	-	-	-
Transfer to surplus reserves (Notes 10, 25 and 32)	-	-	203,690	(203,690)	-	-	-	-
Balance at December 31, 2025	P61,030,594	P32,106,560	P5,170,727	P134,765,002	P4,412,379	P3,412,179	P1,330,690	P336,631,386
Balance at January 1, 2024	P61,030,594	P32,106,560	P4,677,930	P92,174,169	P2,728,542	P1,999,668	P390,517	P187,952,489
Total comprehensive income (loss) for the year	-	-	-	21,036,661	2,766,656	338,176	-	24,231,780
Share swap transaction (Notes 9 and 25)	-	-	-	(894,500)	(894,500)	-	940,173	940,173
Declaration of cash dividends (Notes 10, 25 and 32)	-	-	289,107	(289,107)	-	-	-	-
Sale of FVOCI equity securities	-	-	-	(6,969)	(6,969)	-	-	-
Balance at December 31, 2024	P61,030,594	P32,106,560	P4,967,037	P113,823,592	P4,412,379	P2,357,235	P1,330,690	P213,124,442
Balance at January 1, 2023	P61,030,594	P32,106,560	P4,929,242	P73,919,909	P2,222,945	P2,314,447	P390,517	P166,645,145
Total comprehensive income (loss) for the year	-	-	-	18,002,948	4,236,622	(595,597)	-	21,307,344
Transfer to surplus reserves (Notes 10, 25 and 32)	-	-	(251,312)	251,312	-	-	-	-
Balance at December 31, 2023	P61,030,594	P32,106,560	P4,677,930	P92,174,169	P4,412,379	P1,999,668	P390,517	P187,952,489

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

Statements of Cash Flows

(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2025	2024	2023	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	P32,174,964	P26,277,697	P21,973,195	P31,982,112	P25,932,834	P21,850,916
Adjustments for:						
Amortization of premium (discount) on investment securities	6,340,238	(4,084,207)	(2,888,201)	6,341,794	(4,078,854)	(2,891,341)
Depreciation and amortization (Note 11)	3,450,564	3,659,014	3,976,069	3,345,144	3,548,348	3,720,234
Net gains on sale or exchange of assets (Note 26)	(2,413,348)	(1,995,042)	(4,541,567)	(2,409,125)	(1,991,310)	(4,621,894)
Provision for impairment, credit and other losses (Note 16)	1,656,282	3,868,111	5,923,054	1,490,255	3,782,256	5,700,264
Equity in net earnings of subsidiaries and an associate (Note 12)	(496,001)	(419,505)	(268,093)	(699,557)	(831,256)	(560,393)
Impairment in value of goodwill (Note 14)	-	-	1,036,567	-	-	1,036,567
Unrealized foreign exchange losses (gains) on bonds, bills and acceptances payable	321,762	1,520,650	(209,842)	321,763	1,520,650	(209,842)
Net gains on financial assets at FVTPL (Note 9)	(299,810)	(647,529)	(399,339)	(298,856)	(646,118)	(400,113)
Amortization of transaction costs on borrowings (Notes 17 and 21)	241,523	55,568	90,011	241,523	55,568	90,011
Net losses (gains) on financial assets at FVOCI and investment securities at amortized cost (Note 9)	(1,557,143)	(51)	5,236	(1,556,379)	-	5,358
Changes in operating assets and liabilities:						
Decrease (increase) in amounts of:						
Interbank loan receivable (Note 8)	(302,446)	1,753,121	1,828,975	916,186	1,767,496	2,407,631
Financial assets at FVTPL	(16,431,920)	(6,756,591)	(2,770,324)	(16,574,004)	(6,760,765)	(2,767,461)
Loans and receivables	(105,898,105)	(24,950,769)	(31,932,808)	(105,171,326)	(24,989,443)	(32,024,821)
Other assets	(2,974,971)	(3,692,159)	(2,608,270)	(3,755,062)	(4,350,333)	(2,505,688)
Increase (decrease) in amounts of:						
Financial liabilities at FVTPL	(638,490)	368,241	(483,965)	(636,131)	365,882	(483,965)
Deposit liabilities	94,129,994	51,906,002	56,719,665	92,969,218	52,667,865	56,128,172
Accrued taxes, interest and other expenses	774,316	(1,484,782)	1,435,027	757,530	(1,323,623)	1,623,234
Other liabilities	(1,432,885)	3,424,027	(1,584,110)	(1,302,071)	3,572,811	(1,053,706)
Net cash generated from operations	6,644,524	48,801,796	45,301,280	5,963,014	48,242,008	45,043,163
Income taxes paid	(4,306,362)	(4,143,625)	(3,919,287)	(4,187,675)	(3,989,317)	(3,826,112)
Net cash provided by operating activities	2,338,162	44,658,171	41,381,993	1,775,339	44,252,691	41,217,051
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from:						
Disposal/maturities of financial assets at FVOCI	591,273,048	766,333,935	562,251,372	587,663,967	765,428,317	561,071,652
Maturities/early redemptions of investment securities at amortized cost	17,447,247	33,710,884	64,078,361	17,603,337	33,622,909	61,007,188
Disposal of investment properties	2,504,070	900,394	4,875,072	2,497,524	894,685	4,636,731
Disposal of property and equipment	156,190	166,638	1,295,493	94,686	147,322	1,022,920
Cash dividends from a subsidiary (Note 12)	-	-	-	400,000	-	448,900
Return of investment (Note 12)	343,000	122,500	-	343,000	122,500	-
Acquisitions of:						
Financial assets at FVOCI	(580,339,387)	(804,940,569)	(562,081,002)	(576,405,814)	(804,003,310)	(561,446,524)
Investment securities at amortized cost	(32,630,610)	(23,674,291)	(76,625,183)	(32,630,610)	(23,674,291)	(73,223,330)
Software (Note 14)	(983,808)	(946,940)	(598,969)	(969,456)	(943,546)	(597,165)
Property and equipment (Note 11)	(750,179)	(445,446)	(419,859)	(720,926)	(435,986)	(407,645)
Net cash used in investing activities	(2,980,429)	(28,772,895)	(7,224,715)	(2,124,292)	(28,841,400)	(7,487,273)

(Forward)

Statements of Cash Flows

(In Thousands)

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

See accompanying Notes to Financial Statements.

Notes to Financial Statements

(Amounts in Thousand Pesos except When Otherwise Indicated)

1. Corporate Information

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

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

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

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

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

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

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

2. Summary of Material Accounting Policies

2.1 Basis of Preparation of the Financial Statements

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

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

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

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

The Group presents the amounts in the financial statements to the nearest thousand pesos (P000), unless otherwise stated.

2.2 Statement of Compliance

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

2.3 Presentation of the Financial Statements

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

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

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

2.4 Basis of Consolidation

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

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

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

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

2.5 Foreign Currency Translation

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

2.5.1 Transactions and Balances

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

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

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

2.5.2 FCDU and Overseas Branches and Subsidiaries

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



2.6 Changes in Accounting Policies and Disclosures

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

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

2.7 Business Combinations

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

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

2.8 Fair Value Measurement

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

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

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

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

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

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

2.9 'Day 1' Difference

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

2.10 Cash and Cash Equivalents

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

2.11 Financial Instruments

2.11.1 Initial Recognition of Financial Instruments

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

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

2.11.2 Classification and Subsequent Measurement of Financial Instruments

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



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

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

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

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

Financial assets at FVTPL

Financial assets at FVTPL include the following:

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

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

Financial assets at FVOCI

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

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

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

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

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

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

Financial assets at amortized cost

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

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

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

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

Financial liabilities at FVTPL

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

Financial liabilities at amortized cost

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

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

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

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

Repurchase and reverse repurchase agreements

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

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

2.11.3 Reclassification of Financial Instruments

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

2.11.4 Derecognition of Financial Instruments

Financial Assets

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

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

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

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

Financial liabilities

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

2.11.5 Impairment of Financial Assets

ECL methodology

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

Staging assessment

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

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

Definition of "default" and "cure"

The Group considers default to have occurred when:

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

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

Determining SICR

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



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

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

Transfer between stages

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

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

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

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

Modified or restructured loans and other credit exposures

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

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

If a loan or credit exposure has been renegotiated or modified without resulting in derecognition, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded, based on the change in cash flows discounted at the loan's original EIR. The Group also assesses whether there has been a SICR by comparing the risk of default at reporting date based on modified terms, and the risk of default at initial recognition date based on original terms. Derecognition decisions and classification between Stages 2 and 3 are determined on a case-by-case basis.

Purchased or originated credit-impaired loans

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

Measurement of ECL

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

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

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

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

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

2.11.6 Financial Guarantees and Undrawn Loan Commitments

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

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

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

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

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



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

2.12 Investments in Subsidiaries, Associates and Joint Ventures

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

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

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

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

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

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

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

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

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

2.13 Other Nonfinancial Assets

2.13.1 Property and Equipment

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

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

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

2.13.2 Investment Properties and Chattel Mortgage Properties

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

Foreclosed properties are classified under 'Investment properties' upon:

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

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

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



2.13.3 Intangible Assets

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

Intangibles with finite lives

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

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

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

Goodwill

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

2.13.4 Derecognition of Nonfinancial Assets

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

2.13.5 Impairment of Nonfinancial Assets

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

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

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

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

Goodwill

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

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

2.14 Equity

2.14.1 Capital Stock

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

2.14.2 Reserves Recorded in Equity

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

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



2.14.3 Dividends

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

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

2.14.4 Share Issuance Costs

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

2.15 Revenue Recognition

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

2.15.1 Interest Income

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

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

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

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

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

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

2.15.2 Service Fees and Commission Income

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

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

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

Bancassurance fees

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

Fee income from providing transaction services

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

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

2.15.3 Credit Card Fees

Interchange fees and revenue from rewards redeemed

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

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

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

Commissions on credit cards

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

Commissions on installment credit sales

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

2.15.4 Trading and Investment Securities Gains - Net

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

2.15.5 Gain on Sale or Exchange of Assets

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

2.15.6 Other Income

Rental income

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

Dividend income

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

2.16 Expenditures

2.16.1 Borrowing Costs

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

2.16.2 Operating Expenses

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

2.16.3 Taxes and Licenses

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

2.16.4 Depreciation and Amortization

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

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

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

2.16.5 Expenditures on Nonfinancial Assets

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

2.17 Employee Benefits

2.17.1 Retirement Under Defined Benefit Plan

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



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

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

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

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

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

2.17.2 Employee Leave Entitlement

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

2.18 Leases

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

2.18.1 Group as a Lessee Under Lease Contracts

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

- **Right-of-use assets**

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

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

- **Lease liabilities**

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

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

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

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

2.18.2 Group as a Lessor Under Lease Contracts

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

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



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

2.19 Provisions

The Group recognizes provisions when:

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

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

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

2.20 Contingencies

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

2.21 Income Taxes

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

2.21.1 Current Tax

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

2.21.2 Deferred Tax

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

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

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

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

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

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

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

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

2.22 Earnings Per Share

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

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



2.23 Related Party Transactions

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

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

2.24 Events After the Reporting Date

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

2.25 Segment Reporting

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

2.26 Fiduciary Activities

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

2.27 Changes in Accounting Standards

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

Effective beginning on or after January 1, 2026

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

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

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

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

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



Effective beginning on or after January 1, 2027

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

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

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

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

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

- **PFRS 18, Presentation and Disclosure in Financial Statements**
The standard replaces PAS 1, *Presentation of Financial Statements* and responds to investors' demand for better information about companies' financial performance. Entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities, such as the Parent Company and its banking subsidiaries, that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

The requirements also include:

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

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

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

Deferred effectivity

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

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

3. Significant Accounting Judgments and Estimates

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

3.1 Judgments

3.1.1 Assessment of Control Over a Subsidiary

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

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

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

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

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



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

3.1.2 Assessment of Significant Influence Over an Associate

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

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

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

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

3.1.3 Classification of Financial Assets

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

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

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

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

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

3.1.4 Fair Valuation of Financial Instruments

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

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

3.1.5 Contingencies

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

3.2 Accounting Estimates

3.2.1 Credit Losses on Financial Assets

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

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

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

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

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

3.2.2 Recognition of Deferred Tax Assets

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

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

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

3.2.3 Impairment of Goodwill

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

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

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

3.2.4 Valuation of Unquoted Equity Securities

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

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

4. Financial Risk Management Objectives and Policies

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

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

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

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

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

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

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

Pillar 1 Risks:

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

Pillar 2 Risks:

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

10. Reputational Risk
11. Strategic Business Risk

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

The mandate of the ERMG involves:

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

4.1 Credit Risk

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

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

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

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

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

4.1.1 Credit-Related Commitments

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

4.1.2 Derivative Financial Instruments

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

4.1.3 Collateral and Other Credit Enhancements

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

The main types of collateral obtained are as follows:

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

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

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

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

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

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

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

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

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

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

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

4.1.5 Credit Risk Concentrations

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

Limit per client or counterparty

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

Geographic concentration

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

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

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

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

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



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

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

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

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

Concentration by industry

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

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

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

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

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

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

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

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

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

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

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

(Forward)



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

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

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

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

4.1.6 Credit Quality Per Class of Financial Assets

Loans and receivables

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

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

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

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

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

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

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

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

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

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

For the Retail Portfolio, such as Retail SME, Credit Cards, Housing and Auto Loans, credit scoring is being used in evaluating the creditworthiness of the borrower.

The table below shows the credit quality of the Group's and the Parent Company's receivables from customers, gross of allowance for credit losses and unearned and other deferred income as of December 31, 2025 and 2024:

	Consolidated			
	2025			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	₱280,718,797	₱1,024,584	₱–	₱281,743,381
Standard	307,209,661	719,305	–	307,928,966
Substandard	31,508,125	20,172,741	–	51,680,866
Impaired	–	–	32,208,019	32,208,019
	619,436,583	21,916,630	32,208,019	673,561,232
Subject to Scoring and Unrated				
Non-Retail	9,720,983	100,271	543,123	10,364,377
Corporate	8,571,390	86,539	485,079	9,143,008
LGU	1,149,593	13,732	58,044	1,221,369
Retail	57,542,091	1,860,526	6,849,534	66,252,151
Auto Loans	5,876,245	101,597	347,570	6,325,412
Housing Loans	26,028,450	887,348	5,148,606	32,064,404
Retail SME	5,546,259	180,254	709,061	6,435,574
Credit Card	20,091,137	691,327	644,297	21,426,761
Others	10,008,776	1,215,617	453,533	11,677,926
	77,271,850	3,176,414	7,846,190	88,294,454
	₱696,708,433	₱25,093,044	₱40,054,209	₱761,855,686
	Consolidated			
	2024			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	₱241,339,078	₱743,741	₱–	₱242,082,819
Standard	251,875,284	4,763,028	–	256,638,312
Substandard	36,969,593	19,858,092	–	56,827,685
Impaired	–	–	33,775,933	33,775,933
	530,183,955	25,364,861	33,775,933	589,324,749
Subject to Scoring and Unrated				
Non-Retail	9,287,762	136,615	934,239	10,358,616
Corporate	7,640,893	113,281	876,195	8,630,369
LGU	1,646,869	23,334	58,044	1,728,247
Retail	47,567,948	956,133	8,040,718	56,564,799
Auto Loans	5,382,399	35,654	807,414	6,225,467
Housing Loans	21,169,482	317,380	5,297,651	26,784,513
Retail SME	4,370,985	123,985	995,964	5,490,934
Credit Card	16,645,082	479,114	939,689	18,063,885
Others	6,901,421	343,570	1,589,410	8,834,401
	63,757,131	1,436,318	10,564,367	75,757,816
	₱593,941,086	₱26,801,179	₱44,340,300	₱665,082,565

	Parent Company			
	2025			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	₱274,795,413	₱–	₱–	₱274,795,413
Standard	300,794,322	719,305	–	301,513,627
Substandard	31,435,529	20,172,740	–	51,608,269
Impaired	–	–	32,107,819	32,107,819
	607,025,264	20,892,045	32,107,819	660,025,128
Subject to Scoring and Unrated				
Non-Retail	9,720,983	100,271	543,123	10,364,377
Corporate	8,571,390	86,539	485,079	9,143,008
LGU	1,149,593	13,732	58,044	1,221,369
Retail	56,825,805	1,844,680	6,795,417	65,465,902
Auto Loans	5,876,245	101,597	347,570	6,325,412
Housing Loans	25,312,164	871,502	5,094,489	31,278,155
Retail SME	5,546,259	180,254	709,061	6,435,574
Credit Card	20,091,137	691,327	644,297	21,426,761
Others	9,853,489	1,211,637	453,533	11,518,659
	76,400,277	3,156,588	7,792,073	87,348,938
	₱683,425,541	₱24,048,633	₱39,899,892	₱747,374,066
	Parent Company			
	2024			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	₱234,976,619	₱–	₱–	₱234,976,619
Standard	246,214,981	4,763,028	–	250,978,009
Substandard	36,851,793	19,858,093	–	56,709,886
Impaired	–	–	33,775,932	33,775,932
	518,043,393	24,621,121	33,775,932	576,440,446
Subject to Scoring and Unrated				
Non-Retail	9,287,762	136,615	934,239	10,358,616
Corporate	7,640,893	113,281	876,195	8,630,369
LGU	1,646,869	23,334	58,044	1,728,247
Retail	46,801,777	950,987	7,987,259	55,740,023
Auto Loans	5,382,399	35,654	807,414	6,225,467
Housing Loans	20,403,311	312,234	5,244,192	25,959,737
Retail SME	4,370,985	123,985	995,964	5,490,934
Credit Card	16,645,082	479,114	939,689	18,063,885
Others	6,819,797	343,569	1,589,410	8,752,776
	62,909,336	1,431,171	10,510,908	74,851,415
	₱580,952,729	₱26,052,292	₱44,286,840	₱651,291,861

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

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

Consolidated 2024					
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	P252,972	P127,239	P119,802	P5,095,857	P5,595,870
Auto Loans	19,684	28,772	35,676	758,937	843,069
Retail SME	34,626	5,563	8,886	949,477	998,552
Credit Card	682,120	405,750	342,506	683,022	2,113,398
LGU	7,523	—	—	50,521	58,044
Others	264,959	76,299	20,592	1,430,469	1,792,319
Total	P1,261,884	P643,623	P527,462	P8,968,283	P11,401,252

Parent Company 2025					
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	P616,050	P112,567	P125,227	P4,560,338	P5,414,182
Auto Loans	86,106	41,331	37,291	284,439	449,167
Retail SME	26,913	512	17,180	682,467	727,072
Credit Card	621,149	571,490	534,050	187,883	1,914,572
LGU	7,523	—	—	50,521	58,044
Others	135,263	8,335	7,940	343,969	495,507
Total	P1,493,004	P734,235	P721,688	P6,109,617	P9,058,544

Parent Company 2024					
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	P252,854	P127,239	P119,802	P5,042,398	P5,542,293
Auto Loans	19,684	28,772	35,676	758,937	843,069
Retail SME	34,626	5,563	8,886	949,477	998,552
Credit Card	682,120	405,750	342,506	683,022	2,113,398
LGU	7,523	—	—	50,521	58,044
Others	263,503	75,385	20,592	1,430,469	1,789,949
Total	P1,260,310	P642,709	P527,462	P8,914,824	P11,345,305

Trading and investment securities and other financial assets

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

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

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

Consolidated 2025						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	P—	P—	P—	P—	P68,529,550	P68,529,550
Due from other banks	5,383,734	15,834,766	311,733	21,530,233	3,306,825	24,837,058
Interbank loans receivables	1,965,783	22,171,199	4,000,000	28,136,982	2,243,034	30,380,016
Securities held under agreements to resell	—	19,461,594	23,824,906	43,286,500	29,664,113	72,950,613
Financial assets at FVOCI						
Government securities	12,074,619	3,172,806	130,041,625	145,289,050	3,231,340	148,520,390
Private debt securities	—	277,805	302,904	580,709	19,560,924	20,141,633
Investment securities at amortized cost						
Government securities	728,244	—	103,178,153	103,906,397	11,951,751	115,858,148
Private debt securities	1,296,110	1,515,090	1,001,412	3,812,612	7,802,694	11,615,306
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	—	—	—	—	16,228,432	16,228,432

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

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

Consolidated 2024						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	P—	P—	P—	P—	P55,128,316	P55,128,316
Due from other banks	4,915,242	11,127,337	1,037,804	17,080,383	3,108,255	20,188,638
Interbank loans receivables	3,240,924	17,814,043	—	21,054,967	1,738,365	22,793,332
Securities held under agreements to resell	—	12,581,872	12,355,747	24,937,619	78,588,740	103,526,359
Financial assets at FVOCI						
Government securities	1,640,210	2,933,248	135,510,598	140,084,056	27,740,717	167,824,773
Private debt securities	949,491	202,950	291,643	1,444,084	14,134,116	15,578,200
Investment securities at amortized cost						
Government securities	437,694	805,453	81,099,109	82,342,256	14,475,124	96,817,380
Private debt securities	753,184	523,078	713,605	1,989,867	13,762,605	15,752,472
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	—	—	—	—	14,791,311	14,791,311

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

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

Parent Company 2025						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	P—	P—	P—	P—	P68,529,550	68,529,550
Due from other banks	1,063,706	11,918,651	824,593	13,806,950	2,877,921	16,684,871
Interbank loans receivables	—	22,171,199	4,000,000	26,171,199	1,251,245	27,422,444
Securities held under agreements to resell	—	19,461,594	23,824,906	43,286,500	29,664,113	72,950,613
Financial assets at FVOCI						
Government securities	11,668,320	3,172,806	130,214,185	145,055,311	3,129,463	148,184,774
Private debt securities	—	—	302,904	302,904	19,560,924	19,863,828
Investment securities at amortized cost						
Government securities	172,511	—	103,178,153	103,350,664	11,951,751	115,302,415
Private securities	1,296,110	1,515,090	1,001,412	3,812,612	7,802,694	11,615,306
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	—	—	—	—	15,570,698	15,570,698

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

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

Parent Company						
2024						
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP ^{1/}	P–	P–	P–	P–	P55,128,316	P55,128,316
Due from other banks	331,819	7,775,537	285,567	8,392,923	3,090,030	11,482,953
Interbank loans receivables	1,735,350	17,814,043	–	19,549,393	1,738,365	21,287,758
Securities held under agreements to resell	–	12,581,872	12,355,747	24,937,619	78,588,740	103,526,359
Financial assets at FVOCI						
Government securities	1,336,741	2,933,248	135,683,158	139,953,147	27,576,421	167,529,568
Private debt securities	949,491	199,434	291,643	1,440,568	14,134,116	15,574,684
Investment securities at amortized cost						
Government securities	55,707	805,453	81,099,109	81,960,269	14,475,124	96,435,393
Private securities	753,184	523,078	713,605	1,989,867	13,762,605	15,752,472
Financial assets at amortized cost						
Loans and receivables - Others ^{2/}	–	–	–	–	14,084,022	14,084,022

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

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

4.2 Liquidity Risk and Funding Management

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

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

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

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

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

Consolidated						
2025						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	P20,868,793	P–	P–	P–	P–	P20,868,793
Due from BSP and other banks	95,572,921	–	–	–	–	95,572,921
Interbank loans receivable	27,933,806	1,852,025	36,060	674,537	–	30,496,428
Securities held under agreements to resell	61,205,462	12,058,748	65,961	–	–	73,330,171
Financial assets at FVTPL:						
Government securities	11,340,890	706,457	643,535	643,950	30,347,651	43,682,483
Private debt securities	3,324	–	3,324	6,648	296,405	309,701
Equity securities	2,935	–	–	–	–	2,935
Derivative assets:						
Gross contractual receivable	77,892,478	18,014,006	5,554,696	275,829	1,030,001	102,767,010
Gross contractual payable	(77,485,694)	(17,852,028)	(5,437,199)	(268,641)	(926,937)	(101,970,499)
Financial assets at FVOCI:						
Government securities	54,664,191	1,393,669	1,998,234	2,726,565	117,742,465	178,525,124
Private debt securities	143,880	1,769,309	744,001	1,368,426	21,570,168	25,595,784
Equity securities	–	–	–	–	27,868,750	27,868,750
Investment securities at amortized cost						
Government securities	99	1,112,269	5,046,743	6,349,157	145,918,985	158,427,253
Private debt securities	5	101,895	2,281,120	1,704,922	11,849,840	15,937,782
Financial assets at amortized cost:						
Receivables from customers	290,549,382	47,743,099	11,275,580	13,477,781	577,051,008	940,096,850
Other receivables	13,249,964	1,476,230	528,682	90,395	883,161	16,228,432
Other assets	530,851	–	–	–	20,428	551,279
Total financial assets	P576,473,287	P68,375,679	P22,740,737	P27,049,569	P933,651,925	P1,628,291,197
Financial Liabilities						
Deposit liabilities:						
Demand	P243,069,051	P–	P–	P–	P–	P243,069,051
Savings *	412,454,818	–	–	–	–	412,454,818
Time and LTNCDS *	271,657,671	96,143,109	21,004,762	10,798,320	10,241,944	409,845,806
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual payable	49,482,664	9,502,125	5,634,596	920,064	436,349	65,975,798
Gross contractual receivable	(49,335,109)	(9,423,234)	(5,594,113)	(912,975)	(427,639)	(65,693,070)
Bills and acceptances payable	2,361,677	6,423,942	1,669,925	258,444	–	10,713,988
Bonds payable	–	–	–	–	36,714,800	36,714,800
Accrued interest payable and accrued						
other expenses payable	3,742,175	114,818	184,460	40,763	1,529	4,083,745
Other liabilities	9,511,394	65,823	–	71,229	1,379,221	11,027,667
Total financial liabilities	P942,944,341	P102,826,583	P22,899,630	P11,175,845	P48,346,204	P1,128,192,603

* High-yield savings accounts are included under time deposits

Consolidated						
2024						
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	P20,638,033	P–	P–	P–	P–	P20,638,033
Due from BSP and other banks	79,665,312	–	–	–	–	79,665,312
Interbank loans receivable	14,391,519	8,269,891	–	237,736	–	22,899,146
Securities held under agreements to resell	86,336,489	17,442,188	45,606	–	–	103,824,283
Financial assets at FVTPL:						
Government securities	6,019,858	37,152	327,922	3,428,645	10,851,259	20,664,836
Private debt securities	1,963	501,293	161,953	76	2,500	667,785
Equity securities	2,866	–	–	–	–	2,866
Derivative assets:						
Gross contractual receivable	63,016,118	17,487,420	4,695,516	1,177,732	718,884	87,095,670
Gross contractual payable	(62,348,904)	(17,225,028)	(4,630,933)	(1,148,725)	(657,203)	(86,010,793)

(Forward)

	Consolidated					
	2024					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial assets at FVOCI:						
Government securities	P45,163,800	P23,772,893	P3,594,679	P27,001,776	P96,698,783	P196,231,931
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	P402,710,393	P168,571,946	P49,560,540	P77,404,711	P766,341,385	P1,464,588,975

Financial Liabilities						
Deposit liabilities:						
Demand	P244,799,109	P—	P—	P—	P—	P244,799,109
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	P838,167,478	P122,823,118	P26,335,239	P17,875,215	P28,260,442	P1,033,461,492

* High-yield savings accounts are included under time deposits

	Parent Company					
	2025					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	P20,784,084	P—	P—	P—	P—	P20,784,084
Due from BSP and other banks	85,379,722	—	—	—	—	85,379,722
Interbank loans receivable	26,750,581	687,946	19,269	—	—	27,457,796
Securities held under agreements to resell	61,219,614	12,058,748	—	—	—	73,278,362
Financial assets at FVTPL:						
Government securities	11,340,890	706,457	643,535	643,950	30,347,651	43,682,483
Private debt securities	3,324	—	3,324	6,648	296,405	309,701
Equity securities	—	—	—	—	—	—
Derivative assets:						
Gross contractual receivable	77,891,436	18,010,855	5,552,113	275,829	1,030,001	102,760,234
Gross contractual payable	(77,485,694)	(17,852,028)	(5,437,199)	(268,641)	(926,937)	(101,970,499)
Financial assets at FVOCI:						
Government securities	54,564,181	1,387,646	1,998,234	2,616,016	117,403,465	177,969,542
Private debt securities	143,560	1,769,309	735,761	1,364,306	21,319,743	25,332,679
Equity securities	—	—	—	—	27,705,083	27,705,083
Investment securities at amortized cost:						
Government securities	99	683,869	5,046,743	6,221,823	145,918,985	157,871,519
Private debt securities	5	101,895	2,281,120	1,704,922	11,849,840	15,937,782
Financial assets at amortized cost:						
Receivables from customers	286,843,648	43,116,091	9,232,351	11,739,378	573,992,688	924,924,156
Other receivables	12,687,532	1,466,767	526,305	27,913	862,181	15,570,698
Other assets	530,231	—	—	—	500	530,731
Total financial assets	P560,653,213	P62,137,555	P20,601,556	P24,332,144	P929,799,605	P1,597,524,073

Financial Liabilities						
Deposit liabilities:						
Demand	P242,462,389	P—	P—	P—	P—	P242,462,389
Savings *	410,981,594	—	—	—	—	410,981,594
Time and LTNCDS *	273,334,113	93,297,387	17,085,858	10,221,471	10,241,944	404,180,773

(Forward)

	Parent Company					
	2025					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual receivable	P49,482,664	P9,502,125	P5,634,596	P920,064	P436,349	P65,975,798
Gross contractual payable	(49,335,109)	(9,423,234)	(5,594,113)	(912,957)	(427,639)	(65,693,052)
Bills and acceptances payable	2,361,677	6,423,942	1,669,925	258,444	—	10,713,988
Bonds payable	—	—	—	—	36,714,800	36,714,800
Accrued interest payable and accrued other expenses payable	3,765,557	92,207	165,119	1,286	—	4,024,169
Other liabilities	8,921,731	65,823	—	71,229	1,379,221	10,438,004
Total financial liabilities	P941,974,616	P99,958,250	P18,961,385	P10,559,537	P48,344,675	P1,119,798,463

* High-yield savings accounts are included under time deposits

	Parent Company					
	2024					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	P20,522,258	P—	P—	P—	P—	P20,522,258
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	P386,209,541	P163,827,030	P47,817,783	P75,345,144	P761,932,928	P1,435,132,426

Financial Liabilities						
Deposit liabilities:						
Demand	P244,265,623	P—	P—	P—	P—	P244,265,623
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	P834,561,789	P119,863,308	P23,074,507	P17,347,949	P28,203,566	P1,023,051,119

* High-yield savings accounts are included under time deposits

4.2.1 BSP Reporting for Liquidity Positions and Leverage

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

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

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

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

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

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

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

4.3 Market Risk

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

4.3.1 Trading Market Risk

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

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

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

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

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

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

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

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

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

* FX VaR is the bankwide foreign exchange risk

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

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

* FX VaR is the bankwide foreign exchange risk

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

4.4.2 Non-Trading Market Risk

Interest rate risk

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

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

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

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

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

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

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

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

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

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

** Excludes LTNCD



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

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

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

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

** Excludes LTNCD

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

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

Parent Company			
2025		2024	
Statement of Income	Equity	Statement of Income	Equity
(P95,189)	(P95,189)	P73,918	P73,918
95,189	95,189	(73,918)	(73,918)
(190,378)	(190,378)	147,837	147,837
190,378	190,378	(147,837)	(147,837)

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

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

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

Foreign currency risk

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

Foreign currency liabilities generally consist of foreign currency deposits in the Parent Company's FCDU books, accounts made in the Philippines or which are generated from remittances to the Philippines by Filipino expatriates and overseas Filipino workers who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Parent Company and foreign currency-denominated borrowings appearing in the regular books of the Parent Company.

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

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

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

	Consolidated			2024		
	2025		Total	2024		Total
	USD	Others*		USD	Others*	
Assets						
COCI and due from BSP	₱87,738	₱702,216	₱789,954	₱116,927	₱823,342	₱940,269
Due from other banks	13,338,040	7,142,151	20,480,191	11,386,859	4,193,010	15,579,869
Interbank loans receivable and securities held under agreements to resell	2,023,285	5,725,734	7,749,019	1,993,708	3,683,161	5,676,869
Loans and receivables	19,960,935	12,690,933	32,651,868	18,941,355	11,721,952	30,663,307
Financial assets at FVTPL	6,829	308	7,137	812	–	812
Financial assets at FVOCI	1,030,370	1,775,812	2,806,182	975,132	1,579,942	2,555,074
Investment securities at amortized cost	555,733	575,993	1,131,726	381,987	621,679	1,003,666
Other assets	14,656,557	957,548	15,614,105	13,371,776	963,598	14,335,374
Total assets	51,659,487	29,570,695	81,230,182	47,168,556	23,586,684	70,755,240
Liabilities						
Deposit liabilities	₱10,136,206	₱10,544,082	₱20,680,288	₱8,740,905	₱8,643,238	₱17,384,143
Derivative liabilities	–	2,833	2,834	–	–	2,413
Bills and acceptances payable	9,162,914	285,301	9,448,215	8,221,706	79,267	8,300,973
Accrued interest payable	97,621	30,066	127,687	41,372	1,580	42,952
Other liabilities	2,195,730	2,679,818	4,875,548	7,719,166	2,301,882	10,021,048
Total liabilities	21,592,472	13,542,100	35,134,572	24,725,562	11,025,967	35,751,529
Net Exposure	₱30,067,015	₱16,028,595	₱46,095,610	₱22,442,994	₱12,560,717	₱33,003,711

* Other currencies pertain to third currencies

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

* Other currencies pertain to third currencies

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

	2025		2023	
	Consolidated		Parent Company	
	Statement of Income	Equity	Statement of Income	Equity
+1.00%	₱290,366	(₱300,670)	₱268,732	(₱279,036)
-1.00%	(290,366)	300,670	(268,732)	279,036

	2024		2023	
	Consolidated		Parent Company	
	Statement of Income	Equity	Statement of Income	Equity
+1.00%	₱215,387	(₱225,138)	₱195,515	(₱205,266)
-1.00%	(215,387)	225,138	(195,515)	205,266

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

5. Fair Value Measurement

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

Assets and Liabilities	Fair value methodologies
Cash equivalents	At carrying amounts due to their relatively short-term maturity
Derivatives	Based on either: - quoted market prices; - prices provided by independent parties; or - prices derived using acceptable valuation models
Debt securities	For quoted securities – based on market prices from debt exchanges For unquoted securities ¹ – estimated using either: - quoted market prices of comparable investments; or - discounted cash flow methodology
Equity securities	For quoted securities – based on market prices from stock exchanges For unquoted securities – estimated using either: - quoted market prices of comparable investments ²; and - adjusted net asset value method ³ and applying a discount for lack of marketability
Loans and receivables	For loans with fixed interest rates – estimated using the discounted cash flow methodology ⁴ For loans with floating interest rates – at their carrying amounts
Investment properties	Appraisal by independent external and in-house appraisers based on highest and best use of the property (i.e., current use of the properties) ⁵ using either: - market data approach ⁶; or - replacement cost approach ⁷
Short-term financial liabilities	At carrying amounts due to their relatively short-term maturity
Long-term financial liabilities	For quoted debt issuances – based on market prices from debt exchanges For unquoted debt issuances – estimated using the discounted cash flow methodology ⁸

Notes:

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

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

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

⁴ using the current incremental lending rates for similar loans



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

Fair value hierarchy

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

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

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

Consolidated					
2025					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱33,672,894	₱19,769,214	₱13,903,680	₱—	₱33,672,894
Private debt securities	180,071	180,071	—	—	180,071
Derivative assets	796,814	—	796,814	—	796,814
Equity securities	2,935	2,935	—	—	2,935
Financial assets at FVOCI:					
Government securities	148,520,390	78,757,015	69,763,375	—	148,520,390
Equity securities	27,868,750	151,831	1,263,007	26,453,912	27,868,750
Private debt securities	20,141,633	10,278,879	9,862,754	—	20,141,633
	₱231,183,487	₱109,139,945	₱95,589,630	₱26,453,912	₱231,183,487
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱285,562	₱—	₱285,562	₱—	₱285,562
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱127,319,342	₱72,614,318	₱55,241,729	₱—	₱127,856,047
Receivables from customers**	727,754,376	—	—	778,733,104	778,733,104
	₱855,073,718	₱72,614,318	₱55,241,729	₱778,733,104	₱906,589,151
Nonfinancial Assets					
Investment property:					
Land***	₱13,067,375	₱—	₱—	₱36,049,059	₱36,049,059
Buildings and improvements***	3,889,908	—	—	6,247,341	6,247,341
	₱16,957,283	₱—	₱—	₱42,296,400	₱42,296,400
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱260,306,182	₱—	₱—	₱260,291,457	₱260,291,457
Bonds payable	33,278,399	—	33,433,081	—	33,433,081
Bills payable	2,595,160	—	—	2,595,160	2,595,160
	₱296,179,741	₱—	₱33,433,081	₱262,886,617	₱296,319,698

* Net of expected credit losses (Note 9)

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

*** Net of impairment losses (Note 13)

Consolidated					
2024					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱16,181,821	₱9,280,986	₱6,900,835	₱—	₱16,181,821
Private debt securities	649,191	646,996	2,195	—	649,191
Derivative assets	1,087,107	—	1,087,107	—	1,087,107
Equity securities	2,866	2,866	—	—	2,866
Financial assets at FVOCI:					
Government securities	167,824,773	84,332,614	83,492,159	—	167,824,773
Equity securities	28,339,810	2,390,053	671,154	25,278,603	28,339,810
Private debt securities	15,578,200	8,144,021	7,434,179	—	15,578,200
	₱229,663,768	₱104,797,536	₱99,587,629	₱25,278,603	₱229,663,768
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱924,053	₱—	₱924,053	₱—	₱924,053
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱112,422,382	₱44,626,557	₱67,159,150	₱—	₱111,785,707
Receivables from customers**	626,089,235	—	—	657,189,212	657,189,212
	₱738,511,617	₱44,626,557	₱67,159,150	₱657,189,212	₱768,974,919
Nonfinancial Assets					
Investment property:					
Land***	₱12,656,948	₱—	₱—	₱30,731,999	₱30,731,999
Buildings and improvements***	3,307,319	—	—	5,820,255	5,820,255
	₱15,964,267	₱—	₱—	₱36,552,254	₱36,552,254
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱147,368,732	₱—	₱—	₱147,177,687	₱147,177,687
LTNCDs	4,598,770	—	4,541,491	—	4,541,491
Bonds payable	17,304,421	—	17,001,745	—	17,001,745
Bills payable	14,152,442	—	—	14,152,442	14,152,442
	₱183,424,365	₱—	₱21,543,236	₱161,330,129	₱182,873,365

* Net of expected credit losses (Note 9)

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

*** Net of impairment losses (Note 13)

Parent Company					
2025					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱33,672,895	₱19,769,215	₱13,903,680	₱—	₱33,672,895
Private debt securities	180,071	180,071	—	—	180,071
Derivative assets	790,037	—	790,037	—	790,037
Financial assets at FVOCI:					
Government securities	148,184,774	78,248,839	69,935,935	—	148,184,774
Equity securities	27,705,083	151,661	1,099,510	26,453,912	27,705,083
Private debt securities	19,863,828	10,278,879	9,584,949	—	19,863,828
	₱230,396,688	₱108,628,665	₱95,314,111	₱26,453,912	₱230,396,688
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱285,562	₱—	₱285,562	₱—	₱285,562

(Forward)



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

* Net of expected credit losses (Note 9)

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

*** Net of impairment losses (Note 13)

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

* Net of expected credit losses (Note 9)

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

*** Net of impairment losses (Note 13)

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

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

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

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

6. Segment Information

6.1 Business Segments

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

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

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

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

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

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

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

Business segment information of the Group follows:

	2025					
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(P1,612,675)	P31,201,341	P22,469,852	P175,895	P312,037	P52,546,450
Inter-segment	27,857,299	(21,032,568)	(6,824,731)	—	—	—
Net interest margin after inter-segment transactions	26,244,624	10,168,773	15,645,121	175,895	312,037	52,546,450
Other income	5,997,554	3,609,928	3,158,882	1,577,345	89,622	14,433,331
Segment revenue	32,242,178	13,778,701	18,804,003	1,753,240	401,659	66,979,781
Other expenses	14,994,345	3,767,608	1,599,203	1,103,660	401,659	21,866,475
Segment result	P17,247,833	P10,011,093	P17,204,800	649,580	P—	45,113,306
Unallocated expenses						12,938,342
Income before income tax						32,174,964
Income tax						6,833,202
Net income						25,341,762
Non-controlling interests						86,600
Net income for the year attributable to equity holders of the Parent Company						P25,255,162
Other segment information:						
Capital expenditures	P826,219	P194,358	P77,476	P36,633	P—	P1,134,686
Unallocated capital expenditures						599,301
Total capital expenditures						P1,733,987
Depreciation and amortization	P1,178,260	P434,934	P28,534	P132,642	P—	P1,774,370
Unallocated depreciation and amortization						1,676,194
Total depreciation and amortization						P3,450,564
Provision for (reversal of) impairment, credit and other losses	P1,514,061	(P45,201)	P100,680	P86,742	P—	P1,656,282

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

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

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

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

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

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

* 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)
Segment liabilities	₱696,116,123	₱294,672,764	₱46,098,678	₱23,847,015	(₱19,752,668)

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

6.2 Geographical Segments

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

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

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

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

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

7. Due from Bangko Sentral ng Pilipinas

This account consists of:

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

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

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

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

8.1 Interbank Loans Receivables

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

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

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

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

8.2 Securities Held Under Agreements to Resell

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

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

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

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



9. Trading and Investment Securities

This account consists of:

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

9.1 Financial Assets at FVTPL

This account consists of:

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

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

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

9.2 Financial Assets at FVOCI

This account consists of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2025 and 2024, the fair value of FVOCI in the form of government bonds pledged to fulfill its collateral requirements with securities sold under repurchase agreement transactions amounted to nil billion and ₱11.9 billion, respectively (refer to Note 19.1). The counterparties have an obligation to return the securities to the Parent Company once the obligations have been settled. In case of default, the counterparties have the right to hold the securities and sell them as settlement of the repurchase agreement.

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

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

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

9.3 Investment Securities at Amortized Cost

This account consists of:

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

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

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

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

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

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

9.4 Interest Income on Investment Securities at Amortized Cost and FVOCI

This account consists of:

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

9.5 Trading and Investment Securities Gains - net

This account consists of:

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

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

10. Loans and Receivables

10.1 Breakdown of Loans and Receivables

This account consists of:

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

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

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

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

	Consolidated							
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables
Receivables from customers:								
Loans and discounts	₱581,108,848	₱1,728,247	₱—	₱5,337,167	₱26,744,123	₱6,225,467	₱6,741,687	₱—
Credit card receivables	—	—	18,063,885	—	—	—	—	—
Customers' liabilities on letters of credit and trust receipts	8,949,225	—	—	134,477	—	—	93,769	—
Customers' liabilities on acceptances (Note 19)	6,126,005	—	—	—	—	—	—	—
Bills purchased (Note 22)	1,694,021	—	—	19,290	—	—	2,116,354	—
	597,878,099	1,728,247	18,063,885	5,490,934	26,744,123	6,225,467	8,951,810	—
Other receivables:								
Accrued interest receivable	—	—	—	—	—	—	—	8,783,078
Accounts receivable	—	—	—	—	—	—	—	3,964,379
Sales contract receivables (Note 33)	—	—	—	—	—	—	—	1,589,298
Miscellaneous	—	—	—	—	—	—	—	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
Less: Unearned and other deferred income	541,796	8,246	—	14,873	(362)	(95,094)	389,733	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
	₱567,369,203	₱1,656,292	₱16,524,978	₱4,441,602	₱22,988,322	₱5,579,760	₱7,515,747	₱10,743,721
								₱636,819,625

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

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

10.2 Interest Income on Loans and Receivables

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

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

11. Property and Equipment

11.1 Details of Property and Equipment

The composition of and movements in property and equipment follow:

	Consolidated							
	2025							
	Land	Building	Furniture, Fixtures and Equipment	Long-term Leasehold Land	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Notes 29 and 33)	Total
Cost								
Balance at beginning of year	P4,913,503	P3,605,877	P7,644,602	P607,730	P318,242	P1,927,523	P6,105,374	P25,122,851
Additions	-	18,409	261,838	-	356,062	113,870	811,650	1,561,829
Disposals	(48,149)	(18,579)	(522,519)	-	-	(11,393)	-	(600,640)
Transfers/others	-	(1,051)	99,459	4,667	-	6,761	(772,016)	(662,180)
Balance at end of year	4,865,354	3,604,656	7,483,380	612,397	674,304	2,036,761	6,145,008	25,421,860
Accumulated Depreciation and Amortization								
Balance at beginning of year	-	2,545,843	6,744,328	98,032	-	1,553,200	2,861,130	13,802,533
Depreciation and amortization	-	138,384	487,933	6,322	-	78,504	1,124,067	1,835,210
Disposals	-	(12,476)	(465,132)	-	-	(11,393)	-	(489,001)
Transfers/others	-	1,888	(19,908)	2,549	-	4,286	(927,692)	(938,877)
Balance at end of year	-	2,673,639	6,747,221	106,903	-	1,624,597	3,057,505	14,209,865
Allowance for Impairment Losses (Note 16)	534,262	585,054	-	-	-	-	-	1,119,316
Net Book Value at End of Year	P4,331,092	P3,456,963	P7,366,159	P505,494	P674,304	P412,164	P3,087,503	P10,092,679

	Consolidated							
	2024							
	Land	Building	Furniture, Fixtures and Equipment	Long-term Leasehold Land	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Notes 29 and 33)	Total
Cost								
Balance at beginning of year	P4,932,017	P3,577,231	P7,782,684	P593,532	P315,619	P1,879,925	P5,945,050	P25,026,058
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	P4,373,778	P4,748,980	P900,274	P509,698	P318,242	P374,323	P3,244,244	P10,195,539

	Parent Company						
	2025						
	Land	Building	Furniture, Fixtures and Equipment	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Notes 29 and 33)	Total
Cost							
Balance at beginning of year	P4,913,503	P3,526,974	P6,764,381	P318,242	P1,819,488	P6,403,356	P23,745,944
Additions	–	18,409	257,613	356,062	88,842	733,899	1,454,825
Disposals	(48,149)	(18,579)	(223,155)	–	–	–	(289,883)
Transfers/others	–	(1,723)	93,939	–	218	(708,198)	(615,762)
Balance at end of year	4,865,354	3,525,081	6,892,778	674,304	1,908,548	6,429,057	24,295,122
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	2,527,299	6,021,175	–	1,456,169	3,243,627	13,248,270
Depreciation and amortization	–	137,167	473,594	–	73,866	1,076,773	1,761,400
Disposals	–	(12,476)	(223,049)	–	–	–	(235,525)
Transfers/others	–	1,486	(24,889)	–	622	(858,995)	(881,776)
Balance at end of year	–	2,653,476	6,246,831	–	1,530,657	3,461,405	13,892,369
Allowance for Impairment Losses (Note 16)	534,262	585,054	–	–	–	–	1,119,316
Net Book Value at End of Year	P4,331,092	P286,551	P645,947	P674,304	P377,891	P2,967,652	P9,283,437

	Parent Company						
	2024						
	Land	Building	Furniture, Fixtures and Equipment	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Notes 29 and 33)	Total
Cost							
Balance at beginning of year	P4,932,018	P3,500,371	P6,724,154	P315,619	P1,781,197	P6,252,240	P23,505,599
Additions	–	44,446	330,196	23,622	37,722	936,169	1,372,155
Disposals	(3,735)	(16,589)	(279,942)	–	–	–	(300,266)
Transfers/others	(14,780)	(1,254)	(10,027)	(20,999)	569	(785,053)	(831,544)
Balance at end of year	4,913,503	3,526,974	6,764,381	318,242	1,819,488	6,403,356	23,745,944
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	2,377,063	5,827,361	–	1,377,400	2,928,264	12,510,088
Depreciation and amortization	–	156,526	475,784	–	77,348	1,079,792	1,789,450
Disposals	–	(9,028)	(279,165)	–	–	–	(288,193)
Transfers/others	–	2,738	(2,805)	–	1,421	(764,429)	(763,075)
Balance at end of year	–	2,527,299	6,021,175	–	1,456,169	3,243,627	13,248,270
Allowance for Impairment Losses (Note 16)	539,725	585,054	–	–	–	–	1,124,779
Net Book Value at End of Year	P4,373,778	P414,621	P743,206	P318,242	P363,319	P3,159,729	P9,372,895

The total recoverable value of certain property and equipment of the Group and the Parent Company for which impairment loss has been recognized amounted to P1.5 billion as of December 31, 2025 and 2024, the carrying value of which amounted to P2.5 billion as of December 31, 2025 and 2024.

Certain property and equipment of the Parent Company with carrying amount of P55.3 million and P79.9 million are temporarily idle as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, property and equipment of the Parent Company with gross carrying amount of P9.9 billion and P9.4 billion are fully depreciated but are still being used.

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

11.2 Depreciation and Amortization

This account consists of:

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

12. Investments in Subsidiaries and an Associate

The consolidated financial statements of the Group include:

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

The details of this account follow:

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

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

12.1 Investment in AIHI

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

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

12.2 Investment in PNB Capital

On October 27, 2025 and October 27, 2023, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱400.0 million and ₱448.9 million, respectively, which were subsequently paid to the Parent Company on December 19, 2025 and December 27, 2023, respectively.

12.3 Investment in PMLFC

The Parent Company and its joint venture partner, Mizuho Leasing Co. Ltd., mutually agreed to wind up the operations of PMLFC due to the impact of the COVID-19 pandemic to the operations of the joint venture company and the domestic leasing industry. On June 24, 2022, the BOD of the Parent Company approved the amendment to the Articles of Incorporation of PMLFC, shortening its corporate term to March 31, 2024, which was approved by SEC on December 23, 2022. On the other hand, on November 22, 2023, the SEC approved the amendment to the Articles of Incorporation of PMERC, the wholly-owned subsidiary of PMLFC, to shorten its corporate term to December 31, 2024. To date, the winding-up process for both PMLFC and PMERC is ongoing.

In 2023 and 2022, PMLFC transferred to the Parent Company certain receivables via direct purchase or assignment. The Parent Company also accepted in 2023 certain properties of PMLFC and PMERC as partial settlement of their outstanding loans with the Parent Company. The remaining loans were eventually written off as of December 31, 2023 (refer to Note 33.1).

As of December 31, 2025 and 2024, the cost of the Parent Company's equity investment in PMLFC amounted to ₱481.9 million and is reduced by share in accumulated losses of the same amount. However, by virtue of the Parent Company's commitment to provide further funding in PMLFC, the Parent Company recognized net income (losses) amounting to ₱5.8 million, (₱18.6) million and ₱144.2 million in 2025, 2024 and 2023, respectively, representing its share in the accumulated net income (losses) of PMLFC.

12.4 Material Non-Controlling Interests

Proportion of equity interest held by material NCI follows:

Principal Activities	Equity interest of NCI		Accumulated balances of material NCI		Profit allocated to material NCI	
	2025	2024	2025	2024	2025	2024
ABCHKL Banking	49.00%	49.00%	₱2,537,318	₱2,430,334	₱73,584	₱98,054
OHBVI Holding Company	72.22%	72.22%	1,196,595	1,165,390	11,898	19,968

The following table presents financial information of ABCHKL (unaudited) as of December 31, 2025 and 2024:

	2025	2024
Statement of Financial Position		
Current assets	₱12,395,739	₱11,075,821
Non-current assets	869,234	1,718,803
Current liabilities	7,907,665	7,232,400
Non-current liabilities	247,716	670,967
Statement of Comprehensive Income		
Revenues	₱568,098	₱546,924
Expenses	417,925	346,815
Net income	150,172	200,109
Total comprehensive income	496,234	414,956
Statement of Cash Flows		
Net cash provided used in operating activities	₱2,100,665	(₱87,328)
Net cash provided by investing activities	(1,062)	35,753
Net cash used in financing activities	(7,830)	—

The following table presents financial information of OHBVI (unaudited) as of December 31, 2025 and 2024:

	2025	2024
Statement of Financial Position		
Current assets	₱1,656,831	₱1,613,622
Statement of Comprehensive Income		
Revenues/Net income/Total comprehensive income	₱16,475	₱27,649
Statement of Cash Flows		
Net cash provided by operating activities	₱43,209	₱96,129

12.5 Investment in APLII

On June 6, 2016, the Parent Company entered into agreements with Allianz SE (Allianz), a German company engaged in insurance and asset management, for the sale of the 51.00% interest in PNB Life Insurance, Inc. (PNB Life) for a total consideration of USD66.0 million to form a new joint venture company named "Allianz-PNB Life Insurance, Inc."; and a 15-year exclusive distribution access to the branch network of the Parent Company (Exclusive Distribution Rights or EDR).

The purchase consideration of USD66.0 million was allocated between the sale of the 51.00% interest in PNB Life and the EDR amounting to USD44.9 million (₱2.1 billion) and USD21.1 million (₱1.0 billion), respectively. The consideration allocated to the EDR was recognized as 'Deferred revenue - Bancassurance' (Note 22) and is amortized to income over 15 years from date of sale. The Parent Company also receives variable annual and fixed bonus earn-out payments based on milestones achieved over the 15-year term of the distribution agreement.

After receiving approvals from the BSP on December 6, 2022 and June 14, 2021, the Parent Company recorded additional investments in APLII amounting to ₱392.0 million and ₱245.0 million, respectively. On April 23, 2025 and June 27, 2024, APLII returned the Parent Company's investment amounting to ₱343.0 million and ₱122.5 million, respectively, which is adjusted against the cost of the investment.

Summarized financial information of APLII as of December 31, 2025 (unaudited) and 2024 follows:

	2025	2024
Current assets	₱3,200,646	₱3,045,524
Noncurrent assets	166,637,077	135,662,332
Total assets	169,837,723	138,707,856
Current liabilities	2,267,430	2,136,824
Noncurrent liabilities	163,026,309	132,365,045
Total liabilities	165,293,739	134,501,869
Net assets	4,543,984	4,205,987
Percentage of ownership of the Group	44%	44%
Share in the net assets of the associate	₱1,999,353	₱1,850,634

The difference between the share in the net assets of APLII and the carrying value of the investments represents premium on acquisition/retained interest.

Summarized statement of comprehensive income of APLII (unaudited) in 2025 and 2024 follows:

	2025	2024
Revenues	₱6,968,490	₱7,900,955
Costs and expenses	5,870,563	6,919,372
Net income (loss)	1,097,927	981,583
Other comprehensive loss	(494,747)	(470,126)
Total comprehensive income (loss)	₱603,180	₱511,457
Group's share in comprehensive income (loss)	₱265,399	₱225,041

12.6 Significant Restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory supervisory frameworks within which insurance and banking subsidiaries operate.

13. Investment Properties

This account consists of real properties as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Foreclosed or acquired in settlement of loans	₱16,957,283	₱15,784,863	₱16,632,647	₱15,365,513
Held for lease	—	179,404	—	179,404
Total	₱16,957,283	₱15,964,267	₱16,632,647	₱15,544,917

In 2025, the Bank transferred held for lease properties to owner-occupied properties.

The composition of and movements in this account follow:

	Consolidated		
	2025		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,975,784	₱5,586,412	₱20,562,196
Additions	852,305	1,002,863	1,855,168
Disposals	(787,930)	(270,589)	(1,058,519)
Transfers/others	480,314	54,930	535,244
Balance at end of year	15,520,473	6,373,616	21,894,089
Accumulated Depreciation			
Balance at beginning of year	—	1,977,832	1,977,832
Depreciation (Note 11)	—	276,960	276,960
Disposals	—	(119,306)	(119,306)
Transfers/others	—	(24,370)	(24,370)
Balance at end of year	—	2,111,116	2,111,116
Allowance for Impairment Losses (Note 16)	2,453,098	372,592	2,825,690
Net Book Value at End of Year	₱13,067,375	₱3,889,908	₱16,957,283

	Consolidated		
	2024		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,262,534	₱4,465,437	₱18,727,971
Additions	998,131	1,270,489	2,268,620
Disposals	(288,870)	(107,707)	(396,577)
Transfers/others	3,989	(41,807)	(37,818)
Balance at end of year	14,975,784	5,586,412	20,562,196
Accumulated Depreciation			
Balance at beginning of year	—	1,829,513	1,829,513
Depreciation (Note 11)	—	215,569	215,569
Disposals	—	(65,592)	(65,592)
Transfers/others	—	(1,658)	(1,658)
Balance at end of year	—	1,977,832	1,977,832
Allowance for Impairment Losses (Note 16)	2,318,836	301,261	2,620,097
Net Book Value at End of Year	₱12,656,948	₱3,307,319	₱15,964,267

	Parent Company		
	2025		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,407,676	₱5,522,067	₱19,929,743
Additions	852,305	1,002,863	1,855,168
Disposals	(782,720)	(261,707)	(1,044,427)
Transfers/others	552,494	54,199	606,693
Balance at end of year	15,029,755	6,317,422	21,347,177
Accumulated Depreciation			
Balance at beginning of year	—	1,789,431	1,789,431
Depreciation (Note 11)	—	260,128	260,128
Disposals	—	(111,760)	(111,760)
Transfers/others	—	(24,464)	(24,464)
Balance at end of year	—	1,913,335	1,913,335
Allowance for Impairment Losses (Note 16)	2,452,386	348,809	2,801,195
Net Book Value at End of Year	₱12,577,369	4,055,278	₱16,632,647

	Parent Company		
	2024		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱13,709,658	₱4,352,211	₱18,061,869
Additions	998,131	1,270,489	2,268,620
Disposals	(288,870)	(96,711)	(385,581)
Transfers/others	(11,243)	(3,922)	(15,165)
Balance at end of year	14,407,676	5,522,067	19,929,743
Accumulated Depreciation			
Balance at beginning of year	—	1,656,063	1,656,063
Depreciation (Note 11)	—	195,518	195,518
Disposals	—	(60,305)	(60,305)
Transfers/others	—	(1,845)	(1,845)
Balance at end of year	—	1,789,431	1,789,431
Allowance for Impairment Losses (Note 16)	2,318,124	277,271	2,595,395
Net Book Value at End of Year	₱12,089,552	₱3,455,365	₱15,544,917

Foreclosed properties of the Parent Company still subject to redemption period by the borrowers amounted to ₱2.0 billion and ₱2.2 billion as of December 31, 2025 and 2024, respectively.

The total recoverable value of investment properties of the Group and the Parent Company that were impaired amounted to ₱13.1 billion and ₱13.4 billion as of December 31, 2025 and 2024, respectively. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

For the Group and the Parent Company, direct operating expenses on investment properties that generated rental income during the year (other than depreciation and amortization), included under 'Litigation and assets acquired expenses', amounted to ₱6.1 million, ₱16.8 million and ₱33.0 million in 2025, 2024, and 2023, respectively. Direct operating expenses on investment properties that did not generate rental income included under 'Litigation and assets acquired expenses', amounted to ₱417.1 million, ₱231.7 million and ₱397.6 million in 2025, 2024, and 2023, respectively (refer to Note 27.2).

14. Goodwill and Intangible Assets

These accounts consist of:

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Software Cost	Goodwill	Software Cost	Goodwill	Software Cost	Goodwill	Software Cost	Goodwill
Cost								
Balance at beginning of year	₱6,960,153	₱10,184,843	₱6,039,747	₱10,184,843	₱7,895,518	₱10,325,201	₱6,983,715	₱10,325,201
Additions	983,808	—	946,940	—	969,456	—	943,546	—
Impairment in value	—	—	—	—	—	—	—	—
Others	(22,632)	—	(26,534)	—	(40,064)	—	(31,743)	—
	7,921,329	10,184,843	6,960,153	10,184,843	8,824,910	10,325,201	7,895,518	10,325,201
Accumulated amortization								
Balance at beginning of year	5,875,198	—	4,738,021	—	6,888,058	—	5,768,825	—
Amortization (Note 11)	1,163,120	—	1,160,592	—	1,148,341	—	1,146,235	—
Others	(26,352)	—	(23,415)	—	(40,069)	—	(27,002)	—
	7,011,966	—	5,875,198	—	7,996,330	—	6,888,058	—
Net Book Value at End of Year	₱909,363	₱10,184,843	₱1,084,955	₱10,184,843	₱828,580	₱10,325,201	₱1,007,460	₱10,325,201

14.1 Software Cost

Software cost as of December 31, 2025 and 2024 includes capitalized development costs amounting to ₱2.0 billion related to the Parent Company's core banking system.

14.2 Goodwill

The Parent Company accounted for the business combination with ABC under the acquisition method of PFRS 3. The Group has elected to measure the NCI in the acquiree at proportionate share of identifiable assets and liabilities. The business combination resulted in the recognition of goodwill amounting to ₱13.4 billion, allocated to the three CGUs which are also reportable segments.

Goodwill is reviewed for impairment annually in the fourth quarter of the reporting period, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment test is done by comparing the recoverable amount of each CGU with its carrying amount. The carrying amount of a CGU is derived based on its net assets plus the amount of

goodwill allocated to the CGU. The recoverable amount is the higher of a CGU's fair value less costs to sell and its VIU.

In 2023, the goodwill impairment test performed by the Parent Company resulted in an impairment in value of ₱1.0 billion in the Treasury CGU with the recoverable amount being lower than the carrying amount.

As of December 31, 2025 and 2024, goodwill for each CGU amounted to:

	Gross carrying amount	Accumulated impairment in value	Net carrying amount
Retail Banking	₱6,110,312	₱—	₱6,110,312
Corporate Banking	4,190,365	2,153,997	2,036,368
Treasury	3,074,730	1,036,567	2,038,163
	₱13,375,407	₱3,190,564	₱10,184,843

As of December 31, 2025 and 2024, management believes that the carrying value of the goodwill will not materially exceed its recoverable value after consideration of all reasonably possible changes in the key assumptions discussed below.

The recoverable amounts of the CGUs have been determined on the basis of the VIU calculation using the discounted cash flows (DCF) model. The DCF model uses earnings projections based on financial budgets approved by senior management and the BOD of the Parent Company covering a three-year period and are discounted to their present value. Estimating future earning involves judgment which takes into account past and actual performance and expected developments in the respective markets and in the overall macro-economic environment.

The following rates were applied to the cash flow projections:

	2025			2024		
	Retail Banking	Corporate Banking	Treasury	Retail Banking	Corporate Banking	Treasury
Pre-tax discount rate	10.64%	10.64%	10.64%	11.43%	11.43%	11.43%
Projected growth rate	5.37%	5.37%	5.37%	5.73%	5.73%	5.73%

The calculation of VIU is most sensitive to estimates of future cash flows from the business, interest margin, discount rates, projected long-term growth rates (derived based on the forecast local gross domestic product) used to extrapolate cash flows beyond the budget period.

The discount rate applied has been determined based on cost of equity for the Retail, Corporate Banking and Treasury CGUs. The cost of equity is derived using the capital asset pricing model which is comprised of a market risk premium, risk-free interest rate and the beta factor, all of which were obtained from external sources of information.

15. Other Assets

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Financial				
Fund for electronic money products	₱446,065	₱400,000	₱446,065	₱400,000
Returned checks and other cash items	82,372	25,003	82,372	25,003
Security deposits (Note 33)	19,928	19,662	—	—
Miscellaneous	2,914	2,808	2,294	2,147
	551,279	447,473	530,731	427,150
Nonfinancial				
Deferred charges (Note 33)	5,547,395	3,969,199	5,538,689	3,965,120
Creditable withholding taxes	1,292,365	1,467,670	1,081,408	1,253,129
Documentary stamps on hand	698,073	406,790	697,987	406,703
Real estate inventories held under development (Note 33)	482,018	521,114	482,018	521,114
Prepaid expenses	480,679	474,397	405,233	391,743
Retirement asset (Note 28)	294,570	302,797	294,570	302,797
Chattel mortgage properties - net of depreciation	108,982	75,432	108,982	75,432
Stationeries and supplies	102,128	81,937	101,986	81,767
Other investments	26,904	26,842	22,971	22,970
Miscellaneous (Note 28)	1,119,011	1,427,061	852,265	1,135,727
	10,152,125	8,753,239	9,586,109	8,156,502
	10,703,404	9,200,712	10,116,840	8,583,652
Less allowance for credit and impairment losses (Note 16)	1,034,288	1,050,083	1,023,073	1,050,033
	₱9,669,116	₱8,150,629	₱9,093,767	₱7,533,619

‘Fund for electronic money products’ represents the fund set up held in trust by the Parent Company’s Trust Banking Group (TBG) for the specific purpose of liquidation of balances of e-money products of the Group in compliance with BSP Circular 1166. Such amount held in the trust account shall not fall below the required minimum balance of at least 50% of the outstanding e-money balances. The remaining 50% are covered by government securities booked under ‘Investment securities at amortized cost’ amounting to ₱573.8 million and ₱363.4 million as of December 31, 2025 and 2024, respectively (refer to Note 9.3).

‘Deferred charges’ include the share of the Group in the cost of transportation equipment acquired under the Group’s car plan, prepaid expenses expected to benefit the Bank for a future period exceeding one (1) year which are amortized monthly over five years.

‘Real estate inventories held under development’ represent parcels of land contributed by the Parent Company under joint arrangements with real estate developers to be developed as residential condominium units and subdivision lots.

‘Chattel mortgage properties’ pertain to motor vehicles, equipment and assets other than real estate properties, which were acquired by the Group in settlement of loans. As of December 31, 2025 and 2024, accumulated depreciation on the chattel mortgage properties amounted to ₱327.3 million and ₱511.5 million, respectively, for the Group and the Parent Company. As of December 31, 2025 and 2024, the total recoverable value of certain chattel mortgage properties of the Group and the Parent Company that were impaired is at ₱299.8 million and ₱396.5 million, respectively.

‘Miscellaneous financial assets’ include revolving fund, petty cash fund and miscellaneous cash and other cash items. ‘Miscellaneous nonfinancial assets’ include postage, refundable deposits, and sundry debits.

16. Impairment, Credit and Other Losses

16.1 Provision for Impairment, Credit and Other Losses

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Provision for credit losses	₱2,005,909	₱3,772,753	₱5,613,112	₱1,916,793	₱3,725,453	₱5,390,322
Provision for (reversal of) impairment and other losses	(349,627)	95,358	309,942	(426,538)	56,803	309,942
	₱1,656,282	₱3,868,111	₱5,923,054	₱1,490,255	₱3,782,256	₱5,700,264

16.2 Allowance for Impairment and Credit Losses

Changes in the allowance for credit losses on financial assets follow:

	Consolidated						
	2025						
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Total
Balance at beginning of year	₱46,240	₱4,744	₱6,138	₱68,923	₱147,470	₱42,155,234	₱42,428,749
Provisions (reversals)	862	(625)	2,822	1,895	6,130	1,994,825	2,005,909
Accounts charged-off	—	—	—	—	—	(7,482,011)	(7,482,011)
Transfers and others	152	1,703	1,175	294	512	488,325	492,161
Balance at end of year	₱47,254	₱5,822	₱10,135	₱71,112	₱154,112	37,156,373	₱37,444,808

	Consolidated						
	2024						
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Total
Balance at beginning of year	₱14,152	₱9,898	₱8,045	₱45,673	₱155,835	₱42,571,906	₱42,805,509
Provisions (reversals)	32,088	(5,154)	(1,907)	23,250	(8,365)	3,732,841	3,772,753
Accounts charged-off	—	—	—	—	—	(2,925,311)	(2,925,311)
Transfers and others	—	—	—	—	—	(1,171,047)	(1,171,047)
Balance at end of year	₱46,240	₱4,744	₱6,138	₱68,923	₱147,470	₱42,208,389	₱42,481,904

	Parent Company						
	2025						
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Total
Balance at beginning of year	₱46,240	₱4,774	₱5,591	₱68,177	₱147,470	42,155,234	₱42,427,486
Provisions (reversals)	862	(625)	2,822	1,245	6,130	1,906,359	1,916,793
Accounts charged-off	—	—	—	—	—	(7,482,011)	(7,482,011)
Transfers and others	152	(1,896)	102	294	512	442,822	441,986
Balance at end of year	₱47,254	₱2,253	₱8,515	₱69,716	₱154,112	37,022,404	₱37,304,254

	Parent Company						
	2024						
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Loans and Receivables	Total
Balance at beginning of year	₱14,152	₱9,873	₱8,045	₱46,776	₱155,835	₱42,567,228	₱42,801,909
Provisions (reversals)	32,088	(5,099)	-2,454	21,401	(8,365)	3,687,882	3,725,453
Accounts charged-off	—	—	—	—	—	(2,923,540)	(2,923,540)
Transfers and others	—	—	—	—	—	(1,176,336)	(1,176,336)
Balance at end of year	₱46,240	₱4,774	₱5,591	₱68,177	₱147,470	₱42,155,234	₱42,427,486

Movements in the allowance for impairment and other losses on non-financial assets follow:

Consolidated								
2025				2024				
Property and Equipment	Investment Properties	Other Assets	Total	Property and Equipment	Investment Properties	Other Assets	Total	
Balance at beginning of year	₱1,124,779	₱2,620,097	₱1,050,083	₱4,794,959	₱1,133,292	₱2,318,900	₱1,035,620	₱4,487,812
Provisions (reversals)	—	(362,544)	12,917	(349,627)	—	199,452	(104,094)	95,358
Disposals	(5,463)	(66,150)	(3,464)	(75,077)	(8,513)	(17,078)	(26,745)	(52,336)
Accounts charged-off	—	—	(11,722)	(11,722)	—	—	—	—
Transfers and others	—	634,287	(13,526)	620,761	—	118,823	145,302	264,125
Balance at end of year	₱1,119,316	₱2,825,690	₱1,034,288	₱4,979,294	₱1,124,779	₱2,620,097	₱1,050,083	₱4,794,959

Parent Company								
2025				2024				
Property and Equipment	Investment Properties	Other Assets	Total	Property and Equipment	Investment Properties	Other Assets	Total	
Balance at beginning of year	₱1,124,779	₱2,595,396	₱1,050,033	₱4,770,208	₱1,133,292	₱2,294,199	₱1,035,570	₱4,463,061
Provisions (reversals)	—	(436,300)	9,762	(426,538)	—	162,755	(105,952)	56,803
Disposals	(5,463)	(66,150)	(3,464)	(75,077)	(8,513)	(17,078)	(26,745)	(52,336)
Accounts charged-off	—	—	(11,722)	(11,722)	—	—	—	—
Transfers and others	—	708,249	(21,536)	686,713	—	155,520	147,160	302,680
Balance at end of year	₱1,119,316	₱2,801,195	₱1,023,073	₱4,943,584	₱1,124,779	₱2,595,396	₱1,050,033	₱4,770,208

The reconciliation of allowance for loans and receivables are shown below:

Consolidated								
2025				2024				
Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
Corporate Loans								
Beginning Balance	₱2,246,029	₱3,159,548	₱2,561,523	₱29,967,100	₱1,774,187	₱2,895,028	₱23,612,295	₱28,281,510
Newly originated assets which remained in Stage 1 at yearend	774,193	—	—	774,193	807,286	—	—	807,286
Newly originated assets which moved to Stages 2 and 3 at yearend	—	545,986	511,499	1,057,485	—	704,905	397,431	1,102,336
Transfers to Stage 1	470,825	(470,825)	—	—	25,920	(25,799)	(121)	—
Transfers to Stage 2	(109,603)	160,916	(51,313)	—	(70,148)	839,542	(769,394)	—
Transfers to Stage 3	(489)	(301,547)	302,036	—	(280,840)	(346,220)	627,060	—
Accounts charged off	—	—	(5,221,860)	(5,221,860)	—	—	(686,290)	(686,290)
Effect of collections, foreclosures, and provision	(1,173,846)	(316,327)	1,399,171	(91,002)	(10,376)	(907,908)	1,380,542	462,258
Ending Balance	2,207,109	2,777,751	21,501,056	26,485,916	2,246,029	3,159,548	24,561,523	29,967,100
LGU								
Beginning Balance	287	5,378	58,044	63,709	391	6,684	63,216	70,291
Effect of collections, foreclosures, and provision	(84)	(2,213)	—	(2,297)	(104)	(1,306)	(5,172)	(6,582)
Ending Balance	203	3,165	58,044	61,412	287	5,378	58,044	63,709
Credit Cards								
Beginning Balance	589,648	108,264	840,995	1,538,907	508,446	109,883	696,783	1,315,112
Newly originated assets which remained in Stage 1 at yearend	177,683	—	—	177,683	78,851	—	—	78,851
Newly originated assets which moved to Stages 2 and 3 at yearend	—	36,763	47,607	84,370	—	11,526	17,272	28,798
Transfers to Stage 1	43,834	(30,614)	(13,220)	—	49,370	(37,696)	(11,674)	—
Transfers to Stage 2	(18,254)	20,426	(2,172)	—	(16,596)	18,469	(1,873)	—
Transfers to Stage 3	(20,383)	(5,332)	25,715	—	(33,449)	(19,173)	52,622	—
Accounts charged off	—	—	(1,672,820)	(1,672,820)	—	—	(799,638)	(799,638)
Effect of collections, foreclosures, and provision	(49,646)	27,791	1,232,383	1,210,528	3,026	25,255	887,503	915,784
Ending Balance	722,882	157,298	458,488	1,338,668	589,648	108,264	840,995	1,538,907

(Forward)

Consolidated								
2025				2024				
Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
Retail SMEs								
Beginning Balance	₱278,965	₱20,059	₱735,435	₱1,034,459	₱188,665	₱10,116	₱788,816	₱987,597
Newly originated assets which remained in Stage 1 at yearend	193,231	—	—	193,231	114,737	—	—	114,737
Newly originated assets which moved to Stages 2 and 3 at yearend	—	4,588	127,261	131,849	—	13,621	12,785	26,406
Transfers to Stage 1	2,714	(2,714)	—	—	946	(946)	—	—
Transfers to Stage 2	(32)	1,912	(1,880)	—	(115)	430	(315)	—
Transfers to Stage 3	(856)	—	856	—	(26,339)	(6,257)	32,596	—
Accounts charged off	—	—	(38,329)	(38,329)	—	—	(115,370)	(115,370)
Effect of collections, foreclosures, and provision	32,966	46,038	(237,643)	(158,639)	1,071	3,095	16,923	21,089
Ending Balance	506,988	69,883	585,700	1,162,571	278,965	20,059	735,435	1,034,459
Housing Loans								
Beginning Balance	96,394	58,793	3,600,976	3,756,163	525,896	47,197	3,955,221	4,528,314
Newly originated assets which remained in Stage 1 at yearend	30,367	—	—	30,367	50,745	—	—	50,745
Newly originated assets which moved to Stages 2 and 3 at yearend	—	4,229	9,907	14,136	—	2,016	13,444	15,460
Transfers to Stage 1	291,724	(20,953)	(270,771)	—	50,769	(3,234)	(47,535)	—
Transfers to Stage 2	(7,123)	31,255	(24,132)	—	(39,521)	53,677	(14,156)	—
Transfers to Stage 3	(10,377)	(89,587)	99,964	—	(60,880)	(25,729)	86,609	—
Effect of collections, foreclosures, and provision	(214,065)	199,441	103,673	89,409	(430,615)	(15,134)	(392,607)	(838,356)
Ending Balance	186,920	183,178	3,519,617	3,889,715	96,394	58,793	3,600,976	3,756,163
Auto Loans								
Beginning Balance	22,547	1,178	717,076	740,801	25,693	686	1,078,920	1,105,299
Newly originated assets which remained in Stage 1 at yearend	1,636	—	—	1,636	5,154	—	—	5,154
Newly originated assets which moved to Stages 2 and 3 at yearend	—	621	2,318	2,939	—	695	2,708	3,403
Transfers to Stage 1	1,290	(103)	(1,187)	—	188	(20)	(168)	—
Transfers to Stage 2	(352)	352	—	—	(459)	479	(20)	—
Transfers to Stage 3	(265)	(732)	997	—	(8,167)	(2,091)	10,258	—
Accounts charged off	—	—	(321,617)	(321,617)	—	—	(32,938)	(32,938)
Effect of collections, foreclosures, and provision	(21,042)	587	(153,070)	(173,525)	138	1,429	(341,684)	(340,117)
Ending Balance	3,814	1,903	244,517	250,234	22,547	1,178	717,076	740,801
Other Loans								
Beginning Balance	31,858	104,246	910,226	1,046,330	71,794	264,708	928,528	1,265,030
Newly originated assets which remained in Stage 1 at yearend	6,076	—	—	6,076	4,194	—	—	4,194
Newly originated assets which moved to Stages 2 and 3 at yearend	—	360	27,415	27,775	—	—	23	23
Transfers to Stage 1	14,977	(1,527)	(13,450)	—	3,029	(85)	(2,944)	—
Transfers to Stage 2	(927)	5,067	(4,140)	—	(1,894)	5,594	(3,700)	—
Transfers to Stage 3	(1,085)	(236)	1,321	—	(2,523)	(44,240)	46,763	—
Accounts charged off	—	—	(89,186)	(89,186)	—	—	(19,654)	(19,654)
Effect of collections, foreclosures, and provision	(13,190)	(74,467)	(503,948)	(591,605)	(42,742)	(121,731)	(38,790)	(203,263)
Ending Balance	37,709	33,443	328,238	399,390	31,858	104,246	910,226	1,046,330
Other Receivables								
Beginning Balance	180,614	39,163	3,841,143	4,060,920	131,275	37,316	4,850,162	5,018,753
Newly originated assets which remained in Stage 1 at yearend	16,953	—	—	16,953	4,970	—	—	4,970
Newly originated assets which moved to Stages 2 and 3 at yearend	—	6,629	289,398	296,027	—	2,971	5,511	8,482
Transfers to Stage 1	2,420	(1,154)	(1,266)	—	320	(268)	(52)	—
Transfers to Stage 2	(257)	2,143	(1,886)	—	(346)	2,209	(1,863)	—
Transfers to Stage 3	(56,398)	(6,684)	63,082	—	3,426	(3,615)	189	—
Accounts charged off	—	—	(138,199)	(138,199)	—	—	(1,271,421)	(1,271,421)
Effect of collections, foreclosures, and provision	(6,245)	(12,891)	(648,098)	(667,234)	40,969	550	258,617	300,136
Ending Balance	137,087	27,206	3,404,174	3,568,467	180,614	39,163	3,841,143	4,060,920
Total Loans and Receivables								
Beginning Balance	3,446,342	3,496,629	35,265,418	42,208,389	3,226,347	3,371,618	35,973,941	42,571,906
Newly originated assets which remained in Stage 1 at yearend	1,200,139	—	—	1,200,139	1,065,937	—	—	1,065,937
Newly originated assets which moved to Stages 2 and 3 at yearend	—	599,176	1,015,405	1,614,581	—	735,734	449,174	1,184,908
Transfers to Stage 1	827,784	(527,890)	(299,894)	—	130,542	(68,048)	(62,494)	—
Transfers to Stage 2	(136,548)	222,071	(85,523)	—	(129,079)	920,400	(791,321)	—
Transfers to Stage 3	(89,853)	(404,118)	493,971	—	(408,772)	(447,325)	856,097	—
Accounts charged off	—	—	(7,482,011)	(7,482,011)	—	—	(2,925,311)	(2,925,311)
Effect of collections, foreclosures, and provision	(1,445,152)	(132,041)	1,192,468	(384,725)	(438,633)	(1,015,750)	1,765,332	310,949
Ending Balance	₱3,802,712	₱3,253,827	₱30,099,834	₱37,156,373	₱3,446,342	₱3,496,629	₱35,265,418	₱42,208,389

	Parent Company				2024			
	2025	2025	2025	2025	2024	2024	2024	2024
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	P1,727,417	P3,159,548	P25,375,939	P30,262,904	P1,648,613	P2,895,028	P24,029,657	P28,573,298
Newly originated assets which remained in Stage 1 at year-end	774,193	—	—	774,193	807,286	—	—	807,286
Newly originated assets which moved to Stages 2 and 3 at year-end	—	545,986	511,499	1,057,485	—	704,905	397,431	1,102,336
Transfers to Stage 1	470,825	(470,825)	—	—	25,920	(25,799)	(121)	—
Transfers to Stage 2	(109,603)	160,916	(51,313)	—	(70,148)	839,542	(769,394)	—
Transfers to Stage 3	(489)	(301,547)	302,036	—	(280,840)	(346,220)	627,060	—
Accounts charged off	—	—	(5,221,860)	(5,221,860)	—	—	(686,290)	(686,290)
Effect of collections, foreclosures, and provision	(1,266,980)	(316,327)	1,399,169	(184,138)	(403,414)	(907,908)	1,777,596	466,274
Ending Balance	1,595,363	2,777,751	22,315,470	26,688,584	1,727,417	3,159,548	25,375,939	30,262,904
LGU								
Beginning Balance	287	5,378	58,044	63,709	391	6,684	63,216	70,291
Effect of collections, foreclosures, and provision	(84)	(2,213)	—	(2,297)	(104)	(1,306)	(5,172)	(6,582)
Ending Balance	203	3,165	58,044	61,412	287	5,378	58,044	63,709
Credit Cards								
Beginning Balance	589,648	108,264	840,995	1,538,907	508,446	109,883	696,783	1,315,112
Newly originated assets which remained in Stage 1 at year-end	177,683	—	—	177,683	78,851	—	—	78,851
Newly originated assets which moved to Stages 2 and 3 at year-end	—	36,763	47,607	84,370	—	11,526	17,272	28,798
Transfers to Stage 1	43,834	(30,614)	(13,220)	—	49,370	(37,696)	(11,674)	—
Transfers to Stage 2	(18,254)	20,426	(2,172)	—	(16,596)	18,469	(1,873)	—
Transfers to Stage 3	(20,383)	(5,332)	25,715	—	(33,449)	(19,173)	52,622	—
Accounts charged off	—	—	(1,672,820)	(1,672,820)	—	—	(799,638)	(799,638)
Effect of collections, foreclosures, and provision	(49,646)	27,791	1,232,383	1,210,528	3,026	25,255	887,503	915,784
Ending Balance	722,882	157,298	458,488	1,338,668	589,648	108,264	840,995	1,538,907
Retail SMEs								
Beginning Balance	278,965	20,059	735,435	1,034,459	188,665	10,105	783,996	982,766
Newly originated assets which remained in Stage 1 at year-end	193,231	—	—	193,231	114,737	—	—	114,737
Newly originated assets which moved to Stages 2 and 3 at year-end	—	4,588	127,261	131,849	—	13,621	12,785	26,406
Transfers to Stage 1	2,714	(2,714)	—	—	946	(946)	—	—
Transfers to Stage 2	(32)	1,912	(1,880)	—	(115)	430	(315)	—
Transfers to Stage 3	(856)	—	856	—	(26,339)	(6,257)	32,596	—
Accounts charged off	—	—	(38,329)	(38,329)	—	—	(115,370)	(115,370)
Effect of collections, foreclosures, and provision	32,966	46,038	(237,643)	(158,639)	1,071	3,106	21,743	25,920
Ending Balance	506,988	69,883	585,700	1,162,571	278,965	20,059	735,435	1,034,459
Housing Loans								
Beginning Balance	496,900	58,747	3,178,257	3,733,904	524,616	47,197	3,938,674	4,510,487
Newly originated assets which remained in Stage 1 at year-end	30,367	—	—	30,367	50,745	—	—	50,745
Newly originated assets which moved to Stages 2 and 3 at year-end	—	4,229	9,907	14,136	—	2,016	13,444	15,460
Transfers to Stage 1	291,724	(20,953)	(270,771)	—	50,769	(3,234)	(47,535)	—
Transfers to Stage 2	(7,123)	31,255	(24,132)	—	(39,521)	53,677	(14,156)	—
Transfers to Stage 3	(10,377)	(89,587)	99,964	—	(60,880)	(25,729)	86,609	—
Effect of collections, foreclosures, and provision	(617,272)	199,255	501,251	83,234	(28,829)	(15,180)	(798,779)	(842,788)
Ending Balance	184,219	182,946	3,494,476	3,861,641	496,900	58,747	3,178,257	3,733,904
Auto Loans								
Beginning Balance	22,547	1,178	717,076	740,801	25,693	686	1,078,920	1,105,299
Newly originated assets which remained in Stage 1 at year-end	1,636	—	—	1,636	5,154	—	—	5,154
Newly originated assets which moved to Stages 2 and 3 at year-end	—	621	2,318	2,939	—	695	2,708	3,403
Transfers to Stage 1	1,290	(103)	(1,187)	—	188	(20)	(168)	—
Transfers to Stage 2	(352)	352	—	—	(459)	479	(20)	—
Transfers to Stage 3	(265)	(732)	997	—	(8,167)	(2,091)	10,258	—
Accounts charged off	—	—	(321,617)	(321,617)	—	—	(32,938)	(32,938)
Effect of collections, foreclosures, and provision	(21,042)	587	(153,070)	(173,525)	138	1,429	(341,684)	(340,117)
Ending Balance	3,814	1,903	244,517	250,234	22,547	1,178	717,076	740,801

(Forward)

	Parent Company				2024			
	2025	2025	2025	2025	2024	2024	2024	2024
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Other Loans								
Beginning Balance	P31,832	P104,246	P910,140	P1,046,218	P71,784	P264,708	P928,528	P1,265,020
Newly originated assets which remained in Stage 1 at year-end	6,076	—	—	6,076	4,194	—	—	4,194
Newly originated assets which moved to Stages 2 and 3 at year-end	—	360	27,415	27,775	—	—	23	23
Transfers to Stage 1	14,977	(1,527)	(13,450)	—	3,029	(85)	(2,944)	—
Transfers to Stage 2	(927)	5,067	(4,140)	—	(1,894)	5,594	(3,700)	—
Transfers to Stage 3	(1,085)	(236)	1,321	—	(2,523)	(44,240)	46,763	—
Accounts charged off	—	—	(89,186)	(89,186)	—	—	(19,654)	(19,654)
Effect of collections, foreclosures, and provision	(13,296)	(74,467)	(503,948)	(591,711)	(42,758)	(121,731)	(38,876)	(203,365)
Ending Balance	37,577	33,443	328,152	399,172	31,832	104,246	910,140	1,046,218
Other Receivables								
Beginning Balance	66,282	34,740	3,633,310	3,734,332	22,665	32,893	4,689,397	4,744,955
Newly originated assets which remained in Stage 1 at year-end	16,953	—	—	16,953	4,970	—	—	4,970
Newly originated assets which moved to Stages 2 and 3 at year-end	—	6,629	289,398	296,027	—	2,971	5,511	8,482
Transfers to Stage 1	3,669	(2,403)	(1,266)	—	320	(268)	(52)	—
Transfers to Stage 2	(257)	2,143	(1,886)	—	(346)	2,209	(1,863)	—
Transfers to Stage 3	(16)	(2,261)	2,277	—	3,426	(3,615)	189	—
Accounts charged off	—	—	(138,199)	(138,199)	—	—	(1,269,650)	(1,269,650)
Effect of collections, foreclosures, and provision	(6,360)	(12,891)	(629,740)	(648,991)	35,247	550	209,778	245,575
Ending Balance	80,271	25,957	3,153,894	3,260,122	66,282	34,740	3,633,310	3,734,332
Total Loans and Receivables								
Beginning Balance	3,213,878	3,492,160	35,449,196	42,155,234	2,990,873	3,367,184	36,209,171	42,567,228
Newly originated assets which remained in Stage 1 at year-end	1,200,139	—	—	1,200,139	1,065,937	—	—	1,065,937
Newly originated assets which moved to Stages 2 and 3 at year-end	—	599,176	1,015,405	1,614,581	—	735,734	449,174	1,184,908
Transfers to Stage 1	829,033	(529,139)	(299,894)	—	130,542	(68,048)	(62,494)	—
Transfers to Stage 2	(136,548)	222,071	(85,523)	—	(129,079)	920,975	(791,896)	—
Transfers to Stage 3	(33,471)	(399,695)	433,166	—	(408,772)	(447,325)	856,097	—
Accounts charged off	—	—	(7,482,011)	(7,482,011)	—	—	(2,923,540)	(2,923,540)
Effect of collections, foreclosures, and provision	(1,941,714)	(132,227)	1,608,402	(465,539)	(435,623)	(1,016,360)	1,712,684	260,701
Ending Balance	P3,131,317	P3,252,346	P30,638,741	P37,022,404	P3,213,878	P3,492,160	P35,449,196	P42,155,234

16.3 Gross Carrying Amounts of Loans and Receivables

Movements of the gross carrying amounts of loans and receivables are shown below:

	Consolidated				2024			
	2025	2025	2025	2025	2024	2024	2024	2024
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	P537,669,686	P24,671,439	P34,995,178	P597,336,303	P511,739,263	P27,482,301	P32,976,162	P572,197,726
Newly originated assets which remained in Stage 1 at year-end	238,853,749	—	—	238,853,749	313,540,235	—	—	313,540,235
Newly originated assets which moved to Stages 2 and 3 at year-end	—	7,058,244	1,116,081	8,174,325	—	14,542,849	6,213,419	20,756,268
Transfers to Stage 1	6,826,156	(6,826,156)	—	—	1,626,834	(1,538,339)	(88,495)	—
Transfers to Stage 2	(8,813,473)	8,978,428	(164,955)	—	(1,709,484)	3,688,218	(1,978,734)	—
Transfers to Stage 3	(222,855)	(2,810,945)	3,033,800	—	(496,633)	(1,087,075)	1,583,708	—
Accounts charged off	—	—	(5,221,860)	(5,221,860)	—	—	(686,290)	(686,290)
Collections and other movements	(145,989,988)	(9,999,553)	(791,013)	(156,780,554)	(287,030,529)	(18,416,515)	(3,024,592)	(308,471,636)
Ending Balance	628,323,275	21,071,457	32,967,231	682,361,963	537,669,686	24,671,439	34,995,178	597,336,303
LGU								
Beginning Balance	1,646,870	22,610	50,521	1,720,001	2,183,286	28,139	54,900	2,266,325
Collections and other movements	(497,277)	(8,878)	—	(506,155)	(536,416)	(5,529)	(4,379)	(546,324)
Ending Balance	1,149,593	13,732	50,521	1,213,846	1,646,870	22,610	50,521	1,720,001

(Forward)



	Consolidated				2024			
	2025	2025	2025	2025	2024	2024	2024	2024
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Credit Cards								
Beginning Balance	P17,157,460	P489,873	P416,552	P18,063,885	P14,208,553	P440,362	P583,930	P15,232,845
Newly originated assets which remained in Stage 1 at year end	4,309,473	—	—	4,309,473	1,980,502	—	—	1,980,502
Newly originated assets which moved to Stages 2 and 3 at year end	—	172,513	105,524	278,037	—	52,126	31,425	83,551
Transfers to Stage 1	169,442	(142,080)	(27,362)	—	149,502	(125,603)	(23,899)	—
Transfers to Stage 2	(391,672)	395,818	(4,146)	—	(319,966)	323,698	(3,732)	—
Transfers to Stage 3	(402,621)	(26,891)	429,512	—	(547,031)	(87,958)	634,989	—
Accounts charged off	—	—	(1,672,820)	(1,672,820)	—	—	(799,638)	(799,638)
Collections and other movements	(750,945)	(197,906)	1,397,037	448,186	1,685,900	(112,752)	(6,523)	1,566,625
Ending Balance	20,091,137	691,327	644,297	21,426,761	17,157,460	489,873	416,552	18,063,885
Retail SMEs								
Beginning Balance	4,360,929	123,849	991,283	5,476,061	4,153,369	151,456	1,067,223	5,372,048
Newly originated assets which remained in Stage 1 at year end	2,155,203	—	—	2,155,203	3,539,950	—	—	3,539,950
Newly originated assets which moved to Stages 2 and 3 at year end	—	24,164	129,804	153,968	—	114,725	50,153	164,878
Transfers to Stage 1	38,845	(38,845)	—	—	7,659	(7,659)	—	—
Transfers to Stage 2	(564)	4,324	(3,760)	—	(810)	2,953	(2,143)	—
Transfers to Stage 3	(6,111)	—	6,111	—	(71,839)	(7,659)	79,498	—
Accounts charged off	—	—	(38,329)	(38,329)	—	—	(115,370)	(115,370)
Collections and other movements	(1,009,202)	66,666	(376,190)	(1,318,726)	(3,267,400)	(129,967)	(88,078)	(3,485,445)
Ending Balance	5,539,100	180,158	708,919	6,428,177	4,360,929	123,849	991,283	5,476,061
Housing Loans								
Beginning Balance	21,169,844	317,380	5,257,261	26,744,485	20,130,870	248,682	7,921,739	28,301,291
Newly originated assets which remained in Stage 1 at year end	10,538,228	—	—	10,538,228	3,162,128	—	—	3,162,128
Newly originated assets which moved to Stages 2 and 3 at year end	—	33,321	33,217	66,538	—	17,757	44,110	61,867
Transfers to Stage 1	711,763	(101,805)	(609,958)	—	1,577,780	(105,411)	(1,472,369)	—
Transfers to Stage 2	(268,062)	326,461	(58,399)	—	(209,603)	281,574	(71,971)	—
Transfers to Stage 3	(369,919)	(350,327)	720,246	—	(204,135)	(105,411)	309,546	—
Collections and other movements	(5,661,942)	662,318	(298,375)	(5,297,999)	(3,287,196)	(19,811)	(1,473,794)	(4,780,801)
Ending Balance	26,119,912	887,348	5,043,992	32,051,252	21,169,844	317,380	5,257,261	26,744,485
Auto Loans								
Beginning Balance	5,477,450	35,654	807,457	6,320,561	5,216,360	22,973	1,263,450	6,502,783
Newly originated assets which remained in Stage 1 at year end	2,765,003	—	—	2,765,003	2,515,108	—	—	2,515,108
Newly originated assets which moved to Stages 2 and 3 at year end	—	34,777	21,758	56,535	—	18,900	24,820	43,720
Transfers to Stage 1	10,217	(3,400)	(6,817)	—	32,064	(3,394)	(28,670)	—
Transfers to Stage 2	(91,605)	91,605	—	—	(15,561)	16,513	(952)	—
Transfers to Stage 3	(70,692)	(20,229)	90,921	—	(40,217)	(3,394)	43,611	—
Accounts charged off	—	—	(321,617)	(321,617)	—	—	(32,938)	(32,938)
Collections and other movements	(2,072,556)	(36,810)	(244,132)	(2,353,498)	(2,230,304)	(15,944)	(461,864)	(2,708,112)
Ending Balance	6,017,817	101,597	347,570	6,466,984	5,477,450	35,654	807,457	6,320,561
Other Loans								
Beginning Balance	6,893,718	347,594	1,320,765	8,562,077	8,187,643	2,087,478	1,650,129	11,925,250
Newly originated assets which remained in Stage 1 at year end	5,861,583	—	—	5,861,583	5,119,859	—	—	5,119,859
Newly originated assets which moved to Stages 2 and 3 at year end	—	15,649	59,957	75,606	—	—	31	31
Transfers to Stage 1	42,934	(6,720)	(36,214)	—	47,303	(3,435)	(43,868)	—
Transfers to Stage 2	(87,615)	98,861	(11,246)	—	(7,521)	22,220	(14,699)	—
Transfers to Stage 3	(47,623)	(697)	48,320	—	(11,694)	(3,435)	15,129	—
Accounts charged off	—	—	(89,186)	(89,186)	—	—	(19,654)	(19,654)
Collections and other movements	(3,043,866)	761,029	(733,944)	(3,016,781)	(6,441,872)	(1,755,234)	(266,303)	(8,463,409)
Ending Balance	9,619,131	1,215,716	558,452	11,393,299	6,893,718	347,594	1,320,765	8,562,077
Other Receivables								
Beginning Balance	8,786,593	174,340	5,843,708	14,804,641	11,130,475	270,041	6,083,868	17,484,384
Newly originated assets which remained in Stage 1 at year end	1,610,298	—	—	1,610,298	1,312,023	—	—	1,312,023
Newly originated assets which moved to Stages 2 and 3 at year end	—	23,359	288,454	311,813	—	64,105	40,350	104,455
Transfers to Stage 1	50,702	(48,183)	(2,519)	—	23,996	(13,905)	(10,091)	—
Transfers to Stage 2	(23,079)	28,078	(4,999)	—	(6,040)	17,059	(11,019)	—
Transfers to Stage 3	(10,826)	(18,955)	29,781	—	(6,464)	(8,587)	15,051	—
Accounts charged off	—	—	(138,199)	(138,199)	—	—	(1,271,421)	(1,271,421)
Collections and other movements	1,069,716	(26,233)	(1,800,200)	(756,717)	(3,667,397)	(154,373)	996,970	(2,824,800)
Ending Balance	11,483,404	132,406	4,216,026	15,831,836	8,786,593	174,340	5,843,708	14,804,641

(Forward)

	Consolidated				2024			
	2025	2025	2025	2025	2024	2024	2024	2024
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Total Loans and Receivables								
Beginning Balance	P603,162,550	P26,182,739	P49,682,725	P679,028,014	P576,949,819	P30,731,432	P51,601,401	P659,282,652
Newly originated assets which remained in Stage 1 at year end	266,093,537	—	—	266,093,537	331,169,805	—	—	331,169,805
Newly originated assets which moved to Stages 2 and 3 at year end	—	7,362,027	1,754,795	9,116,822	—	14,810,462	6,404,307	21,214,769
Transfers to Stage 1	7,850,059	(7,167,189)	(682,870)	—	3,465,138	(1,797,746)	(1,667,392)	—
Transfers to Stage 2	(9,676,070)	9,923,575	(247,505)	—	(2,268,985)	4,352,235	(2,083,250)	—
Transfers to Stage 3	(1,130,647)	(3,228,044)	4,358,691	—	(1,378,013)	(1,303,519)	2,681,532	—
Accounts charged off	—	—	(7,482,011)	(7,482,011)	—	—	(2,925,311)	(2,925,311)
Collections and other movements	(157,956,060)	(8,779,367)	(2,846,817)	(169,582,244)	(304,775,214)	(20,610,125)	(4,328,562)	(329,713,901)
Ending Balance	P708,343,369	P24,293,741	P44,537,008	P777,174,118	P603,162,550	P26,182,739	P49,682,725	P679,028,014
Parent Company								
	2025	2025	2025	2025	2024	2024	2024	2024
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	P525,391,876	P24,636,840	P34,517,685	P584,546,401	P499,062,930	P27,447,702	P32,943,593	P559,454,225
Newly originated assets which remained in Stage 1 at year end	231,940,804	—	—	231,940,804	311,255,404	—	—	311,255,404
Newly originated assets which moved to Stages 2 and 3 at year end	—	7,058,244	563,079	7,621,323	—	14,542,849	5,601,615	20,144,464
Transfers to Stage 1	6,826,156	(6,826,156)	—	—	1,626,834	(1,538,339)	(88,495)	—
Transfers to Stage 2	(8,813,473)	8,978,428	(164,955)	—	(1,709,484)	3,688,218	(1,978,734)	—
Transfers to Stage 3	(222,855)	(2,810,945)	3,033,800	—	(496,633)	(1,087,075)	1,583,708	—
Accounts charged off	—	—	(5,221,860)	(5,221,860)	—	—	(686,290)	(686,290)
Collections and other movements	(139,754,789)	(10,065,675)	(222,965)	(150,043,429)	(284,347,175)	(18,416,515)	(2,857,712)	(305,621,402)
Ending Balance	615,367,719	20,970,736	32,504,784	668,843,239	525,391,876	24,636,840	34,517,685	584,546,401
LGU								
Beginning Balance	1,646,870	22,610	50,521	1,720,001	2,183,286	28,139	54,900	2,266,325
Collections and other movements	(497,277)	(8,878)	—	(506,155)	(536,416)	(5,529)	(4,379)	(546,324)
Ending Balance	1,149,593	13,732	50,521	1,213,846	1,646,870	22,610	50,521	1,720,001
Credit Cards								
Beginning Balance	17,157,460	489,873	416,552	18,063,885	14,208,553	440,362	583,930	15,232,845
Newly originated assets which remained in Stage 1 at year end	4,309,473	—	—	4,309,473	1,980,502	—	—	1,980,502
Newly originated assets which moved to Stages 2 and 3 at year end	—	172,513	105,524	278,037	—	52,126	31,425	83,551
Transfers to Stage 1	169,442	(142,080)	(27,362)	—	149,502	(125,603)	(23,899)	—
Transfers to Stage 2	(391,672)	395,818	(4,146)	—	(319,966)	323,698	(3,732)	—
Transfers to Stage 3	(402,621)	(26,891)	429,512	—	(547,031)	(87,958)	634,989	—
Accounts charged off	—	—	(1,672,820)	(1,672,820)	—	—	(799,638)	(799,638)
Collections and other movements	(750,945)	(197,906)	1,397,037	448,186	1,685,900	(112,752)	(6,523)	1,566,625
Ending Balance	20,091,137	691,327	644,297	21,426,761	17,157,460	489,873	416,552	18,063,885
Retail SMEs								
Beginning Balance	4,360,929	123,849	991,283	5,476,061	4,153,253	151,473	1,057,121	5,361,847
Newly originated assets which remained in Stage 1 at year end	2,155,203	—	—	2,155,203	3,539,950	—	—	3,539,950
Newly originated assets which moved to Stages 2 and 3 at year end	—	24,164	129,804	153,968	—	114,725	50,153	164,878
Transfers to Stage 1	38,845	(38,845)	—	—	7,659	(7,659)	—	—
Transfers to Stage 2	(564)	4,324	(3,760)	—	(810)	2,953	(2,143)	—
Transfers to Stage 3	(6,111)	—	6,111	—	(71,839)	(7,659)	79,498	—
Accounts charged off	—	—	(38,329)	(38,329)	—	—	(115,370)	(115,370)
Collections and other movements	(1,009,202)	66,666	(376,190)	(1,318,726)	(3,267,284)	(129,984)	(77,976)	(3,475,244)
Ending Balance	5,539,100	180,158	708,919	6,428,177	4,360,929	123,849	991,283	5,476,061
Housing Loans								
Beginning Balance	20,403,673	312,234	5,244,192	25,960,099	19,354,191	248,682	7,921,406	27,524,279
Newly originated assets which remained in Stage 1 at year end	10,538,228	—	—	10,538,228	3,162,128	—	—	3,162,128
Newly originated assets which moved to Stages 2 and 3 at year end	—	33,321	33,217	66,538	—	17,757	44,110	61,867
Transfers to Stage 1	711,763	(101,805)	(609,958)	—	1,577,780	(105,411)	(1,472,369)	—
Transfers to Stage 2	(257,425)	315,824	(58,399)	—	(204,457)	276,428	(71,971)	—
Transfers to Stage 3	(369,919)	(350,327)	720,246	—	(193,797)	(105,411)	299,208	—
Collections and other movements	(5,710,649)	662,255	(251,468)	(5,299,862)	(3,292,172)	(19,811)	(1,476,192)	(4,788,175)
Ending Balance	25,315,671	871,502	5,077,830	31,265,003	20,403,673	312,234	5,244,192	25,960,099

(Forward)



	Parent Company							
	2025		2024		2025		2024	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Auto Loans								
Beginning Balance	₱5,477,450	₱35,654	₱807,457	₱6,320,561	₱5,216,360	₱22,973	₱1,263,450	₱6,502,783
Newly originated assets which remained in Stage 1 at year-end	2,765,003	—	—	2,765,003	2,515,108	—	—	2,515,108
Newly originated assets which moved to Stages 2 and 3 at year-end	—	34,777	21,758	56,535	—	18,900	24,820	43,720
Transfers to Stage 1	10,217	(3,400)	(6,817)	—	32,064	(3,394)	(28,670)	—
Transfers to Stage 2	(91,605)	91,605	—	—	(15,561)	16,513	(952)	—
Transfers to Stage 3	(70,692)	(20,229)	90,921	—	(40,217)	(3,394)	43,611	—
Accounts charged off	—	—	(321,617)	(321,617)	—	—	(32,938)	(32,938)
Collections and other movements	(2,072,556)	(36,810)	(244,132)	(2,353,498)	(2,230,304)	(15,944)	(461,864)	(2,708,112)
Ending Balance	6,017,817	101,597	347,570	6,466,984	5,477,450	35,654	807,457	6,320,561
Other Loans								
Beginning Balance	6,812,094	343,565	1,207,385	8,363,044	8,099,735	2,087,478	1,650,129	11,837,342
Newly originated assets which remained in Stage 1 at year-end	5,861,583	—	—	5,861,583	5,119,859	—	—	5,119,859
Newly originated assets which moved to Stages 2 and 3 at year-end	—	15,649	59,957	75,606	—	—	31	31
Transfers to Stage 1	42,934	(6,720)	(36,214)	—	47,303	(3,435)	(43,868)	—
Transfers to Stage 2	(87,615)	98,861	(11,246)	—	(3,492)	18,191	(14,699)	—
Transfers to Stage 3	(47,623)	(697)	48,320	—	(11,694)	(3,435)	15,129	—
Accounts charged off	—	—	(89,186)	(89,186)	—	—	(19,654)	(19,654)
Collections and other movements	(3,011,637)	760,979	(726,357)	(2,977,015)	(6,439,617)	(1,755,234)	(379,683)	(8,574,534)
Ending Balance	9,569,736	1,211,637	452,659	11,234,032	6,812,094	343,565	1,207,385	8,363,044
Other Receivables								
Beginning Balance	8,369,133	170,656	5,557,563	14,097,352	10,449,820	266,357	5,830,168	16,546,345
Newly originated assets which remained in Stage 1 at year-end	1,610,186	—	—	1,610,186	1,312,023	—	—	1,312,023
Newly originated assets which moved to Stages 2 and 3 at year-end	—	23,359	288,454	311,813	—	64,105	40,350	104,455
Transfers to Stage 1	50,702	(48,183)	(2,519)	—	23,996	(13,905)	(10,091)	—
Transfers to Stage 2	(23,079)	28,078	(4,999)	—	(6,040)	17,059	(11,019)	—
Transfers to Stage 3	(3,829)	(15,271)	19,100	—	(6,463)	(8,587)	15,050	—
Accounts charged off	—	—	(138,199)	(138,199)	—	—	(1,269,650)	(1,269,650)
Collections and other movements	1,073,817	(26,233)	(1,754,632)	(707,048)	(3,404,203)	(154,373)	962,755	(2,595,821)
Ending Balance	11,076,930	132,406	3,964,768	15,174,104	8,369,133	170,656	5,557,563	14,097,352
Total Loans and Receivables								
Beginning Balance	589,619,485	26,135,281	48,792,638	664,547,404	562,728,128	30,693,166	51,304,697	644,725,991
Newly originated assets which remained in Stage 1 at year-end	259,180,480	—	—	259,180,480	328,884,974	—	—	328,884,974
Newly originated assets which moved to Stages 2 and 3 at year-end	—	7,362,027	1,201,793	8,563,820	—	14,810,462	5,792,473	20,602,935
Transfers to Stage 1	7,850,059	(7,167,189)	(682,870)	—	3,465,138	(1,797,746)	(1,667,392)	—
Transfers to Stage 2	(9,665,433)	9,912,938	(247,505)	—	(2,259,810)	4,343,060	(2,083,250)	—
Transfers to Stage 3	(1,123,650)	(3,224,360)	4,348,010	—	(1,367,674)	(1,303,519)	2,671,193	—
Accounts charged off	—	—	(7,482,011)	(7,482,011)	—	—	(2,923,540)	(2,923,540)
Collections and other movements	(151,733,238)	(8,845,602)	(2,178,707)	(162,757,547)	(301,831,271)	(20,610,142)	(4,301,543)	(326,742,956)
Ending Balance	₱694,127,703	₱24,173,095	₱43,751,348	₱762,052,146	₱589,619,485	₱26,135,281	₱48,792,638	₱664,547,404

17. Deposit Liabilities

17.1 Regulatory Reserve Requirements

As of December 31, 2025 and 2024, peso deposit liabilities are subject to reserves equivalent to 5.0% and 7.0%, respectively, while peso-denominated LTNCDs are subject to reserve requirements equivalent to 4.0%.

Available reserves booked under 'Due from BSP' amounted to ₱45.4 billion and ₱44.6 billion as of December 31, 2025 and 2024, respectively (refer to Note 7).

17.2 LTNCDs

LTNCDs issued by the Parent Company consist of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					2025	2024
October 11, 2019	April 11, 2025	₱4,600,000	4.38%	Quarterly	₱—	₱4,598,770

17.3 Interest Expense on Deposit Liabilities

This account consists of:

	Consolidated		Parent Company		2025	2024
	2025	2024	2023	2025		
Savings	₱8,849,051	₱9,560,100	₱6,989,245	₱8,844,621	₱9,553,020	₱6,984,663
Time	6,476,199	6,130,302	5,036,686	6,441,565	6,111,730	5,010,322
Demand	235,779	212,807	203,681	233,638	209,875	200,798
LTNCDs	57,132	526,326	776,034	57,132	526,326	776,034
	₱15,618,161	₱16,429,535	₱13,005,646	₱15,576,956	₱16,400,951	₱12,971,817

As of December 31, 2025 and 2024, noninterest-bearing deposit liabilities amounted to ₱28.0 billion and ₱26.8 billion, respectively, for the Group, and ₱28.0 billion and ₱27.0 billion, respectively, for the Parent Company.

The remaining deposit liabilities of the Group and the Parent Company generally earn annual fixed interest rates ranging from:

	Consolidated		Parent Company		2025	2024
	2025	2024	2023	2025		
Peso-denominated	0.1% - 6.6%	0.1% - 6.1%	0.1% - 7.5%	0.1% - 6.6%	0.1% - 6.1%	0.1% - 7.5%
Foreign currency-denominated	0.0% - 5.2%	0.0% - 5.5%	0.1% - 6.1%	0.0% - 5.2%	0.0% - 5.5%	0.1% - 6.1%

In 2025, 2024 and 2023, interest expense on LTNCDs for both the Group and the Parent Company includes amortization of transaction costs amounting to ₱1.2 million, ₱15.2 million and ₱23.5 million, respectively.

18. Financial Liabilities at Fair Value Through Profit or Loss

As of December 31, 2025 and 2024, this account consists of currency forwards and spots with negative fair values amounting to ₱285.6 million and ₱924.1 million, respectively, for the Group and ₱285.6 million and ₱921.7 million, respectively for the Parent Company (refer to Notes 9, 23 and 35).

19. Bills and Acceptances Payable

19.1 Information on Bills and Acceptances Payable

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Bills payable to:				
Foreign banks	₱2,594,765	₱11,828,038	₱2,594,765	₱11,828,038
BSP and local banks	395	2,324,404	395	2,324,404
	2,595,160	14,152,442	2,595,160	14,152,442
Acceptances outstanding (Note 10)	8,147,588	6,056,009	8,147,588	6,056,009
	₱10,742,748	₱20,208,451	₱10,742,748	₱20,208,451

The following are the carrying values and fair values of government debt securities pledged and transferred under Bills payable transactions of the Group and the Parent Company:

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets at FVOCI (Note 9.2)	₱-	₱-	₱11,859,179	₱11,859,179
Investment securities at amortized cost (Note 9.3)	1,280,774	1,325,734	2,392,401	2,397,775
	₱1,280,774	₱1,325,734	₱14,251,580	₱14,256,954

19.2 Interest Expense on Bills Payable and Other Borrowings

This account consists of:

	Consolidated		Parent Company		
	2025	2024	2023	2025	2024
Lease liabilities (Note 29)	₱276,693	₱175,831	₱171,570	₱273,378	₱172,824
Bills payable	193,908	191,541	129,031	194,133	192,131
Others	150,748	83,566	35,246	146,953	82,152
	₱621,349	₱450,938	₱335,847	₱614,464	₱447,107

Bills payable of the Group and the Parent Company earn annual fixed interest rates ranging from:

	2025	2024	2023
Peso-denominated	4.5% - 5.9%	5.8% - 6.6%	6.0% - 6.8%
Foreign currency-denominated	1.3% - 4.6%	0.0% - 5.6%	0.0% - 5.4%

20. Accrued Taxes, Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Accrued taxes and other expenses	₱6,959,501	₱6,652,716	₱6,773,524	₱6,456,764
Accrued interest (Note 33)	2,344,481	2,145,837	2,319,805	2,125,330
	₱9,303,982	₱8,798,553	₱9,093,329	₱8,582,094

Accrued taxes and other expenses consist of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Financial liabilities:				
Promotional expenses	₱1,072,885	₱1,100,694	₱1,071,969	₱1,100,500
Rent and utilities payable	402,015	414,424	398,639	410,792
Information technology-related expenses	116,275	145,090	116,275	145,090
Repairs and maintenance	98,350	105,759	98,350	105,759
Professional fees	49,739	50,431	19,131	25,877
	1,739,264	1,816,398	1,704,364	1,788,018
Nonfinancial liabilities:				
Monetary value of leave credits	1,645,346	1,813,772	1,615,284	1,784,289
PDIC insurance premiums	1,101,476	1,093,893	1,085,998	1,078,415
Other taxes and licenses	1,031,456	775,776	1,016,058	757,116
Miscellaneous services	524,344	129,733	524,344	129,733
Stationeries and supplies	139,067	150,930	139,067	150,930
Employee benefits	82,189	103,099	60,592	95,198
Security, messengerial and janitorial	47,274	38,176	47,274	38,176
Common use service area	44,563	92,521	44,563	92,521
Other insurances	21,839	28,355	21,839	28,355
Freight	21,027	20,642	21,027	20,642
Other expenses	561,656	589,421	493,114	493,371
	5,220,237	4,836,318	5,069,160	4,668,746
	₱6,959,501	₱6,652,716	₱6,773,524	₱6,456,764

‘Other expenses’ include janitorial, representation and entertainment, communication and other operating expenses.

21. Bonds Payable

This account consists of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					2025	2024
<u>Fixed rate medium term senior notes</u>						
Oct 23, 2024	Oct 23, 2029	USD300,000	4.85%	Semi-annually	₱17,596,320	₱17,304,421
		USD300,000			17,596,320	17,304,421
<u>Fixed rate ASEAN Sustainability bonds</u>						
<u>Series A</u>						
Dec 11, 2025	Dec 11, 2028	₱10,880,000	5.49%	Quarterly	₱10,867,615	₱—
<u>Series B</u>						
Dec 11, 2025	Dec 11, 2030	4,820,000	5.78%	Quarterly	4,814,464	—
		₱15,700,000			15,682,079	—
					₱33,278,399	₱17,304,421

On December 11, 2025, the Parent Company raised a total of ₱10.9 billion of its Fixed Rate Series A ASEAN Sustainability bonds due 2028 (the “Series A Bonds”) at an interest rate of 5.5% per annum, while the PHP Fixed Rate Series B ASEAN Sustainability Bonds due 2030 (the “Series B Bonds”) secured a total of ₱4.8 billion at an interest rate of 5.8% per annum.

On October 14, 2024, the Parent Company issued US\$300 million benchmark-sized Sustainability Regulation S offering of 5-year senior notes (the “Notes”) under its US\$2 billion Euro Medium Term Note programme (the “Programme”). The 5-year bond was priced at T+102 basis points, with a fixed coupon rate of 4.85%. The issuance is listed in the Singapore Exchange Securities Trading Limited.

As of December 31, 2025 and 2024, the unamortized transaction costs of bonds payable amounted to ₱58.5 million and ₱49.1 million, respectively. In 2025, 2024 and 2023, amortization of transaction costs amounting to ₱9.1 million, ₱38.7 million and ₱66.5 million, respectively, were charged to ‘Interest expense on bonds payable’ in the statements of income.

22. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Financial				
Accounts payable	₱4,502,465	₱3,714,056	₱4,251,043	₱3,379,103
Bills purchased - contra (Note 10)	1,189,005	3,196,612	1,189,005	3,196,612
Due to other banks (Note 33)	1,296,555	2,038,261	1,110,655	1,861,960
Dormant credits	1,468,824	1,700,209	1,379,221	1,625,299
Manager’s checks and demand drafts outstanding	1,233,088	1,383,750	1,233,088	1,383,750
Accounts payable - electronic money	850,719	759,059	850,719	759,059
Payment order payable	270,339	180,883	270,339	180,883
Deposits on lease contracts	69,716	72,975	69,716	72,975
Transmission liability	49,455	48,612	—	—
Margin deposits and cash letters of credit	82,225	27,719	68,942	6,244
Deposits for keys on safety deposit boxes	15,276	15,639	15,276	15,639
	11,027,667	13,137,775	10,438,004	12,481,524
Nonfinancial				
Due to Treasurer of the Philippines	1,683,320	1,431,240	1,683,320	1,431,240
Provisions (Notes 12 and 34)	707,133	878,874	738,929	848,300
Deferred revenue (Note 12)	947,967	920,624	947,967	920,624
Withholding tax payable	444,515	473,641	441,066	470,812
Deferred tax liabilities (Note 30)	168,171	167,524	—	—
SSS, Philhealth, Employer’s compensation premiums and Pag-IBIG contributions payable	74,675	65,404	74,537	65,301
Retirement benefit liability (Note 28)	24,335	9,455	—	—
Miscellaneous	1,133,260	1,021,519	976,804	853,788
	5,183,376	4,968,281	4,862,623	4,590,065
	₱16,211,043	₱18,106,056	₱15,300,627	₱17,071,589

‘Deferred revenue’ includes the allocated portion of the consideration received for the disposal of APLII related to the EDR and income from the exclusive bancassurance arrangement for the non-life insurance business with ABIC (refer to Note 12.5). In 2025 and 2024, amortization of other deferred revenue amounting to ₱54.5 million ₱73.2 million, respectively, were recognized under ‘Service fees and commission income’ (refer to Note 26.1).

‘Miscellaneous’ include interoffice floats, remittance-related payables, overages, advance rentals and sundry credits.

23. Derivative Financial Instruments

The tables below show the fair values of the derivative financial instruments entered into by the Group and the Parent Company, recorded as ‘Financial assets at FVTPL’ (refer to Note 9.1) or ‘Financial liabilities at FVTPL’ (refer to Note 18), together with the notional amounts.

The notional amount is the amount of a derivative’s underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2025 and 2024 and are not indicative of either market risk or credit risk (amounts in thousands, except average forward rate).

Consolidated				
2025				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱547,833	₱72,119	USD1.00	4,046,488
PHP	327	10,427	0.02	2,634,256
SGD	308	—	0.78	7
JPY	276	—	0.01	200,000
GBP	52	—	1.35	635
EUR	43	1	1.18	3,550
HKD	2	—	0.13	1,000
SELL:				
USD	244,071	195,608	1.00	1,553,967
HKD	3,388	22	0.02	2,774,745
JPY	514	443	0.78	460,000
SGD	—	3,664	0.01	4,062
GBP	—	1,512	1.35	2,000
AUD	—	601	1.18	2,000
CAD	—	545	0.13	2,200
PHP	—	300	0.02	588,200
EUR	—	221	0.73	1,500
NZD	—	99	0.14	500
	₱796,814	₱285,562		

*The notional amounts pertain to original currencies.

Consolidated				
2024				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱296,412	₱251,056	USD1.00	3,957,296
SGD	2,230	—	0.74	70
EUR	—	140,877	1.04	32,133
JPY	—	7,510	0.01	1,613,534
CNY	—	48	0.14	6,300
GBP	—	31	1.25	815

(Forward)



Consolidated				
2024				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
SELL:				
USD	₱706,649	₱518,175	USD1.00	1,199,419
EUR	75,962	340	1.04	36,133
SGD	1,895	20	0.74	3,107
CAD	1,121	—	0.69	1,000
GBP	924	22	1.25	1,795
JPY	826	—	0.01	53,344
NZD	682	—	0.56	500
HKD	406	1,213	0.13	2,953,553
PHP	—	4,749	0.02	3,186,225
AUD	—	12	0.62	500
	₱1,087,107	₱924,053		

*The notional amounts pertain to original currencies.

Parent Company				
2025				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱544,444	₱72,119	USD1.00	1,278,744
PHP	327	10,427	0.02	2,634,256
SGD	308	—	0.78	7
JPY	276	—	0.01	200,000
GBP	52	—	1.35	635
EUR	43	1	1.18	3,550
HKD	2	—	0.13	1,000
SELL:				
USD	244,071	195,608	1.00	1,553,967
JPY	514	443	0.78	460,000
SGD	—	3,664	0.01	4,062
GBP	—	1,512	1.35	2,000
AUD	—	601	1.18	2,000
CAD	—	545	0.13	2,200
PHP	—	300	0.02	588,200
EUR	—	221	0.73	1,500
NZD	—	99	0.14	500
HKD	—	22	0.02	7,000
	₱790,037	₱285,562		

*The notional amounts pertain to original currencies.

Parent Company				
2024				
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱296,006	₱249,876	USD1.00	1,006,743
SGD	2,230	—	0.74	70
EUR	—	140,876	1.04	32,133
JPY	—	7,510	0.01	1,613,534
CNY	—	48	0.14	6,300
GBP	—	31	1.25	815
SELL:				
USD	706,649	518,175	1.00	1,199,419
EUR	75,962	340	1.04	36,133
SGD	1,895	20	0.74	3,107
CAD	1,121	—	0.69	1,000
GBP	924	22	1.25	1,795
JPY	826	—	0.01	53,344
NZD	682	—	0.56	500
PHP	—	4,749	0.13	3,186,225
HKD	—	33	0.02	3,000
AUD	—	13	0.62	500
	₱1,086,295	₱921,693		

*The notional amounts pertain to original currencies.

The rollforward analysis of net derivative assets in 2025 and 2024 follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Balance at the beginning of the year:				
Derivative assets	₱1,087,107	₱749,199	₱1,086,295	₱744,213
Derivative liabilities	924,053	555,811	921,693	555,811
	163,054	193,388	164,602	188,402
Changes in fair value				
Currency forwards and spots*	377,865	(74,512)	371,088	(79,497)
Interest rate swaps and warrants**	16	(1,115)	16	(1,115)
	377,881	(75,627)	371,104	(80,612)
Net availments (settlements)	(29,683)	45,293	(31,231)	56,812
Balance at end of year:				
Derivative assets	796,814	1,087,107	790,037	1,086,295
Derivative liabilities	285,562	924,053	285,562	921,693
	₱511,252	₱163,054	₱504,475	₱164,602

* Presented as part of 'Foreign exchange gains - net'

** Recorded under 'Trading and investment securities gains - net' (refer to Note 9.5)

24. Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets (gross of allowance for impairment and credit losses) and liabilities of the Group and Parent Company analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from reporting date:

	Consolidated					
	2025			2024		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	₱20,868,793	₱–	₱20,868,793	₱20,638,033	₱–	₱20,638,033
Due from BSP	68,529,550	–	68,529,550	55,128,316	–	55,128,316
Due from other banks	24,837,057	–	24,837,057	20,188,638	–	20,188,638
Interbank loans receivable (Note 8)	30,380,016	–	30,380,016	22,793,332	–	22,793,332
Securities held under agreements to resell (Note 8)	72,950,613	–	72,950,613	103,526,359	–	103,526,359
Financial assets at FVTPL (Note 9)	34,652,714	–	34,652,714	17,920,985	–	17,920,985
Financial assets at FVOCI (Note 9)	85,302,474	111,228,299	196,530,773	125,158,359	86,584,424	211,742,783
Investment securities at amortized cost (Note 9)	9,097,268	118,376,187	127,473,455	17,873,615	94,696,237	112,569,852
Loans and receivables (Note 10)	382,895,775	395,188,342	778,084,117	330,821,051	349,052,823	679,873,874
Other assets (Note 15)	530,851	20,428	551,279	427,311	20,162	447,473
	730,045,111	624,813,256	1,354,858,367	714,475,999	530,353,646	1,244,829,645
Nonfinancial Assets						
Property and equipment (Note 11)	–	25,421,861	25,421,861	–	25,122,850	25,122,850
Investment in an associate (Note 12)	–	3,588,781	3,588,781	–	3,446,613	3,446,613
Investment properties (Note 13)	–	21,894,089	21,894,089	–	20,562,196	20,562,196
Deferred tax assets (Note 30)	–	7,408,396	7,408,396	–	7,460,676	7,460,676
Goodwill (Note 14)	–	10,184,843	10,184,843	–	10,184,843	10,184,843
Intangible assets (Note 14)	–	10,961,615	10,961,615	–	10,004,004	10,004,004
Other assets (Note 15)	7,828,937	2,323,188	10,152,125	6,942,022	1,811,217	8,753,239
	7,828,937	81,782,773	89,611,710	6,942,022	78,592,399	85,534,421
Less: Allowance for impairment and credit losses (Note 16)			42,352,990			47,207,940
Unearned and other deferred income (Note 10)			910,000			845,859
Accumulated depreciation and amortization (Notes 11, 13 and 14)			26,373,234			24,699,414
			₱1,374,833,853			₱1,257,610,853
Financial Liabilities						
Deposit liabilities (Note 17)	₱1,051,023,809	₱10,179,561	₱1,061,203,370	₱966,381,587	₱5,290,561	₱971,672,148
Financial liabilities at FVTPL (Note 18)	285,562	–	285,562	924,053	–	924,053
Bills and acceptances payable (Note 19)	10,742,748	–	10,742,748	20,208,451	–	20,208,451
Accrued interest payable (Note 20)	2,342,952	1,529	2,344,481	2,145,487	350	2,145,837
Accrued other expenses payable (Note 20)	1,739,264	–	1,739,264	1,816,398	–	1,816,398
Bonds payable (Note 21)	–	33,278,399	33,278,399	–	17,304,421	17,304,421
Other liabilities (Note 22)	9,648,446	1,379,221	11,027,667	11,510,963	1,626,812	13,137,775
	1,075,782,781	44,838,710	1,120,621,491	1,002,986,939	24,222,144	1,027,209,083
Nonfinancial Liabilities						
Lease liabilities (Note 29)	965,174	2,407,475	3,372,649	997,127	2,811,870	3,808,997
Accrued taxes and other expenses (Note 20)	3,585,794	1,634,443	5,220,237	3,204,301	1,632,017	4,836,318
Income tax payable	156,299	–	156,299	159,233	–	159,233
Other liabilities (Note 22)	2,333,135	2,850,241	5,183,376	2,294,638	2,673,643	4,968,281
	7,040,402	6,892,159	13,932,561	6,655,299	7,117,530	13,772,829
	₱1,082,823,183	₱51,730,869	₱1,134,554,052	₱1,009,642,238	₱31,339,674	₱1,040,981,912

	Parent Company					
	2025			2024		
	Less than Twelve Months	Over Twelve Months	Total	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	₱20,784,084	₱–	₱20,784,084	₱20,522,258	₱–	₱20,522,258
Due from BSP	68,529,550	–	68,529,550	55,128,316	–	55,128,316
Due from other banks	16,684,871	–	16,684,871	11,482,953	–	11,482,953
Interbank loans receivable (Note 8)	27,422,444	–	27,422,444	21,287,758	–	21,287,758
Securities held under agreements to resell (Note 8)	72,950,613	–	72,950,613	103,526,359	–	103,526,359
Financial assets at FVTPL (Note 9)	34,643,003	–	34,643,003	17,770,142	–	17,770,142
Financial assets at FVOCI (Note 9)	85,200,596	110,553,089	195,753,685	125,166,623	86,103,711	211,270,334
Investment securities at amortized cost (Note 9)	8,541,534	118,376,187	126,917,721	17,845,947	94,341,918	112,187,865
Loans and receivables (Note 10)	359,469,862	403,474,901	762,944,763	319,396,422	345,979,459	665,375,881
Other assets (Note 15)	530,231	500	530,731	426,650	500	427,150
	694,756,788	632,404,677	1,327,161,465	692,553,428	526,425,588	1,218,979,016
Nonfinancial Assets						
Property and equipment (Note 11)	–	24,295,122	24,295,122	–	23,745,945	23,745,945
Investment in subsidiaries and an associate (Note 12)	–	22,194,377	22,194,377	–	21,630,204	21,630,204
Investment properties (Note 13)	–	21,347,177	21,347,177	–	19,929,744	19,929,744
Deferred tax assets (Note 30)	–	7,414,909	7,414,909	–	7,478,726	7,478,726
Goodwill (Note 14)	–	10,325,201	10,325,201	–	10,325,201	10,325,201
Intangible assets (Note 14)	–	10,677,351	10,677,351	–	9,747,958	9,747,958
Other assets (Note 15)	7,879,838	1,706,271	9,586,109	6,349,157	1,807,345	8,156,502
	7,879,838	97,960,408	105,840,246	6,349,157	94,665,123	101,014,280
Less: Allowance for impairment and credit losses (Note 16)			42,178,119			47,129,515
Unearned and other deferred income (Note 10)			892,619			828,479
Accumulated amortization and depreciation (Notes 11, 13 and 14)			25,654,476			23,778,201
			₱1,364,276,497			₱1,248,257,101
Financial Liabilities						
Deposit liabilities (Note 17)	₱1,045,988,577	₱9,627,046	₱1,055,615,623	₱962,448,890	₱4,796,286	₱967,245,176
Financial liabilities at FVTPL (Note 18)	285,562	–	285,562	921,693	–	921,693
Bills and acceptances payable (Note 19)	10,742,748	–	10,742,748	20,208,451	–	20,208,451
Accrued interest payable (Note 20)	2,319,805	–	2,319,805	2,125,330	–	2,125,330
Accrued other expenses payable (Note 20)	1,704,364	–	1,704,364	1,788,018	–	1,788,018
Bonds payable (Note 21)	–	33,278,399	33,278,399	–	17,304,421	17,304,421
Other liabilities (Note 22)	9,058,783	1,379,221	10,438,004	10,854,712	1,626,812	12,481,524
	1,070,099,839	44,284,666	1,114,384,505	998,347,094	23,727,519	1,022,074,613
Nonfinancial Liabilities						
Lease liabilities (Note 29)	872,045	2,377,401	3,249,446	928,850	2,793,869	3,722,719
Accrued taxes and other expenses (Note 20)	3,453,876	1,615,284	5,069,160	3,048,642	1,620,104	4,668,746
Income tax payable	79,377	–	79,377	76,516	–	76,516
Other liabilities (Note 22)	2,173,092	2,689,531	4,862,623	1,956,451	2,633,614	4,590,065
	6,578,390	6,682,216	13,260,606	6,010,459	7,047,587	13,058,046
	₱1,076,678,229	₱50,966,882	₱1,127,645,111	₱1,004,357,553	₱30,775,106	₱1,035,132,659

25. Equity

25.1 Capital Stock

This account consists of (amounts in thousands, except for par value and number of shares):

	Shares	Amount
Common - ₱40 par value		
Authorized	1,750,000,001	₱70,000,000
Issued and outstanding		
Balance at the beginning and end of the year	1,525,764,850	₱61,030,594

The history of share issuances of the Parent Company since its initial public offering follows:

Date	Type of issuance	Number of common shares	Par value	Offer price
July 2019	Stock rights	276,625,172	₱40.00	₱43.38
February 2014	Stock rights	162,931,262	40.00	71.00
February 2013	Share-for-share swap with ABC common and preferred shares	423,962,500	40.00	97.90
September 2000	Pre-emptive stock rights	71,850,215	100.00	60.00
September 1999	Stock rights	68,740,086	100.00	137.80
December 1995	Third public offering	7,200,000	100.00	260.00
April 1992	Second public offering	8,033,140	100.00	265.00
June 1989	Initial public offering	10,800,000	100.00	100.00

In January 2013, the SEC approved the conversion of the Parent Company's 195,175,444 authorized preferred shares into common shares, thereby increasing its authorized common shares to 1,250,000,001. Further, in July 2014, the SEC approved the Parent Company's Articles of Incorporation for the increase in authorized capital by 500,000,000 common shares to 1,750,000,001.

The Parent Company's shares are listed in the PSE. As of December 31, 2025 and 2024, the Parent Company had 35,544 and 35,918 stockholders, respectively.

On July 22, 2019, the Parent Company successfully completed its Stock Rights Offering (SRO) of 276,625,172 common shares at a price of ₱43.38 each, raising gross proceeds of ₱12.0 billion. Out of the total transaction costs from the SRO, underwriting fees amounting to ₱10.0 million paid to PNB Capital, being one of the joint lead managers, was eliminated against 'Capital paid in excess of par value' in the consolidated financial statements.

25.2 Surplus

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11-2008 differs to a certain extent from the computation following BSP guidelines.

As of December 31, 2025 and 2024, surplus amounting to ₱9.6 billion, representing the balances of the following equity items that have been applied to eliminate the Parent Company's deficit through quasi-reorganizations in 2002 and 2000 (refer to Note 12), is not available for dividend declaration without prior approval from the SEC and the BSP:

Revaluation increment on land and buildings	₱7,691,808
Accumulated translation adjustment	1,315,685
Accumulated equity in net earnings of investees	563,048
	₱9,570,541

On February 28, 2025, the BOD approved the declaration of cash dividends in the amount of ₱2.76 per common share, taken out of the Bank's Unrestricted Retained Earnings as of December 31, 2024, as follows:

	Amount per Common Share	Record Date	Payment Date
First Tranche	₱1.38	March 14, 2025	April 2, 2025
Second Tranche	₱1.38	September 15, 2025	October 1, 2025

25.3 Surplus Reserves

This account consists of:

	2025	2024
Reserves under BSP Circular 1011 (Note 10)	₱4,327,964	₱4,187,284
Reserves for trust business (Note 32)	712,763	674,753
Reserves for self-insurance	130,000	105,000
	₱5,170,727	₱4,967,037

'Reserves under BSP Circular 1011' represents the appropriation for the excess of 1% general loan loss provisions over the computed ECL for Stage 1 accounts in accordance with BSP Circular 1011.

'Reserves for self-insurance' represents the amount set aside to cover losses due to fire or defalcation by, and other unlawful acts, of the Parent Company's personnel or third parties. On December 12, 2025, the Board of Directors approved the increase by ₱25.0 million in the self-insurance coverage.

25.4 Accumulated Translation Adjustment

As part of the Group's rehabilitation program in 2002, the SEC approved on November 7, 2002 the application of the accumulated translation adjustment of ₱1.3 billion to eliminate the Parent Company's remaining deficit of ₱1.6 billion, including ₱0.6 billion accumulated equity in net earnings as of December 31, 2001, after applying the total reduction in par value from ₱100.0 per share to ₱40.0 per share totaling to ₱7.6 billion.

The SEC approval is subject to the following conditions:

- remaining translation adjustment of ₱310.7 million as of December 31, 2001 (shown as part of 'Capital paid in excess of par value' in the statement of financial position) will not be used to wipe out losses that may be incurred in the future without prior approval of SEC;
- for purposes of dividend declaration, any future surplus account of the Parent Company shall be restricted to the extent of the deficit wiped out by the translation adjustment.

25.5 Other Equity Reserves

This includes the grant of centennial bonus to its employees, officers and directors in the form of the Parent Company's shares of stock accounted for as equity-settled share-based payments, from 2017 to 2021 amounting to ₱105.6 million.

As a result of the Sale and Purchase Agreement between PNB and PNB Holdings for the sale of all shareholdings in PNB General Insurers Co., Inc. (PNB Gen) to Alliedbankers Insurance Corporation (ABIC), the excess of the purchase price over the carrying value of the proportionate interest of ₱344.7 million was recognized as an equity transaction in the consolidated financial statements of the Group as 'Other equity reserves'.

The Bank and PAL Holdings, Inc. completed a share swap transaction in April 2024 wherein the Bank exchanged the ₱19.86 million PAL shares held to 309.15 million PAL Holdings, Inc. shares. The share swap transaction resulted in the recycling of OCI to Surplus in the amount of ₱894.9 million and recognition of Other Equity Reserves amounting to ₱940.2 million.

25.6 Capital Management

The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Parent Company and its financial allied subsidiaries are subject to the regulatory requirements of the BSP. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Parent Company may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous periods. The Group has complied with all externally imposed capital requirements throughout the year.

25.6.1 BSP Reporting for Capital Management

Under existing BSP regulations, the determination of the Group's compliance with regulatory requirements and ratios is based on the amount of the Group's unimpaired capital (regulatory net worth) reported to the BSP, which is determined based on RAP, which differ from PFRS Accounting Standards in some respects. In addition, the risk-based capital ratio of a bank or Capital Adequacy Ratio (CAR), expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% at all times for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and risk-weighted assets are computed based on RAP. Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the MB of the BSP.

On May 16, 2002, the BSP approved the booking of additional appraisal increment on properties of ₱431.8 million and recognition of the same in determining the CAR, and booking of translation adjustment of ₱1.6 billion representing the increase in peso value of the investment in foreign subsidiaries for purposes of the quasi-reorganization and rehabilitation of the Parent Company, provided that the same shall be excluded for dividend purposes.

As of December 31, 2025 and 2024, CAR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	2025		2024	
	Actual	Required	Actual	Required
Consolidated				
CET1 Capital (Gross)	₱230,097		₱207,245	
Less: Regulatory Adjustments to CET1	48,297		48,157	
CET1 Capital (Net) / Tier 1 Capital	181,800		159,088	
Add: Tier 2 Capital	7,694		7,345	
Total qualifying capital	₱189,494	₱94,165	₱166,433	₱82,815
Total risk-weighted assets	₱941,650		₱828,154	
CET1 / Tier 1 capital ratio	19.31%		19.21%	
Total capital ratio	20.12%		20.10%	
	2025		2024	
	Actual	Required	Actual	Required
Parent Company				
CET1 Capital (Gross)	₱225,244		₱202,695	
Less: Regulatory Adjustments to CET1	66,835		66,225	
CET1 Capital (Net) / Tier 1 Capital	158,409		136,470	
Add: Tier 2 Capital	7,379		7,130	
Total qualifying capital	₱165,788	₱91,415	₱143,600	₱80,179
Total risk-weighted assets	₱914,149		₱801,791	
CET1 / Tier 1 capital ratio	17.33%		17.02%	
Total capital ratio	18.14%		17.91%	

BSP regulations set out a minimum CET1 ratio of 6.0% and Tier 1 capital ratio of 7.5%; capital conservation buffer of 2.5% comprised of CET1 capital; and total CAR of 10.0%.

In line with its ICAAP document, the Parent Company maintains a capital level that not only meets the BSP's CAR requirement, but also covers all material risks that it may encounter in the course of its business. The ICAAP process highlights close integration of capital planning and strategic management with risk management. The Parent Company has in place a risk management framework that involves a collaborative process for assessing and managing identified Pillar 1 and Pillar 2 risks. The Parent Company complies with the required annual submission of updated ICAAP.

25.6.2 BSP Reporting for Basel III Leverage Ratio

BSP also requires the Basel III Leverage Ratio (BLR), which is designed to act as a supplementary measure to the risk-based capital requirements. BLR intends to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes, which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based requirements with a simple, non-risk based "backstop" measure. BLR is computed as the capital measure (Tier 1 capital) divided by the total exposure measure and should not be less than 5.00%.

As of December 31, 2025 and 2024, BLR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	Consolidated		Parent Company	
	2025	2024	2025	2024
Tier 1 capital	₱181,800	₱157,434	₱158,409	₱136,471
Total exposure measure	1,426,301	1,295,205	1,395,597	1,267,623
BLR	12.75%	12.16%	11.35%	10.77%

BLR is computed based on RAP.

26. Other Operating Income

26.1 Service Fees and Commission Income

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Deposit	₱2,338,316	₱1,888,995	₱1,773,546	₱2,338,316	₱1,888,997	₱1,773,546
Credit card	1,236,556	1,141,819	816,028	1,236,556	1,141,819	816,028
Loans	1,157,035	1,167,087	1,098,218	1,146,845	1,153,321	1,086,777
Remittance (Note 33)	650,671	677,432	674,873	346,941	358,390	353,722
Interchange	642,801	591,637	647,084	642,801	591,637	647,084
Bancassurance (Note 22)	558,011	469,038	476,056	558,011	469,038	476,056
Trust (Note 32)	421,939	379,959	373,721	421,939	379,959	373,721
Underwriting	197,669	321,111	433,172	—	—	—
Miscellaneous	329,181	324,792	298,558	68,460	255,227	227,949
	₱7,532,179	₱6,961,870	₱6,591,256	₱6,759,869	₱6,238,388	₱5,754,883

‘Credit Card’ and ‘Interchange’ Fees were generated from the credit card business of the Parent Company.

‘Miscellaneous’ includes income from securities brokering activities and other fees and commission.

26.2 Net Gains on Sale or Exchange of Assets

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Net gains from sale of investment properties	₱1,564,857	₱569,409	₱3,277,077	₱1,564,857	₱569,409	₱3,276,848
Net gains from foreclosure and repossession of investment properties	611,333	1,002,157	238,112	611,333	1,002,157	238,112
Net gains from sale of other assets	192,607	284,675	313,864	192,608	284,496	313,864
Net gains from sale of property and equipment (Note 11)	44,551	138,801	712,514	40,327	135,248	793,070
	₱2,413,348	₱1,995,042	₱4,541,567	₱2,409,125	₱1,991,310	₱4,621,894

27. Miscellaneous Income and Expenses

27.1 Miscellaneous Income

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Recoveries	₱274,495	₱169,156	₱215,834	₱272,441	₱168,903	₱215,178
Rental income (Notes 29 and 33)	111,966	116,604	257,758	79,657	74,020	133,392
Income from assets acquired	106,101	148,891	74,074	106,101	148,891	74,074
Dividends	8,792	25,093	50,833	2,426	23,196	11,189
Others	479,844	229,227	272,895	426,417	85,019	191,074
	₱981,198	₱688,971	₱871,394	₱887,042	₱500,029	₱624,907

‘Others’ consist of income from wire transfers, tellers’ overages, and loan-related penalty payments received by the Group, and other income relating to loans, credit card and trade transactions.

27.2 Miscellaneous Expenses

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Secretarial, janitorial and messengerial	₱2,431,831	₱2,150,609	₱1,939,219	₱2,422,155	₱2,141,634	₱1,929,196
Insurance	2,049,842	1,957,262	2,000,871	2,036,348	1,941,535	1,985,502
Information technology	1,302,322	887,861	1,001,111	1,263,415	852,990	968,654
Marketing expenses	854,603	1,487,066	794,060	847,010	1,479,877	787,800
Litigation and assets acquired expenses (Note 13)	668,374	492,334	662,610	668,373	492,315	661,214
Travelling	490,220	454,731	331,658	484,136	448,431	325,628
Stationery and supplies	307,491	286,864	217,194	298,999	277,570	208,160
Management and other professional fees	244,494	250,228	274,788	194,194	200,311	225,202
Postage, telephone and cable	197,059	156,991	153,964	162,196	123,335	124,527
Entertainment, amusement and recreation (EAR) (Note 30)	179,822	168,122	30,031	161,342	151,706	16,778
Association dues (Note 33)	132,702	219,235	220,143	132,702	219,235	220,143
Freight	53,776	50,455	45,676	53,772	50,450	45,666
Repairs and maintenance	48,460	45,777	49,585	48,460	45,777	49,585
Fuel and lubricants	12,306	12,185	14,620	9,889	10,083	11,232
Others (Note 33)	361,435	334,052	482,641	259,159	242,166	389,660
	₱9,334,737	₱8,953,772	₱8,218,171	₱9,042,150	₱8,677,415	₱7,948,947

‘Others’ include VAT on rent, donation, fines, penalties, periodicals, magazines and other charges.

28. Retirement Plan

The Parent Company and certain subsidiaries of the Group have separate funded, noncontributory defined benefit retirement plans covering substantially all its officers and regular employees. Under these retirement plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The amounts of net defined benefit asset/(liability) in the statements of financial position follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Net plan assets (included in ‘Other assets – miscellaneous’) (Note 15)	₱294,570	₱302,797	₱294,570	₱302,797
Retirement benefit liability (included in ‘Other liabilities’) (Note 22)	24,335	9,455	—	—
	₱270,235	₱293,342	₱294,570	₱302,797

The Parent Company also provides certain post-employee benefit through a guarantee of a specified return on contributions in one of its employee investment plans (EIP).

The latest actuarial valuations for these retirement plans were made as of December 31, 2025.

The following table shows the actuarial assumptions as of December 31, 2025 and 2024 used in determining the retirement benefit obligation of the Group:

	Consolidated		Parent Company			
	2025	2024	Regular Plans		EIP	
	2025	2024	2025	2024	2025	2024
Discount rate	6.13% - 6.34%	6.10% - 6.12%	6.13%	6.12%	6.13%	6.12%
Salary rate increase	5.00% - 10.00%	5.00% - 10.00%	5.00%	5.00%	—	—

The Group and the Parent Company employ asset-liability matching strategies to maximize investment returns at the least risk to reduce contribution requirements while maintaining a stable retirement plan. Retirement plans are invested to ensure that liquid funds are available when benefits become due, to minimize losses due to investment pre-terminations and maximize opportunities for higher potential returns at the least risk.

The current plan assets of the Group and the Parent Company are allocated to cover benefit payments in the order of their proximity to the present time. Expected benefit payments are projected and classified into short-term or long-term liabilities. Investment instruments that would match the liabilities are identified. This strategy minimizes the possibility of the asset-liability match being distorted due to the Group's and the Parent Company's failure to contribute in accordance with its general funding strategy.

The changes in the fair value of plan assets and present value obligation and are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Changes in the Fair Value of Plan Asset, beginning of year:				
Fair Value of Plan Asset, beginning of year	₱9,281,377	₱8,553,223	₱9,244,479	₱8,496,808
Interest income	568,014	514,478	565,763	512,358
Employer contribution	1,081,198	1,038,037	1,081,198	1,036,922
Settlement loss	—	(21,594)	—	—
Benefits paid	(1,062,738)	(895,037)	(1,062,738)	(893,922)
Gain on Plan Asset	69,848	92,270	70,164	92,314
Fair value of plan assets, end of year	9,937,699	9,281,377	9,898,866	9,244,480
Changes in the Present Value of the Defined Benefit Obligation:				
Present value of DB obligation, beginning of year	₱8,988,035	₱8,817,525	₱8,941,683	₱8,766,198
Current service cost	582,477	529,998	576,881	524,106
Interest cost	547,806	528,971	544,976	526,310
Past service cost	285,144	1,793	283,810	—
Settlement loss	—	(7,588)	—	—
Benefits paid (other than settlement)	(1,062,738)	(895,037)	(1,062,738)	(893,922)
(Gain) Loss arising				
from changes in financial assumptions	(7,082)	57,479	(5,522)	(45,019)
from deviations of experience from assumption	333,822	(45,106)	325,206	64,010
Present value of DB obligation, end of year	₱9,667,464	₱8,988,035	₱9,604,296	₱8,941,683
Closing Net Asset	₱270,235	₱293,342	₱294,570	₱302,797

In 2025 and 2024, the Group and the Parent Company amended certain provisions of its defined benefit retirement plan, resulting in the recognition of past service costs amounting to ₱285.1 million and ₱1.8 million, respectively, for the Group and ₱283.8 million and nil, respectively, for the Parent Company, respectively.

The Group and the Parent Company expect to contribute ₱47.2 million and ₱13.2 million, respectively, to the defined benefit plans in 2025. The average duration of the retirement liability of the Group and the Parent Company as of December 31, 2025 is 12 years.

Shown below is the maturity analysis of the undiscounted benefit payments:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Less than one year	₱2,259,276	₱2,087,036	₱2,258,375	₱2,086,609
More than one year to five years	5,751,964	5,591,080	5,719,431	5,567,348
More than five years to 10 years	4,735,537	4,327,867	4,694,914	4,299,336
More than 10 years to 15 years	4,569,639	4,073,951	4,536,235	4,054,070
More than 15 years	9,280,585	8,396,828	8,827,905	8,059,770

The fair values of plan assets by each class as at the end of the reporting periods are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Cash and cash equivalents (Note 33)	₱1,564,509	₱1,278,835	₱1,555,159	₱1,272,878
Equity investments				
Real estate, renting and business activities	1,452,959	1,095,950	1,448,026	1,092,132
Electricity, gas and water	971,606	1,167,625	971,606	1,167,625
Manufacturing	527,647	569,242	527,647	569,242
Financial institutions (Note 33)	435,629	217,952	435,629	216,170
Others	1,662	47,810	—	44,302
Debt investment				
Government securities	2,635,263	2,720,023	2,622,798	2,706,530
Private debt securities	543,067	457,976	536,495	451,613
Investment in UITFs (Note 33)	885,763	956,607	882,326	954,822
Loans and receivables	668,250	668,250	668,250	668,250
Interest and other receivables	254,169	102,890	253,717	102,647
	9,940,524	9,283,160	9,901,653	9,246,211
Accrued expenses	(2,825)	(1,783)	(2,787)	(1,731)
	₱9,937,699	₱9,281,377	₱9,898,866	₱9,244,480

All equity and debt investments held have quoted prices in active markets. Fair value of investments in UITFs is based on their published net asset value per share. The remaining plan assets do not have quoted market prices in an active market, thus, their fair value is determined using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of loans and receivables.

The fair value of the plan assets as of December 31, 2025 and 2024 for the Group includes investments in the Parent Company shares of stock with fair value amounting to ₱435.6 million and ₱227.7 million, respectively (refer to Note 33.3).

The plan assets have diverse investments and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	2025			
	Consolidated		Parent Company	
	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱528,631)	+1.00%	(₱522,377)
	-1.00%	587,362	-1.00%	582,929
Salary increase rate	+1.00%	537,134	+1.00%	532,816
	-1.00%	(503,172)	-1.00%	(496,820)
Employee turnover rate	+1.00%	66,210	+1.00%	65,674
	-1.00%	(66,210)	-1.00%	(65,674)
	2024			
	Consolidated		Parent Company	
	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱477,127)	+1.00%	(₱472,397)
	-1.00%	531,118	-1.00%	525,378
Salary increase rate	+1.00%	497,980	+1.00%	492,376
	-1.00%	(472,301)	-1.00%	(467,537)
Employee turnover rate	+10.00%	58,540	+10.00%	58,074
	-10.00%	(58,540)	-10.00%	(58,074)

Full actuarial valuations were performed to test the sensitivity of the defined benefit obligation to a 1.00% increment in salary increase rate and a 1.00% decrement in the discount rate. The results also provide a good estimate of the sensitivity of the defined benefit obligation to a 1.00% decrement in salary increase rate and a 1.00% increment in the discount rate.

29. Leases

29.1 Group as Lessee

The Group has entered into commercial leases for its corporate office, branch sites, ATM offsite location and other equipment. These non-cancellable leases have lease terms of 1 to 25 years. Most of these lease contracts include escalation clauses, an annual rent increase of 2.00% to 10.00%. The Group's right-of-use assets pertain to its corporate, branch sites and subsidiaries' offices under lease arrangements.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Lease contracts are classified as long-term and short-term or low-value assets. For long-term lease arrangements, the Group and the Parent Company recognizes ROU asset and a corresponding lease liability, which are subsequently depreciated and amortized, respectively. Short-term leases including leases of low-value assets are accounted for using straight-line method with payments recognized directly as rent expense.

Rent expense charged against current operations (included in 'Occupancy and equipment-related costs' in the statements of income) amounted to ₱317.4 million, ₱395.6 million and ₱264.1 million in 2025, 2024 and 2023, respectively, for the Group, of which ₱221.9 million, ₱291.7 million and ₱187.0 million in 2025, 2024, and 2023, respectively, pertain to the Parent Company.

As of December 31, 2025 and 2024, the Group has no contingent rent payable.

As of December 31, 2025 and 2024, the carrying amounts of 'Lease liabilities' are as follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Balance at beginning of year	₱3,808,997	₱3,832,884	₱3,722,719	₱3,723,316
Additions	803,844	956,755	706,816	907,278
Payments	(1,510,025)	(1,127,583)	(1,447,467)	(1,052,523)
Interest expense (Note 19)	276,693	175,831	273,378	172,824
Transfers	(6,860)	(28,890)	(6,000)	(28,176)
	₱3,372,649	₱3,808,997	₱3,249,446	₱3,722,719

The Parent Company has outstanding long term lease contracts with an affiliate (Note 33) with a term of 10 years which resulted in the recognition of ROU amounting to ₱2.8 billion and ₱3.0 billion and lease liabilities amounting to ₱1.5 billion and ₱1.9 billion as of December 31, 2025 and 2024, respectively. For the years ended December 31, 2025, 2024 and 2023, depreciation on the ROU amounted to ₱283.3 million, ₱463.9 million, and ₱671.1 million, respectively, while interest expense on lease liabilities amounted to ₱60.7 million, ₱69.9 million, and ₱78.7 million, respectively.

Future minimum rentals payable under non-cancelable leases follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Within one year	₱1,142,623	₱1,119,742	₱1,094,786	₱1,064,269
Beyond one year but not more than five years	2,663,546	3,138,644	2,582,581	3,048,968
More than five years	206,219	265,883	94,106	152,045
	₱4,012,388	₱4,524,269	₱3,771,473	₱4,265,282

29.2 Group as Lessor Under Operating Leases

The Parent Company has entered into commercial property leases on its investment properties. These non-cancelable leases have lease terms of one to five years. Some leases include escalation clauses (such as 5.00% per year). In 2025, 2024 and 2023, total rent income (included under 'Miscellaneous income') amounted to ₱112.0 million, ₱116.6 million and ₱257.8 million, respectively, for the Group and ₱79.7 million, ₱74.0 million and ₱133.4 million, respectively, for the Parent Company (refer to Note 27.1).

Future minimum rentals receivable of the Group under non-cancelable operating leases follow:

	2025	2024
Within one year	₱4,579	₱35,891
Beyond one year but not more than five years	—	42,254
	₱4,579	₱78,145

30. Income and Other Taxes

30.1 Philippine Tax Landscape and Regulations

Under Philippine tax laws, the Parent Company and certain subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp tax.

Income taxes include the corporate income tax, discussed below, and final taxes paid which represents final withholding tax on gross interest income from government securities and other deposit substitutes and income from the FCDU transactions. These income taxes, as well as the deferred tax benefits and provisions, are presented as 'Provision for income tax' in the statements of income.

On March 26, 2021, Republic Act No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% depending on the criteria set by the law effective July 1, 2020. With the implementation of CREATE, interest expense allowed as a deductible expense shall be reduced by 20.00% of the interest income subjected to final tax, compared to the 33.00% reduction prior to the CREATE.

The regulations also provide for MCIT of 2.00% (prior to CREATE) and 1.00% from (July 1, 2020 to June 30, 2023 before reverting to 2.00%) on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group's and the Parent Company's income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2021 and 2020, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulations (RR) No. 25-2020.

Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. EAR charged against current operations (included in 'Miscellaneous expenses' in the statements of income) amounted to ₱179.8 million in 2025, ₱168.1 million in 2024, and ₱30.0 million in 2023 for the Group, and ₱161.3 million in 2025, ₱151.7 million in 2024, and ₱16.8 million in 2023 for the Parent Company (refer to Note 27.2).

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 15.00%. Income derived by the FCDU from foreign currency-denominated transactions with non-residents, OBUs, local commercial banks including branches of foreign banks, is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

30.2 Provision for Income Tax

This account consists of:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Current						
Regular	₱1,870,152	₱1,589,423	₱1,404,428	₱1,789,482	₱1,460,234	₱1,327,057
Final	4,178,714	4,011,481	2,914,558	4,146,491	3,980,539	2,877,681
	6,048,866	5,600,904	4,318,986	5,935,973	5,440,773	4,204,738
Deferred	784,336	(501,172)	(311,611)	790,977	(544,600)	(356,770)
	₱6,833,202	₱5,099,732	₱4,007,375	₱6,726,950	₱4,896,173	₱3,847,968

30.3 Deferred Taxes

The amounts of net deferred tax assets in the statements of financial position follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Deferred tax assets	₱7,408,396	₱7,460,676	₱7,414,909	₱7,478,726
Deferred tax liabilities (Note 22)	168,171	167,524	—	—
	₱7,240,225	₱7,293,152	₱7,414,909	₱7,478,726

The components of net deferred tax assets reported in the statements of financial position follow:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Deferred tax assets on:				
Allowance for impairment, credit and other losses	₱9,031,983	₱9,700,391	₱9,097,318	₱9,776,691
Accumulated depreciation on properties	659,626	546,490	659,626	546,490
Accrued expenses	404,156	444,217	403,821	442,771
Unrealized trading losses on financial assets	344,785	230,423	344,785	230,423
Deferred revenues	66,820	114,373	66,820	114,373

(Forward)

	Consolidated		Parent Company	
	2025	2024	2025	2024
Retirement liability	₱51,901	₱50,842	₱—	₱—
Unamortized Past Service Cost	506,340	—	506,340	—
Unrealized losses on financial assets at FVTPL and FVOCI	21,746	17,332	21,746	17,300
Others	6,593	6,587	—	—
	11,093,950	11,110,655	11,100,456	11,128,048
Deferred tax liabilities on:				
Fair value adjustments on asset foreclosures	2,305,520	1,917,719	2,157,182	1,769,381
Revaluation increment on land and buildings	889,381	898,676	889,381	898,676
Unrealized foreign exchange gains	197,440	538,754	197,440	538,754
Gain on remeasurement of previously held interest	246,651	246,651	246,651	246,651
Fair value adjustments due to business combination	117,306	119,659	117,306	119,659
Retirement assets	73,643	75,699	73,643	75,699
Unrealized gains on financial assets at FVTPL and FVOCI	3,951	502	3,944	502
Others	19,833	19,843	—	—
	3,853,725	3,817,503	3,685,547	3,649,322
	₱7,240,225	₱7,293,152	₱7,414,909	₱7,478,726

The reconciliation of the consolidated deferred tax assets and liabilities follows:

	2025	2024
Total deferred tax assets	₱11,093,950	₱11,110,655
Total deferred tax liabilities	3,853,725	3,817,503
Net deferred tax assets as presented	7,240,225	7,293,152
Add (deduct) deferred tax asset/liability components of subsidiaries with net deferred tax liabilities:		
Deferred tax asset on accrued expenses	—	(655)
Deferred tax liability on fair value adjustments on investment properties	148,338	148,338
Deferred tax liability on others	19,833	19,841
Consolidated deferred tax liabilities	168,171	167,524
Consolidated deferred tax assets	₱7,408,396	₱7,460,676

Benefit from deferred tax charged to OCI pertains to deferred tax on remeasurement losses on retirement plan amounting to ₱731.4 million and ₱0.8 million in 2025 and 2024, respectively, and to unrealized losses on financial assets at FVOCI amounting to ₱15.9 million and ₱1.0 million in 2025 and 2024, respectively, for the Group.

Provision for deferred tax charged directly to OCI pertains to unrealized gains on financial assets at FVOCI amounting to ₱3.4 million and ₱1.0 million in 2025 and 2024, respectively, for the Parent Company.

Unrecognized deferred tax assets

The Parent Company and certain subsidiaries did not recognize deferred tax assets on the following unused tax credit and losses and temporary differences since they believe that the related tax benefits will not be realized in the future:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Allowance for impairment and credit losses	₱1,648,908	₱3,741,358	₱1,648,908	₱3,741,358
Unamortized past service cost	—	2,099,740	—	2,099,740
NOLCO	58,217	972,676	—	—
Lease liability	285,146	564,752	281,794	562,990
	₱1,992,271	₱7,378,526	₱1,930,702	₱6,404,088

Details of the Group's NOLCO follow:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2020	₱89,960	₱89,960	₱—	2025
2021	50,841	—	50,841	2026
2022	830,749	830,749	—	2025
2023	1,126	—	1,126	2026
2024	6,641	391	6,250	2027
	₱979,317	₱921,100	₱58,217	

Unrecognized deferred tax liabilities

As of December 31, 2025 and 2024, there was a deferred tax liability of ₱997.0 million and ₱986.0 million for temporary differences of ₱4.0 billion and ₱3.9 billion related to investment in certain subsidiaries, respectively. However, this liability was not recognized because the Parent Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

30.4 Statutory Income Tax Reconciliation

The reconciliation between the statutory income tax rate to effective income tax rate follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Statutory income tax rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Tax effects of:						
Non-deductible expenses	6.54	5.62	12.28	6.32	5.20	12.16
Net unrecognized deferred tax assets	(6.16)	(7.03)	(11.20)	(6.18)	(7.13)	(11.74)
Tax-paid income	(2.40)	(3.12)	(2.76)	(2.44)	(3.14)	(2.82)
FCDU loss (income) before tax	(1.40)	(0.75)	(0.61)	(1.41)	(0.76)	(0.61)
Tax-exempt income	(0.26)	(0.29)	(4.36)	(0.26)	(0.29)	(4.38)
Optional standard deduction	(0.08)	(0.02)	(0.11)	—	—	—
Effective income tax rate	21.24%	19.41%	18.24%	21.03%	18.88%	17.61%

31. Earnings Per Share

Earnings per share attributable to equity holders of the Parent Company is computed as follows:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
a) Net income attributable to equity holders of the Parent Company	₱25,255,162	₱21,052,896	₱17,979,257	₱25,255,162	₱21,036,661	₱18,002,948
b) Weighted average number of common shares for basic earnings per share (Note 25)	1,525,765	1,525,765	1,525,765	1,525,765	1,525,765	1,525,765
c) Basic/Diluted earnings per share (a/b)	₱16.55	₱13.80	₱11.78	₱16.55	₱13.79	₱11.80

In 2025, 2024 and 2023, there are no potential common shares with dilutive effect on the basic earnings per share.

32. Trust Operations

Securities and other properties held by the Parent Company through its TBG in fiduciary or agency capacities for its customers are not included in the accompanying statements of financial position since these are not assets of the Parent Company. Such assets held in trust were carried at a value of ₱226.3 billion and ₱190.6 billion as of December 31, 2025 and 2024, respectively. In connection with the trust functions of the Parent Company, government securities amounting to ₱2.5 billion and ₱1.9 billion (included under 'Investment securities at amortized cost') as of December 31, 2025 and 2024, respectively, are deposited with the BSP in compliance with trust regulations (refer to Note 9.3).

Trust fee income in 2025, 2024 and 2023 amounting to ₱421.9 million, ₱380.0 million and ₱373.7 million, respectively, is included under 'Service fees and commission income' (refer to Note 26.1).

In compliance with existing banking regulations, the Parent Company transferred from surplus to surplus reserves the amounts of ₱38.0 million, ₱14.5 million and ₱29.9 million in 2025, 2024 and 2023, respectively, which correspond to 10.00% of the net income realized in the preceding years from its trust, investment management and other fiduciary business until such related surplus reserve constitutes 20.00% of its regulatory capital (refer to Note 25.3).



33. Related Party Transactions

33.1 Summary of Significant Related Party Transactions

Details on significant related party transactions of the Group and the Parent Company follow (transactions with subsidiaries have been eliminated in the consolidated financial statements). Transactions reported under subsidiaries represent companies where the Parent Company has control, while those under related parties represent companies which are under common control.

2025			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investors			
Deposit liabilities		₱3,932,157	Peso and foreign currency deposits with annual rates ranging from 0.00% to 6.25%
Net deposits	₱877,737		Net deposits during the period
Interest expense	15,227		Interest expense on deposits
Accrued interest payable		10,803	Accrued interest on deposit liabilities
Subsidiaries			
Credit facilities		17,062,542	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/trust receipt lines; also includes irrevocable standby letters of credit
Interbank loans receivable		67,160	Foreign currency-denominated interbank term loans with interest rates ranging from 2.14% to 2.20% with ACB, including foreign exchange revaluations
Availments	212,371		
Settlements and other movements	148,206		
Due from other banks		137,094	Foreign currency-denominated demand deposits
Accrued interest receivable		342	Interest accrual on receivables from customers and interbank loans receivable
Accounts receivable		7,166	Related to remittance transactions and amounts which are subject to clearing
Deposit liabilities		7,414,115	Peso and foreign currency-denominated deposits with annual fixed interest rates ranging from 0.0% to 5.70% and maturities up to 4 years
Net deposits	3,183,532		Net withdrawals during the period
Bills payable		-	Foreign currency-denominated bills payable with ACB with interest rate of 0.15%
Availments	414,530		
Settlements	414,530		
Due to other banks		380	Foreign currency-denominated clearing accounts used for funding and settlement of remittances
Accrued interest payable		32,149	Accrued interest on deposit liabilities and bills payable
Interest income	1,143		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	80,473		Interest expense on deposit liabilities and bills payable
Miscellaneous other income	2,900		Management and other professional fees; includes share of subsidiaries in maintenance costs of the HR system
Securities transactions			
Purchases	1,789,146		Outright purchase of securities
Sales	2,883,219		Outright sale of securities
Trading loss	-		Loss from sale of investment securities

(Forward)

2025			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Other Related Parties			
Receivables from customers		₱59,563,219	Partly secured by real estate, vehicles, deposits, government securities, among others; with interest rates ranging from 2.75% to 12.00% with remaining maturity terms ranging from 2 days to over 24 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱87.8 million including foreign exchange revaluations.
Loan releases	₱276,859,302		
Loan collections and other movements	260,752,009		
Credit facilities		103,405,057	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Sales contract receivable		910	Receivable from sale of property paid in installments; with interest rate of 6.0% and maturing in July 2027
Financial assets at FVOCI		53,150	Majority represents the retained 49.00% interest in PNB Holdings, with unrealized gain of ₱2.1 billion recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		248,617	Accrued interest on receivables from customers
Security deposit	175,513		Amount given to fulfill the terms of the lease contract
Right-of-use assets		2,845,490	Lease of office space with terms up to 10 years and the corresponding accumulated amortization
Accumulated depreciation of right-of-use assets		1,405,331	
Deposit liabilities		89,416,556	Peso-denominated and foreign currency-denominated demand, savings and time deposits with maturity terms ranging from 7 days to over 5 years and with interest rates ranging from 0.0% to 6.88%
Net deposits	40,049,103		Net deposits during the period
Accrued interest payable		243,671	Accrued interest payable from various deposits
Lease liabilities		1,504,081	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		479,530	Accruals in relation to promotional and utilities expenses
Deferred revenue		34,444	Unamortized portion of income related to the bancassurance agreement with ABIC
Service fees and commission income	3,333		Amortization of fees under the bancassurance agreement with ABIC
Interest income	2,768,471		Interest income on receivables from customers
Net gain on sale or exchange of assets	699,363		Gain on sale of investment properties to affiliate
Interest expense	241,608		Interest expense on deposit liabilities, bonds payable, bills payable and lease liabilities
Depreciation expense	283,310		Depreciation of right-of-use asset relating to leases of office spaces
Miscellaneous expenses	147,234		Promotional expenses for Mabuhay Miles redemption
Interbank Call Loans		4,000,000	Short term loan to MBTC with 2 days of maturity and interest of 4.56%
Receivable			
Availments	449,150,000		
Settlements	445,150,000		

(Forward)



2025			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Securities transactions			
Purchases	₱11,955,591		Outright purchase of securities
Sales	26,896,558		Outright sale of securities
Trading gain	23,253		Gain from sale of securities
Associate			
Credit facilities		₱90,000	Pre-settlement risk line
Deposit liabilities		2,207,021	Peso and foreign currency-denominated deposits with annual interest rates ranging from 0.01% to 5%
Net deposits	1,326,007		
Accrued interest payable		62	Accrued interest on deposit liabilities
Deferred revenue		402,595	Unamortized portion of income related to the sale of APLII
Service fees and commission income	73,199		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Interest expense	126		Interest expense on deposit liabilities
Key Management Personnel			
Loans to officers		150,320	Housing loans to senior officers with interest rates ranging from 3% to 17.55%; Secured and unimpaired
Loan releases	49,745		
Loan collections	59,813		
Accrued interest receivable		239	Accrued interest on loans
Interest income	8,955		Interest income on housing loans
Deposit liabilities		1,667,974	Peso and foreign currency-denominated deposits with interest rates ranging from 0.0% to 4.75%
Net deposits	757,203		Net deposits during the period
Interest expense	1,821		Interest expense on deposits
Accrued interest payable		2,192	Accrued interest on deposit liabilities
Sales Contract Receivable		4,620	Receivable from personnel with interest rate of 5%, and maturing from Dec 2025 to Aug 2027
2024			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investors			
Deposit liabilities		₱3,054,420	Peso and foreign currency deposits with annual rates ranging from 0.00% to 6.25%
Net deposits	₱777,494		Net deposits during the period
Interest expense	123,710		Interest expense on deposits
Accrued interest payable		8,729	Accrued interest on deposit liabilities
Subsidiaries			
Credit facilities		11,293,839	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/trust receipt lines; also includes irrevocable standby letters of credit;
Interbank loans receivable		3,015	Foreign currency-denominated interbank term loans with interest rates ranging from 2.95% to 5.05% with ACB, including foreign exchange revaluations
Availments	162,078		
Settlements and other movements	211,743		
Due from other banks		197,801	Foreign currency-denominated demand deposits
Accrued interest receivable		2	Interest accrual on receivables from customers and interbank loans receivable

(Forward)

2024			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Accounts receivable		₱36,152	Related to remittance transactions and amounts which are subject to clearing
Deposit liabilities		4,230,583	Peso and foreign currency-denominated deposits with annual fixed interest rates ranging from 0.0% to 5.70% and maturities up to 4 years
Net deposits	₱1,075,214		Net withdrawals during the period
Bills payable		—	Foreign currency-denominated bills payable with ACB with interest rate of 4.0%
Availments	28,300		
Settlements	28,300		
Due to other banks		13,880	Foreign currency-denominated clearing accounts used for funding and settlement of remittances
Accrued interest payable		30,733	Accrued interest on deposit liabilities and bills payable
Interest income	1,549		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	213,269		Interest expense on deposit liabilities and bills payable
Miscellaneous other income	3,271		Management and other professional fees; includes share of subsidiaries in maintenance costs of the HR system
Securities transactions			
Purchases	5,026,632		Outright purchase of securities
Sales	1,621,332		Outright sale of securities
Trading loss	431		Loss from sale of investment securities
Other Related Parties			
Receivables from customers		43,455,926	Partly secured by real estate, vehicles, deposits, government securities, among others; with interest rates ranging from 2.75% to 12.00% with remaining maturity terms ranging from 2 days to over 24 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱87.8 million including foreign exchange revaluations.
Loan releases	195,397,876		
Loan collections and other movements	207,240,908		
Credit facilities		92,058,444	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Sales contract receivable		734	Receivable from sale of property paid in installments; with interest rate of 6.0% and maturing in July 2027
Financial assets at FVOCI		26,687,751	Majority represents the retained 49.00% interest in PNB Holdings, with unrealized gain of ₱2.1 billion recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		175,958	Accrued interest on receivables from customers
Security deposit		175,513	Amount given to fulfill the terms of the lease contract
Accounts Receivable		116,760	Receivable from conveyance of real estate inventories held under development
Right-of-use assets		2,959,837	Lease of office space with terms up to 10 years and the corresponding accumulated amortization
Accumulated depreciation of right-of-use assets		1,236,440	
Deposit liabilities		49,367,453	Peso-denominated and foreign currency-denominated demand, savings and time deposits with maturity terms ranging from 7 days to over 5 years and with interest rates ranging from 0.0% to 6.88%

(Forward)



2024			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Net deposits	₱3,033,990		Net deposits during the period
Accrued interest payable		₱162,221	Accrued interest payable from various deposits
Lease liabilities		1,920,896	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		655,134	Accruals in relation to promotional and utilities expenses
Deferred revenue		37,778	Unamortized portion of income related to the bancassurance agreement with ABIC
Deferred revenue		37,778	Unamortized portion of income related to the bancassurance agreement with ABIC
Service fees and commission income	3,333		Amortization of fees under the bancassurance agreement with ABIC
Interest income	1,621,730		Interest income on receivables from customers
Interest expense	1,678,513		Interest expense on deposit liabilities, bonds payable, bills payable and lease liabilities
Depreciation expense	463,922		Depreciation of right-of-use asset relating to leases of office spaces
Occupancy and equipment-related costs	109,984		Rentals from short-term leases
Miscellaneous expenses	691,214		Includes CUSA charges for the Parent Company's share in common areas on premises owned by PNB Holdings; promotional expenses for Mabuhay Miles redemption; includes management fees paid to Eton Properties Philippines, Inc.; and other expenses
Securities transactions			
Purchases	16,557,303		Outright purchase of securities
Sales	12,200,349		Outright sale of securities
Trading gain	4,671		Gain from sale of securities
Associate			
Credit facilities		120,000	Pre-settlement risk line
Deposit liabilities		881,014	Peso and foreign currency-denominated deposits with annual interest rates ranging from 0.01% to 5%
Net deposits	752,849		
Accrued interest payable		2	Accrued interest on deposit liabilities
Rental deposits		27	Advance rental and security deposits received for three months
Deferred revenue		322,031	Unamortized portion of income related to the sale of APLII
Service fees and commission income	73,199		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Interest expense	1,036		Interest expense on deposit liabilities
Key Management Personnel			
Loans to officers		162,370	Housing loans to senior officers with interest rates ranging from 3% to 17.55%; Secured and unimpaired
Loan releases	204,885		
Loan collections	43,586		
Accrued interest receivable		399	Accrued interest on loans
Interest income	9,811		Interest income on housing loans

(Forward)

2024			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Deposit liabilities		₱910,771	Peso and foreign currency-denominated deposits with interest rates ranging from 0.0% to 4.75%
Net deposits	₱42,921		Net deposits during the period
Interest expense	10,368		Interest expense on deposits
Accrued interest payable		1,227	Accrued interest on deposit liabilities
Sales Contract Receivable		1,359	Receivable from personnel with interest rate of 5%, and maturing from December 2025 to August 2027

Remedies over a loan exposure to a related party

In April 2022, the Parent Company entered into a dacion agreement with a related party over an investment property with fair value at the time of dacion of ₱1.4 billion in settlement of certain loans. The remedy to settle the loan also provided for the conversion of the remaining debt to equity shares of the former borrower, where the Bank received 19.9 million shares. These shares were subsequently subjected to a share swap, as discussed in Note 9.2.

Transactions relating to the investment in PNB Holdings

As discussed in Note 12.4, the Parent Company executed a proxy in favor of LTG to vote for the remaining 49.00% held by the Group in PNB Holdings. As a result, the Group accounted for its retained interest in PNB Holdings as financial asset at FVOCI with no recycling to profit and loss.

In relation to the property dividend declaration, the Parent Company, as a withholding agent, remitted ₱404.4 million to the BIR in January 2022, representing final withholding taxes on the property dividends of concerned stockholders. This was recorded under 'Accounts receivable' in the statement of financial position. As of December 31, 2025 and 2024, the Parent Company collected ₱313.6 million and ₱162.8 million, respectively, of its receivable from stockholders.

Financial assets at FVTPL traded through PNB Securities

As of December 31, 2024, the Parent Company's financial assets at FVTPL include equity securities traded through PNB Securities with a fair value of ₱2.9 million. The Parent Company recognized trading gains (losses) amounting to ₱0.2 million in 2024 and (₱0.04 million) in 2023 from the transactions facilitated by PNB Securities.

Joint arrangements with Eton Properties Philippines, Inc. (EPPI)

The Parent Company and EPPI signed two agreements for the development of two real estate properties of the Parent Company included under 'Other assets' (refer to Note 15) and with carrying values of ₱1.2 billion at the time of signing. EPPI and the Group are under common control. These two projects are among the Parent Company's strategies in reducing its non-performing assets. The Parent Company made available the aforementioned properties which was approved by BSP. EPPI, on the other hand, provided its resources and technical expertise for the development of the properties. Income from the sale of the properties are shared by the Parent Company and EPPI in accordance with the terms of the agreement.

In July 2016, the Parent Company executed deeds of conveyance to EPPI on the areas of the land under the arrangement. The execution of the deeds of conveyance was made to facilitate the issuance of the condominium certificates of title to the buyers.

On December 27, 2024, EPPI and the Bank have agreed to terminate the arrangement due to market conditions. The termination of the arrangement involved the settlement of unsold condominium units and undeveloped properties between EPPI and the Bank. As of December 31, 2025 and 2024, the

carrying value of the properties subject of the arrangement included in 'Other assets' amounted to ₱214.3 million and ₱220.6 million, respectively, representing undeveloped property.

Transactions with PMLFC and PMERC

The Parent Company entered into the following transactions with PMLFC and PMERC as part of their winding down procedures:

- On various dates in 2022 and 2023, PMLFC transferred to the Parent Company certain receivables either via direct purchase or assignment. Details are as follows:

Year of transfer	Underlying contract	Aggregate carrying values	Total consideration paid
2022	Direct Purchase	₱122,306	₱115,866
2023	Direct Purchase	51,235	51,612
	Receivables Purchase Agreement	287,040	278,998
	Deed of Assignment	210,734	185,572

- On various dates in 2023, the BOD of the Parent Company approved to accept certain properties of PMLFC and PMERC as settlement through dacion en pago to partially pay their respective outstanding loans to the Parent Company. Details are as follows:

Date of BOD approval	Borrower	Subject properties/ assets	Aggregate fair values	Dacion amount
April 28, 2023	PMLFC	Condominium units	₱100,258	₱100,258
April 28, 2023	PMERC	Equipment and other properties held for lease (EOPL)	261,407	245,984
December 15, 2023	PMLFC	Repossessioned chattels	7,867	3,933

In 2023, rental income amounting to ₱54.6 million from the EOPL that were subject of the April 2023 dacion have accrued to the Parent Company after the dacion was implemented.

- Considering the transfer of the major assets of PMLFC and PMERC to the Parent Company and no other remaining leivable properties of PMLFC and PMERC to foreclose, on December 15, 2023, the BOD of the Parent Company approved to write off the remaining balance of the loans of PMLFC and PMERC amounting to ₱736.4 million and ₱242.4 million, respectively.

33.2 Remuneration of Key Management Personnel and Directors

The compensation of the key management personnel for the Group and Parent Company follows:

	2025	2024	2023
Short-term employee benefits	₱579,033	₱527,036	₱526,038
Post-employment benefits	69,532	60,916	53,041
	₱648,565	₱587,952	₱579,079

Non-executive directors are entitled to a per diem as follows: ₱50,000 for each BOD meeting attended and ₱25,000 for each BOD committee meeting attended, provided that in no case shall the total per diem exceed ₱0.25 million per month for committee meetings. No other emoluments are granted to non-executive directors of the Parent Company except for the aforementioned per diem. There is no profit-sharing arrangement between the Parent Company and its BOD. In 2025 and 2024, total per diem given to non-executive directors amounted to ₱105.2 million and ₱96.3 million,

respectively, recorded in 'Miscellaneous expenses' in the statements of income. Directors' remuneration covers all BOD activities and membership of committees and subsidiary companies.

33.3 Transactions with Retirement Plans

Management of the retirement funds of the Group and the Parent Company is handled by TBG. The fair values and carrying values of the funds of the Group amounted to ₱9.9 billion and ₱9.3 billion as of December 31, 2025 and 2024, respectively, and the fair values of the funds of the Parent Company amounted to ₱9.9 billion and ₱9.2 billion as of December 31, 2025 and 2024, respectively.

Relevant information on transactions with the retirement plans follows:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Investment in PNB UITFs	₱884,111	₱946,347	₱882,326	₱944,562
Deposits with PNB	1,021,577	13,274	1,018,588	10,774
Investment in PNB shares	435,629	227,678	435,629	227,678
Investment in Mutual Fund PNB	—	1,782	—	—
Total Fund Assets	₱2,341,317	₱1,189,081	₱2,336,543	₱1,183,014
Unrealized gain on PNB shares	₱207,950	₱75,618	₱207,950	₱75,618
Unrealized gain (loss) on PNB UITF	(62,236)	11,535	(62,236)	11,535
Interest income	44,156	12,860	42,655	11,345
	189,870	100,013	188,369	98,498
Trust fees	(8,179)	(10,220)	(8,020)	(10,066)
Net Fund Income	₱181,691	₱89,793	₱180,349	₱88,432

As of December 31, 2025 and 2024, the retirement funds of the Group and the Parent Company include 8,219,406 PNB shares classified as financial assets at FVTPL. There are no limitations and restrictions over the PNB shares while the corresponding voting rights are exercised by a trust officer or any of its designated alternate officer of TBG.

In addition to the regular retirement funds, TBG also manages the funds of the Parent Company's EIP and fund for e-money products.

34. Provisions, Contingent Liabilities and Other Commitments

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities that are not presented in the financial statements including several suits and claims which remain unsettled. The Group and its legal counsel believe that any losses arising from these contingencies which are not specifically provided for will not have a material adverse effect on the financial statements.

There were no significant settlements made in 2025 and 2024.

In the ordinary course of the Group's operations, certain entities within the Group have pending tax assessments/claims which are in various stages of protest/appeal with the tax authorities, the amounts of which cannot be reasonably estimated. Management believes that the bases of said protest/appeal are legally valid such that the ultimate resolution of these assessments/claims would not have material effects on the consolidated financial position and results of operations.

35. Offsetting of Financial Assets and Liabilities

The effects of rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements to the Group and the Parent Company's financial statements are disclosed in the succeeding tables.

Consolidated

2025						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
[a]	[b]	[c]	[d]			[e]
Derivative assets	₱102,767,311	₱101,970,497	₱796,814	₱204,001	₱-	₱592,813
Securities held under agreements to resell (Note 8)	72,903,359	-	72,903,359	-	74,379,685	-
Total	₱175,670,670	₱101,970,497	₱73,700,173	₱204,001	₱74,379,685	₱592,813

2024						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
[a]	[b]	[c]	[d]			[e]
Derivative assets	₱87,097,900	₱86,010,793	₱1,087,107	₱104,745	₱-	₱982,362
Securities held under agreements to resell (Note 8)	103,480,119	-	103,480,119	-	104,909,516	-
Total	₱190,578,019	₱86,010,793	₱104,567,226	₱104,745	₱104,909,516	₱982,362

2025						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
[a]	[b]	[c]	[d]			[e]
Derivative liabilities	₱65,978,632	₱65,693,070	₱285,562	₱18,225	₱-	₱267,337
Securities sold under agreements to repurchase (Notes 9 and 19)*	1,175,218	-	1,175,218	-	1,325,734	-
Total	₱67,153,850	₱65,693,070	₱1,460,780	₱18,225	₱1,325,734	₱267,337

* Included in bills and acceptances payable in the statements of financial position

2024						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
[a]	[b]	[c]	[d]			[e]
Derivative liabilities	₱61,485,068	₱60,561,015	₱924,053	₱350,702	₱-	₱573,351
Securities sold under agreements to repurchase (Notes 9 and 19)*	12,338,999	-	12,338,999	-	14,221,461	-
Total	₱73,824,067	₱60,561,015	₱13,263,052	₱350,702	₱14,221,461	₱573,351

* Included in bills and acceptances payable in the statements of financial position

Parent Company

2025						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
[a]	[b]	[c]	[d]			[e]
Derivative assets	₱102,760,534	₱101,970,497	₱790,037	₱204,001	₱-	₱586,036
Securities held under agreements to resell (Notes 8 and 19)	72,903,359	-	72,903,359	-	74,379,685	-
Total	₱175,663,893	₱101,970,497	₱73,693,396	₱204,001	₱74,379,685	₱586,036

2024						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
[a]	[b]	[c]	[d]			[e]
Derivative assets	₱87,097,088	₱86,010,793	₱1,086,295	₱102,386	₱-	₱983,909
Securities held under agreements to resell (Notes 8 and 19)	103,480,119	-	103,480,119	-	104,909,516	-
Total	₱190,577,207	₱86,010,793	₱104,566,414	₱102,386	104,909,516	₱983,909

2025						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
[a]	[b]	[c]	[d]			[e]
Derivative liabilities	₱65,978,632	₱65,693,070	₱285,562	₱18,225	₱-	₱267,337
Securities sold under agreements to repurchase (Notes 9 and 19)*	1,175,218	-	1,175,218	-	1,325,734	-
Total	₱67,153,850	₱65,693,070	₱1,460,780	₱18,225	₱1,325,734	₱267,337

* Included in bills and acceptances payable in the statements of financial position

2024						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial instruments	Fair value of financial collateral	
[a]	[b]	[c]	[d]			[e]
Derivative liabilities	₱61,482,708	₱60,561,015	₱921,693	₱348,343	₱-	₱573,350
Securities sold under agreements to repurchase (Notes 9 and 19)*	12,338,999	-	12,338,999	-	14,256,954	-
Total	₱73,821,707	₱60,561,015	₱13,260,692	₱348,343	₱14,256,954	₱573,350

* Included in bills and acceptances payable in the statements of financial position

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. This includes amounts related to financial collateral both received and pledged, excluding the extent of over-collateralization.

36. Events After the Reporting Date

There are no significant reportable events which occurred from December 31, 2025 until the date of this report.

37. Notes to Statements of Cash Flows

37.1 Cash Flows from Financing Activities

The changes in liabilities arising from financing activities in 2025 and 2024 follow:

	Consolidated			
	2025			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱20,208,451	(₱9,735,858)	₱270,155	₱10,742,748
Bonds payable	17,304,421	15,682,078	291,900	33,278,399
LTNCDs	4,598,770	(4,600,000)	1,230	—
Lease liabilities	3,808,997	(1,510,025)	1,073,677	3,372,649
	₱45,920,639	(₱163,805)	₱1,636,962	₱47,393,796

	Consolidated			
	2024			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱20,162,603	₱378,200	(₱332,352)	₱20,208,451
Bonds payable	41,490,871	(26,079,791)	1,893,341	17,304,421
LTNCDs	12,803,543	(8,220,000)	15,227	4,598,770
Lease liabilities	3,832,884	(1,127,583)	1,103,696	3,808,997
	₱78,289,901	(₱35,049,174)	₱2,679,912	₱45,920,639

	Parent Company			
	2025			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱20,208,451	(₱9,735,858)	₱270,155	₱10,742,748
Bonds payable	17,304,421	15,682,078	291,900	33,278,399
LTNCDs	4,598,770	(4,600,000)	1,230	—
Lease liabilities	3,722,719	(1,447,467)	974,194	3,249,446
	₱45,834,361	(₱101,247)	₱1,537,479	₱47,270,593

	Parent Company			
	2024			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱20,162,603	₱378,200	(₱332,352)	₱20,208,451
Bonds payable	41,490,871	(26,079,791)	1,893,341	17,304,421
LTNCDs	12,803,543	(8,220,000)	15,227	4,598,770
Lease liabilities	3,723,316	(1,052,523)	1,051,926	3,722,719
	₱78,180,333	(₱34,974,114)	₱2,628,142	₱45,834,361

Others include the effects of foreign exchange revaluations, additional lease liabilities, amortization of transaction costs, and accretion of interest.

37.2 Non-Cash Transactions

The following are non-cash transactions of the Group and the Parent Company in 2024 and 2023 relating to their long-term leases:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Additions to right-of-use assets (Note 11)	₱811,650	₱950,548	₱733,899	₱936,169
Additional lease liabilities (Note 29)	822,933	956,755	706,816	907,278

On December 14, 2025 and October 27, 2023, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱400.0 million and ₱448.9 million. The Parent Company received such cash dividends from PNB Capital on December 19, 2025 and December 27, 2023, respectively (refer to Note 12.2).

The Group and the Parent Company acquired investment properties through foreclosure, dacion and rescission amounting to ₱1.9 billion, ₱2.3 billion, and ₱3.0 billion in 2025, 2024 and 2023, respectively (refer to Note 13). Included in the foreclosures in 2025 and 2024 are dacion transactions in settlement of certain loans in exchange for an investment property (refer to Note 33.1). Foreclosures in 2023 also include the debt-to-equity conversion of the remaining loan exposures of a former borrower (refer to Note 33.1).

The Group and the Parent Company applied creditable withholding taxes against its income tax payable amounting to ₱1.8 billion, ₱1.5 billion and ₱1.2 billion in 2025, 2024 and 2023, respectively.

38. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the Parent Company's BOD on February 20, 2026.

39. Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010, which provides that the notes to the financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

39.1 Taxes Paid or Accrued During the Taxable Year

The Parent Company paid or accrued the following types of taxes for the tax period January to December 2025 (in absolute amounts):

Taxes and licenses

	Amount
Gross receipts tax	₱3,087,509,825
Documentary stamp taxes	5,400,000,000
Real estate tax	40,887,900
Local taxes	214,536,292
Others	183,227,027
	₱8,926,161,044

Withholding taxes

	Remitted	Outstanding
Withholding taxes on compensation and benefits	₱1,052,472,426	₱201,011,529
Final income taxes withheld on interest on deposits and yield on deposit substitutes	2,547,404,558	197,767,362
Expanded withholding taxes	269,294,041	26,614,290
Withholding taxes on the amount withdrawn from the decedent's deposit account	22,610,321	2,958,836
VAT withholding taxes	43,729,250	3,005,084
Other final taxes	265,814,189	14,072,631
	₱4,201,324,785	₱445,429,732

39.2 Tax Cases and Assessments

As of December 31, 2025 and 2024, the Parent Company has no final tax assessment but has outstanding cases filed in courts for various claims for tax refund. Management is of the opinion that the ultimate outcome of these cases will not have a material impact on the financial statements of the Parent Company.

40. Report on the Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks**40.1 Basic Quantitative Indicators of Financial Performance**

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2025	2024	2023	2025	2024	2023
Return on average equity	11.09%	10.39%	9.95%	11.23%	10.49%	10.15%
Return on average assets	1.93%	1.72%	1.53%	1.93%	1.72%	1.54%
Net interest margin on average earning assets	4.51%	4.50%	4.23%	4.51%	4.50%	4.23%

40.2 Description of Capital Instruments Issued

As of December 31, 2025 and 2024, the Parent Company has only one class of capital stock, which are common shares.

40.3 Significant Credit Exposures as to Industry Sector

An industry sector analysis of the Group's and the Parent Company's receivables from customers before taking into account allowance for credit losses is shown below.

	Consolidated				Parent Company			
	2025		2024		2025		2024	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
Electricity, gas and water	₱150,874,303	19.82	₱100,800,669	15.18	₱150,870,391	20.20	₱100,800,669	15.50
Real estate, renting and business activities	135,802,075	17.84	109,274,926	16.45	132,324,692	17.72	106,134,407	16.32
Wholesale and retail	133,540,950	17.54	118,612,698	17.86	126,742,994	16.97	112,781,724	17.34
Financial intermediaries	100,578,855	13.21	96,992,698	14.60	100,472,663	13.45	97,024,603	14.92
Manufacturing	71,174,059	9.35	68,291,738	10.28	69,337,872	9.28	66,250,095	10.19
Construction	45,403,234	5.96	46,132,885	6.95	45,403,234	6.08	46,132,885	7.09
Transport, storage and communication	32,658,553	4.29	35,413,742	5.33	32,186,050	4.31	34,979,930	5.38
Agriculture, hunting and forestry	8,439,098	1.11	8,960,007	1.35	8,304,727	1.11	8,801,474	1.35
Public administration and defense	1,905,881	0.25	1,739,998	0.26	1,905,881	0.26	1,739,998	0.27
Others	80,965,274	10.63	78,017,344	11.74	79,329,538	10.62	75,817,596	11.64
	₱761,342,282	100.00	₱664,236,705	100.00	₱746,878,042	100.00	₱650,463,381	100.00

The Group considers that concentration of credit exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio or 10.00% of Tier 1 capital.

40.4 Breakdown of Total Loans

40.4.1 As to Security

The information relating to receivables from customers (gross of allowance for credit losses) as to secured and unsecured and as to collateral follows:

	Consolidated				Parent Company			
	2024		2024		2025		2024	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
Secured:								
Real estate mortgage	₱134,914,283	17.73	₱68,136,306	10.26	₱124,874,495	16.72	₱57,583,167	8.85
Chattel mortgage	17,783,001	2.34	6,919,452	1.04	17,712,748	2.37	6,824,061	1.05
Bank deposit hold-out	6,511,760	0.86	3,855,505	0.58	5,995,033	0.80	3,686,444	0.57
Others	11,772,350	1.54	17,558,212	2.64	10,000,788	1.34	16,404,021	2.52
	170,981,394	22.47	96,469,475	14.52	158,583,064	21.23	84,497,693	12.99
Unsecured	590,360,888	77.53	567,767,230	85.48	588,294,978	78.77	565,965,689	87.01
	₱761,342,282	100.00	₱664,236,705	100.00	₱746,878,042	100.00	₱650,463,382	100.00

40.4.2 As to Status

The table below shows the status of the Group and the Parent Company's loans (gross allowance for credit losses) as to performing and non-performing loans (NPL) per product line:

	Consolidated			
	2025		2024	
	Performing	NPL	Performing	NPL
Corporate	₱337,514,518	₱4,859,441	₱296,068,331	₱8,724,253
Commercial	320,564,664	29,477,762	276,684,804	28,271,963
Credit cards	20,713,759	713,002	17,055,407	1,008,478
Consumer	41,758,432	5,740,704	29,449,029	6,961,108
	₱720,551,373	₱40,790,909	₱619,257,571	₱44,965,802

	Parent Company			
	2025		2024	
	Performing	NPL	Performing	NPL
Corporate	₱325,025,059	₱3,670,909	₱283,691,471	₱8,112,179
Commercial	320,564,664	29,477,762	276,684,804	28,271,963
Credit cards	20,713,759	713,002	17,055,407	1,008,478
Consumer	40,709,092	6,003,795	28,664,642	6,961,108
	₱707,012,574	₱39,865,468	₱606,096,324	₱44,353,728

Loans and receivables are considered NPL, even without any missed contractual payments, when considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, are considered NPL if any principal and/or interest are unpaid for more than 90 days from contractual due date or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement. Microfinance and other small loans with similar credit characteristics are considered NPL after contractual due date or after they have become past due. Restructured loans are considered NPL. However, if prior to restructuring, the loans were categorized as performing, such classification is retained.

NPLs remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.

In 2022, the Parent Company adopted BSP Memorandum No. M-2021-056, *Regulatory Treatment of Restructured Loans for Purposes of Measuring Expected Credit Losses*, which provides guidance on the regulatory treatment of loans with terms and conditions that have been modified due to the impact of the COVID-19 pandemic, especially consumption loans, for purposes of measuring ECL and classifying the accounts as NPL.

The table below shows the gross and net NPL ratios of the Group and the Parent Company as reported to the BSP (with certain adjustments) as of December 31, 2025 and 2024:

	2025		2024	
	Gross NPL	Net NPL	Gross NPL	Net NPL
Consolidated	4.72%	1.60%	5.68%	1.81%
Parent Company	4.70%	1.53%	5.72%	1.77%

40.5 Information on Related Party Loans

In the ordinary course of business, the Parent Company has loans and other transactions with its subsidiaries and affiliates, and with certain Directors, Officers, Stockholders and Related Interests (DOSRI). These loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of direct credit accommodations to each of the Parent Company's DOSRI, 70.00% of which must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Parent Company.

In the aggregate, DOSRI loans generally should not exceed the Parent Company's equity or 15.00% of the its total loan portfolio, whichever is lower. Total outstanding exposures to each of the Parent Company's subsidiaries and affiliates shall not exceed 10.00% of the Group's net worth, the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.00% of the net worth of the Parent Company. As of December 31, 2025 and 2024, the Parent Company is in compliance with such regulations.

The information relating to the DOSRI loans of the Parent Company follows:

	2025		2024	
	DOSRI loans	Related party loans (inclusive of DOSRI loans)	DOSRI loans	Related party loans (inclusive of DOSRI loans)
Total outstanding loans	₱265,751	₱17,737,015	₱136,867	₱37,817,926
Percent of DOSRI/related party loans to total loan portfolio	0.03%	2.09%	0.02%	4.87%
Percent of unsecured DOSRI/related party loans to total DOSRI/related party loans	0.00%	75.45%	0.00%	85.25%
Percent of past due DOSRI/related party loans to total DOSRI/related party loans	0.00%	0.00%	0.00%	0.00%
Percent of non-performing DOSRI/related party loans to total DOSRI/related party loans	0.00%	0.00%	0.04%	0.00%

40.6 Aggregate Amount of Secured Liabilities and Assets Pledged as Security

As of December 31, 2025 and 2024, 'Bills payable' amounting to ₱1.2 billion and ₱12.3 billion in Note 19, respectively, are secured by a pledge of certain 'Financial assets at FVOCI' amounting to nil and ₱11.9 billion respectively, and 'Investment securities at amortized cost' amounting to ₱1.3 billion and ₱2.4 billion, respectively.

40.7 Contingencies and Commitments Arising from Off-Balance Sheet Items

The following is a summary of various commitments, contingent assets and contingent liabilities at their equivalent peso contractual amounts as reported to BSP:

	Consolidated		Parent Company	
	2025	2024	2025	2024
Trust department accounts	₱226,303,785	₱190,585,195	₱226,303,785	₱190,585,195
Derivative forwards	166,792,091	132,737,169	161,499,541	126,839,248
Standby letters of credit	105,232,875	77,763,321	105,070,622	77,493,348
Unutilized credit card lines	55,248,472	51,886,113	55,248,472	51,886,113
Deficiency claims receivable	29,958,301	27,250,819	29,958,301	27,250,819
Derivative spots	13,845,457	22,847,762	13,845,457	22,847,762
Inward bills for collection	1,538,033	1,019,948	1,525,815	996,613
Unused commercial letters of credit	311,899	353,457	311,899	353,457
Outward bills for collection	215,198	210,031	54,503	89,460
Confirmed export letters of credit	108,468	100,940	108,468	100,940
Items held as collateral	12,994	23,101	12,986	23,092
Shipping guarantees issued	13,742	21,284	13,742	21,284
Other contingent accounts	2,955	38,677	2,955	2,663

Management's Discussion and Analysis

2025 vs 2024

The Group's consolidated total assets stood at ₱1.37 trillion as of December 31, 2025, 9.3% higher compared to the ₱1.26 trillion reported as of December 31, 2024. Major changes (+/-5% variance) in assets were registered in the following accounts:

- **Cash and Other Liquid Placements**

(In Thousands)	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Cash and Other Cash Items	₱20,868,793	₱20,638,033	₱230,760	1.1
Due from Bangko Sentral ng Pilipinas	68,529,550	55,128,316	13,401,234	24.3
Due from Other Banks	24,831,235	20,183,894	4,647,341	23.0
Interbank Loans Receivable	30,369,881	22,787,194	7,582,687	33.3
Securities Held under Agreements to Resell	72,903,359	103,480,119	(30,576,760)	(29.5)
	₱217,502,818	₱222,217,556	(₱4,714,738)	(2.1)

Total Cash and Other Liquid Placements as of December 31, 2025 stand at ₱217.5 billion, representing a decrease of ₱4.7 billion or 2.1% compared with the ₱222.2 billion reported as of December 31, 2024. The decline was primarily due to the placement of available liquid funds in high yielding investment securities and outlays for loan issuances.

Please refer to the consolidated statements of cash flows for more information relating to cash and cash equivalents.

- **Trading and Investment Securities**

(In Thousands)	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	₱34,652,714	₱17,920,985	₱16,731,729	93.4
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	196,530,773	211,742,783	(15,212,010)	(7.2)
Investment Securities at Amortized Cost	127,319,342	112,422,382	14,896,960	13.3
	₱358,502,829	₱342,086,150	₱16,416,679	4.8

Trading and Investment Securities, which accounted for 26.1% of the Group's total assets as of December 31, 2025, compared to 27.2% as of December 31, 2024, increased by ₱16.4 billion or 4.8%. This was primarily due to net purchases of financial assets at fair value through profit or loss and at amortized cost investments.



• Loans and Receivables

<i>(In Thousands)</i>	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Loans and Receivables	₱740,017,745	₱636,819,625	₱103,198,120	16.2

Loans and Receivables, net of allowance for credit losses, accounted for 53.8% and 50.6% of the Group's total assets as of December 31, 2025 and 2024, respectively. Loans and Receivables increased by ₱103.2 billion or 16.2% at ₱740.0 billion as of December 31, 2025, from ₱636.8 billion as of December 31, 2024. This growth was driven mainly by consumer loans, commercial/SMEs and large corporate segments during the year, and a reduction in allowance for credit losses.

• Investment Properties

<i>(In Thousands)</i>	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Investment Properties	₱16,957,283	₱15,964,267	₱993,016	6.2

Investment Properties as of December 31, 2025 amounted to ₱17.0 billion, up by ₱1.0 billion or 6.2% compared to ₱16.0 billion as of December 31, 2024. The increase was attributable to new foreclosures during the year, partially offset by disposals of real and other properties.

• Intangible Assets

<i>(In Thousands)</i>	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Intangible Assets	₱909,363	₱1,084,955	(₱175,592)	(16.2)

Intangible Assets declined by ₱0.2 billion or 16.2%, to ₱0.9 billion as of December 31, 2025 from ₱1.1 billion as of December 31, 2024. The decrease was mainly due to amortization during the year.

• Other Assets

<i>(In Thousands)</i>	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Other Assets	₱9,669,116	₱8,150,629	₱1,518,487	18.6

Other Assets grew by ₱1.5 billion or 18.6% to ₱9.7 billion as of December 31, 2025 from ₱8.2 billion as of December 31, 2024. The increase was mainly due to higher documentary stamps on hand, fund for electronic money products, chattel mortgage properties and returned checks and cash items.

The Group's consolidated total liabilities were at ₱1.13 trillion as of December 31, 2025, 9.0% or ₱93.6 billion higher than the ₱1.04 trillion reported as of December 31, 2024. Major changes (+/-5% variance) in the liability accounts were as follows:

• Deposit Liabilities

<i>(In Thousands)</i>	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Demand	₱242,739,639	₱244,369,119	(₱1,629,480)	(0.7)
Savings	558,157,549	575,335,527	(17,177,978)	(3.0)
Time	260,306,182	147,368,732	112,937,450	76.6
Long Term Negotiable Certificates of Deposit	—	4,598,770	(4,598,770)	(100.0)
Deposit Liabilities	₱1,061,203,370	₱971,672,148	₱89,531,222	9.2

Deposit Liabilities as of December 31, 2025 stood at ₱1,061.2 billion, which grew by ₱89.5 billion or 9.2% from ₱971.7 billion as of December 31, 2024. Deposit Liabilities accounted for 93.5% and 93.3% of the Group's total liabilities as of December 31, 2025 and 2024, respectively. The increase was largely due to Time Deposits which increased by ₱112.9 billion or 76.6%, partly offset by decline in Savings Deposits by ₱17.2 billion or 3.0% and Demand Deposits by ₱1.6 billion or 0.7%. The Bank's long-term negotiable certificates of deposit amounting to ₱4.6 billion matured on April 11, 2025.

• Bills and Acceptances Payable

<i>(In Thousands)</i>	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Bills and Acceptances Payable	₱10,742,748	₱20,208,451	(₱9,465,703)	(46.8)

Bills and Acceptances Payable was lower by ₱9.5 billion or 46.8% from ₱20.2 billion as of December 31, 2024 to ₱10.7 billion as of December 31, 2025, because of net settlements of short-term interbank borrowing and repurchase agreements.

• Bonds Payable

<i>(In Thousands)</i>	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Bonds Payable	₱33,278,399	₱17,304,421	₱15,973,978	92.3

Bonds Payable increased by ₱16.0 billion or 92.3% from ₱17.3 billion as of December 31, 2024 to ₱33.3 billion as of December 31, 2025, mainly due to the issuance of the ₱10.9 billion Fixed Rate Series A ASEAN Sustainability Bonds due 2028 (the "Series A Bonds") at an interest rate of 5.5% per annum, and ₱4.8 billion PHP Fixed Rate Series B ASEAN Sustainability Bonds due 2030 (the "Series B Bonds") secured at an interest rate of 5.8% per annum.

• **Financial Liabilities at FVTPL**

<i>(In Thousands)</i>	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Financial Liabilities at FVTPL	₱285,562	₱24,053	(₱638,491)	(69.1)

Financial Liabilities at FVTPL of ₱0.3 billion as of December 31, 2025 is ₱0.6 billion or 69.1% lower than the ₱0.9 billion as of December 31, 2024, mainly from decrease in the notional amounts of stand-alone forwards with negative fair value.

• **Lease Liabilities, Accrued Taxes, Interest and Other Expenses and Income Tax Payable**

<i>(In Thousands)</i>	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Lease Liabilities	₱3,372,649	₱3,808,997	(₱436,348)	(11.5)
Accrued Taxes, Interest and Other Expenses	₱9,303,982	₱8,798,553	₱505,429	5.7

Lease Liabilities decreased by 0.4 billion or 11.5% from ₱3.8 billion as of December 31, 2024 to ₱3.4 billion as of December 31, 2025. The decline was primarily due to lease payments during the year.

Accrued Taxes, Interest, and Other Expenses went up by ₱0.5 billion, from ₱8.8 billion as of December 31, 2024 to ₱9.3 billion as of December 31, 2025. The increase was due to higher accruals for taxes and licenses, interest on deposits and various expenses during the period.

The Group's consolidated total equity was composed of the following:

<i>(In Thousands)</i>	December 31, 2025	December 31, 2024	Increase/ (Decrease)	%
Capital Stock	₱61,030,594	₱61,030,594	₱—	—
Capital Paid in Excess of Par Value	32,116,560	32,116,560	—	—
Surplus Reserves	5,170,727	4,967,037	203,690	4.1
Surplus	134,605,261	113,663,851	20,941,410	18.4
Net Unrealized Gains on Financial Assets at FVOCI	1,020,513	142,134	878,379	618.0
Remeasurement Losses on Retirement Plan	(2,176,164)	(2,655,218)	479,054	18.0
Accumulated Translation Adjustment	3,412,179	2,357,844	1,054,335	44.7
Other Equity Reserves	1,189,003	1,189,003	—	—
Share in Aggregate Reserves (Losses) on Life Insurance Policies	(28,715)	21,209	(49,924)	(235.4)
Other Equity Adjustment	13,959	13,959	—	—
	236,353,917	212,846,973	23,506,944	11.0
Non-Controlling Interests	3,925,884	3,781,968	143,916	3.8
	₱240,279,801	₱216,628,941	₱23,650,860	10.9

Total Equity increased to ₱240.3 billion as of December 31, 2025 from ₱216.6 billion as of December 31, 2024, reflecting a growth of ₱23.7 billion or 10.9%. The increase was primarily driven by the ₱25.3 billion consolidated net income reported during the year, along with a ₱0.9 billion increase in Net

Unrealized Gains on Financial Assets at FVOCI, ₱1.0 billion increase in Accumulated Translation Adjustment, and ₱0.5 billion reduction in Remeasurement Losses on Retirement Plan. These increases were partially offset by the declaration of ₱4.2 billion cash dividends on April 2, 2025.

2024 vs 2023

The Group's consolidated total assets stood at ₱1,257.6 billion as of December 31, 2024, 3.9% or ₱ 47.1 billion higher compared to the ₱1,210.5 billion reported as of December 31, 2023. Major changes (+/-5% variance) in assets were registered in the following accounts:

• **Cash and Other Liquid Placements**

<i>(In Thousands)</i>	December 31, 2024	December 31, 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**

<i>(In Thousands)</i>	December 31, 2024	December 31, 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**

<i>(In Thousands)</i>	December 31, 2024	December 31, 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,		Increase/ (Decrease)	%
	2024	2023		
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,		Increase/ (Decrease)	%
	2024	2023		
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,		Increase/ (Decrease)	%
	2024	2023		
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,		Increase/ (Decrease)	%
	2024	2023		
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		Increase/ (Decrease)	%
	2024	2023		
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

(In Thousands)	December		Increase/ (Decrease)	%
	2024	2023		
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

(In Thousands)	December		Increase/ (Decrease)	%
	2024	2023		
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

(In Thousands)	December 31		Increase/ (Decrease)	%
	2024	2023		
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\$2.0 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

(In Thousands)	December		Increase/ (Decrease)	%
	2024	2023		
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:

(In Thousands)	December		Increase/ (Decrease)	%
	2024	2023		
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.

Results of Operations

2025 vs 2024

For the year ended December 31, 2025, the Group recorded a consolidated net income of ₱25.3 billion, representing a 19.7% increase year-on-year. This growth was primarily driven by stronger net interest income from loans and investments securities, higher fee-based and other non-interest income and lower credit provisions compared to 2024.

The higher net income in 2025 is primarily due to the following:

• Net Interest Income

(In Thousands)	December 31		Increase/ (Decrease)	%
	2025	2024		
Interest income	₱69,680,055	₱67,458,590	₱2,221,465	3.3
Interest expense	17,133,605	18,118,120	(984,515)	(5.4)
	₱52,546,450	₱49,340,470	₱3,205,980	6.5

Net interest income reached ₱52.5 billion for the year ended December 31, 2025, posting an increase of 6.5% or ₱3.2 billion compared to last year. Gross interest income rose by 3.3% or ₱2.2 billion to ₱69.7 billion, driven primarily by higher volume in loans, and yields on investment securities. Interest expense is lower at ₱17.1 billion primarily due to lower cost of deposit liabilities as compared to last year.

• Net Service Fees and Commission Income

(In Thousands)	December 31		Increase/ (Decrease)	%
	2025	2024		
Services fees and commission income	₱7,532,179	₱6,961,870	₱570,309	8.2
Services fees and commission expense	1,700,737	1,447,236	253,501	17.5
	₱5,831,442	₱5,514,634	₱316,808	5.7

Net service fees and commission income increased by ₱0.3 billion or 5.7% to ₱5.8 billion compared to last year. The increase was primarily driven by higher fees from bancassurance, interchange fees, deposits and trust related products.

• Other Operating Income

(In Thousands)	December 31		Increase/ (Decrease)	%
	2025	2024		
Net gains on sale or exchange of assets	₱2,413,348	₱1,995,042	₱418,306	21.0
Foreign exchange gains - net	1,153,652	1,169,286	(15,634)	(1.3)
Trading and investment securities gains - net	1,856,953	647,580	1,209,373	186.8
Equity in net earnings of an associate	496,001	419,505	76,496	18.2
Miscellaneous	981,198	688,971	292,227	42.4
	₱6,901,152	₱4,920,384	₱1,980,768	40.3

Other operating income increased by ₱2.0 billion, or 40.3%, to ₱6.9 billion for the year ended December 31, 2025, compared to ₱4.9 billion last year. This increase was primarily due to higher gains from sale of investment properties, trading and investment securities and increase in equity in net earnings of an associate.

Operating Expenses

(In Thousands)	2025	2024	Increase/ (Decrease)	%
Compensation and fringe benefits	₱11,754,338	₱10,668,601	₱1,085,737	10.2
Taxes and licenses	5,783,874	5,230,401	553,473	10.6
Depreciation and amortization	3,450,564	3,659,014	(208,450)	(5.7)
Occupancy and equipment-related costs	1,124,285	1,117,892	6,393	0.6
Miscellaneous	9,334,737	8,953,772	380,965	4.3
	₱31,447,798	₱29,629,680	₱1,818,118	6.1

Total operating expenses for the year ended December 31, 2025 amounted to ₱31.4 billion, an increase of ₱1.8 billion or 6.1% from ₱29.6 billion period last year. Expense line items consisting of compensation and fringe benefits, taxes and licenses, occupancy and equipment-related costs and miscellaneous expenses increased as a consequence of business volume. These increases were partially offset by the decline in depreciation and amortization.

Provision for Impairment, Credit and Other Losses and Provision for Income Tax

(In Thousands)	December 31		Increase/ (Decrease)	%
	2025	2024		
Provision for impairment, credit and other losses	₱1,656,282	₱3,868,111	(₱2,211,829)	(57.2)
Provision for Income Tax	₱6,833,202	₱5,099,732	₱1,733,470	34.0

Provisions for impairment, credit and other losses declined by ₱2.2 billion, a significant reduction from the ₱3.9 billion recorded last year. The decrease reflects improved credit quality of the Group's loan portfolio.

Provision for income tax amounted to ₱6.8 billion, an increase of ₱1.7 billion or 34.0% from ₱5.1 billion last year. The increase was due to higher income recorded in 2025.

The Group's total consolidated comprehensive income was composed of the following:

(In Thousands)	2025	2024	Increase/ (Decrease)	%
Net income	₱25,341,762	₱21,177,965	₱4,163,797	19.7
Other comprehensive income, net of tax	2,523,755	3,365,695	(841,940)	(25.0)
	₱27,865,517	₱24,543,660	₱3,321,857	13.5

Total comprehensive income for the year ended December 31, 2025 amounted to ₱27.9 billion, an increase of ₱3.3 billion compared to the previous year, primarily due to the ₱4.2 billion increase in net income during the year, offset by lower unrealized gains on FVOCI debt securities.

2024 vs 2023

For the year ended December 31, 2024, the Group recorded a consolidated net income of ₱21.2 billion against the ₱18.0 billion net income of the preceding year, reflecting a 17.9% year-on-year growth, supported by strong net interest income. The higher net income in 2024 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

<i>(In Thousands)</i>	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

<i>(In Thousands)</i>	December 31		Increase/ (Decrease)	%
	2024	2023		
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:

<i>(In Thousands)</i>	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

<i>(In Thousands)</i>	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

<i>(In Thousands)</i>	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

<i>(In Thousands)</i>	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

<i>(In Thousands)</i>	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

<i>(In Thousands)</i>	December 31		Increase/ (Decrease)	%
	2023	2022		
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:

<i>(In Thousands)</i>	2023	2022	Increase/ (Decrease)	%
Net income	₱17,965,820	₱11,583,988	₱6,381,832	55.1
Other comprehensive income (loss), net of tax	3,280,769	(2,887,965)	6,168,734	(213.6)
	₱21,246,589	₱8,696,023	₱12,550,566	144.3

Total comprehensive income for the year ended December 31, 2023 amounted to ₱21.2 billion, registering an increase of ₱12.6 billion compared to the previous year mainly due to the higher net income during the period by ₱6.4 billion and reduction in unrealized losses on financial assets at FVOCI by ₱2.9 billion from a (₱5.7 billion) net change in 2022.

Key Performance Indicators

• Capital Adequacy/Capital Management

The Bank's Capital Management Sub-Committee (CMSC) of the Asset Liability Committee (ALCO) was created to specifically handle policies and procedures pertaining to the capital planning and assessment as well as possible equity investments of the Bank.

The CMSC'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 20.12%, 20.10%, and 17.70%, as of December 31, 2025, 2024, and 2023, respectively, above the minimum 10% required by the BSP. For the detailed calculation and discussion kindly refer to Item 1, No. 10 – Risk Management.

• Asset Quality

The NPL ratio of the Group, net of valuation reserves, is at 1.60% as of December 31, 2025, compared to 1.81% at the end of 2024. Gross NPL ratio is at 4.72% at the end of 2025 compared to 5.68% at the end of 2024.

• Profitability

	<u>Years Ended</u>	
	<u>12/31/25</u>	<u>12/31/24</u>
Return on equity (ROE) ^{1/}	11.09%	10.39%
Return on assets (ROA) ^{2/}	1.93%	1.72%
Net interest margin (NIM) ^{3/}	4.51%	4.50%

^{1/}Net income divided by average total equity for the 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, 2025 and 2024, the Liquidity Coverage Ratio reported to the BSP is at 259.98% and 254.46%, well-above the minimum regulatory requirement of 100.00% at all times. The ratio of current assets to current liabilities was at 68.14% as of December 31, 2025 compared to 71.45% as of December 31, 2024.

• Cost Efficiency

The ratio of total operating expenses to total operating income is at 48.17% for the year ended December 31, 2025 compared to 49.57% in the previous year.

Known Trends, Demands, Commitments, Events, and Uncertainties

The Bank presently has more than adequate liquid assets to meet known funding requirements, and there are no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Bank's liquidity.

Events that Will Trigger Direct or Contingent Financial Obligation

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities that are not presented in the financial statements including several suits and claims which remain unsettled. The Group and its legal 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, arrangements, 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 as attached under Exhibit I.

Capital Expenditures

In line with the Bank's digital transformation initiatives and its strategy to enhance the customer banking experience, technology upgrades accounted for the greater part of the Bank's capital expenditures for 2025. These capital expenditures are funded primarily 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, provisions for probable losses, occupancy costs, taxation, and information technology expenses related to ongoing digital transformation initiatives. Please refer to the discussions on the results of operations for further details.

Seasonal Aspects

There was no seasonal aspect that had a material effect on the Bank's financial condition or results of operations.

Material Related Party Transactions

Details on material related party transactions of the Group and its trust operations follow (transactions with subsidiaries have been eliminated):

Name	Relationship	Transaction Amount (in thousands)	Outstanding Balance (in thousands)	Nature, Terms, and Conditions
Allied Banking Corporation (HK) Ltd.	Subsidiary	₱2,939,500	₱-	Standby letters of credit (LC)
Allied Commercial Bank	Subsidiary	1,822,490	67,147	Mainly money market line with term up to one year
PNB Capital and Investment Corporation	Subsidiary	10,000,000	-	Omnibus, settlement risk (SR), and revolving credit lines
PNB Europe PLC	Subsidiary	677,956	46,549	Spot exchanges, money market and SR lines
PNB Global Remittance and Financial Co. (HK) Ltd.	Subsidiary	1,548,698	-	Settlement risk and revolving credit lines
PNB Securities, Inc.	Subsidiary	310,000	300	Domestic bills purchased lines (DBPL) and SR lines
Metropolitan Bank and Trust Company (MBTC)	Other related party	4,000,000	4,000,000	Interbank loans receivable
GT Capital Holdings Inc	Other related party	1,495,000	1,495,000	Outstanding placements with Trust
Metropolitan Bank and Trust Company (MBTC)	Other related party	8,080,000	8,080,000	Outstanding placements with Trust
PAL Holdings Inc.	Other related party	53,140	53,140	Financial assets at FVOCI
Pan Asia Securities Corporation	DOSRI	45,000	45,000	Outstanding placements with Trust
Tangent Holdings Corporation (Tangent)	DOSRI	100,000,000	100,000,000	Outstanding placements with Trust
Toyota Financial Services Philippines Corporation	Other related party	9,100,000	9,100,000	Outstanding placements with Trust
Absolut Distillers, Inc. (EPPI)	Affiliate	102,292	102,292	Unwinding of sale transaction
Air Philippines Corporation (PAL Express)	Affiliate	600,000	-	Omnibus line expiring on June 2026
AlliedBankers Insurance Corporation	Affiliate	100,000	-	Omnibus line expiring on July 2026
Asia Brewery (Xiamen) Ltd	DOSRI	50,000	-	Pre-settlement risk (PSR) lines
BNP Paribas SA (BNPP) via BNPP Tokyo	Other related party	502,777	440,876	Credit exposures maturing on December 2026
Build Erect Corporation	Other related party	881,850	297,748	Term loan maturing on March 2029
Chongqing Lifan Industry (Group)	Other related party	113,000	65,875	Five-year term loan
Eton Properties Co Ltd.	Other related party	481,637	481,637	Credit exposure maturing on November 2026
Federal Land, Inc. (FedLand)	Other related party	1,651,672	1,115,122	Credit exposures maturing in 2027 and 2030
Foremost Farms Inc.	Other related party	6,824,990	-	Settlement risk and revolving credit lines
Golden Investment TMK	Affiliate	100,000	66,750	Term loan maturing on February 2027
GT Capital Holdings, Inc. (GTCap)	Other related party	14,697,500	3,977,920	10-year term loan
Himmel Industries Incorporated	Other related party	32,593,044	4,000,000	Term loan, SR and revolving credit lines
Horizon Land and Property Dev't Corp.	Affiliate	500,000	109,908	Omnibus line expiring on November 2026
Lexus Manila, Inc.	Other related party	3,000,000	1,275,000	Revolving credit line expiring on August 2026
MacroAsia Airport Services Corporation	Other related party	300,000	-	DBPL and revolving credit line
MacroAsia Corporation (MAC)	Affiliate	500,000	-	Revolving credit line expiring on July 2026
MacroAsia SATS Food Industries Corporation	Affiliate	500,000	400,000	Revolving credit line expiring on July 2026
Metropolitan Bank and Trust Company (MBTC)	Affiliate	350,000	107,857	Term loan, DBPL and revolving credit line
Naic Water Supply Corporation	Other related party	27,076,400	691,028	Forwards and spots, SR, DBPL, and money market lines
Ng, David Go	Affiliate	300,000	-	Omnibus line expiring on November 2026
Philip Morris Fortune Tobacco Corporation Inc	Other related party	80,000	29,550	Term loan and revolving credit line
Philippine Airlines, Inc. (PAL)	Affiliate	2,646,800	-	PSR, SR, and omnibus lines
Phoenix Aviation Leasing Limited	Affiliate	198,603	-	Mainly standby LC
Prima Aircraft Leasing Limited	Other related party	6,760,850	3,627,262	Term loan maturing in 2032
Rapid Movers & Forwarders Co. Inc.	Other related party	2,148,775	984,855	Term loan maturing in 2031
Rodriguez, Gloria Bonacruz	Other related party	140,000	21,822	Term loans maturing in three years
Solidforms Corporation	DOSRI	30,449	-	Forward exchanges
Sps. Charles Laurencio Lao & Helen Ong Lao	Other related party	85,000	24,850	DBPL and omnibus lines up to 180 days
Summa Water Resources Inc	Other related party	45,000	-	Revolving credit line
Tanday Distillers, Inc.	Affiliate	90,000	51,843	Term loan and revolving credit line maturing in 2029
Toyota Financial Services Philippines Corp.	DOSRI	1,000,000	264,732	Revolving credit line expiring on June 2026
Toyota Manila Bay Corporation (TMBC)	Other related party	15,500,000	6,400,000	Revolving credit lines expiring up to 2028
Toyota Mobility Solutions Philippines, Inc.	Other related party	1,050,000	-	DBPL and revolving credit line
Toyota Motor Philippines Corporation (TMPC)	Other related party	310,000	110,000	DBPL and revolving credit line expiring on July 2026
Victorias Milling Company, Inc.	Other related party	12,500,000	1,000,000	PSR, SR and revolving credit lines expiring on July 2026
Xchanged, Inc.	Affiliate	1,605,000	99,261	PSR, SR, DBPL, and omnibus lines
Eton Properties Philippines, Inc. (EPPI)	Other related party	250,185	-	Settlement risk lines, application support, and overdraft
Philippine Airlines, Inc. (PAL)	Affiliate	17,984	17,984	Lease agreement with five-year term
Banner Plasticard Inc.	Affiliate	479,530	479,530	Payments for promotions
PNB Holdings Corporation	Other related party	18,750	18,750	Payments for card production
Allianz PNB Life Insurance, Inc.	Other related party	89,342	89,342	Fixed rental and utilities
Allianz PNB Life Insurance, Inc.	Affiliate	120,000	-	PSR and SR lines
LT Group, Inc.	Affiliate	131,476	131,476	Marketing fee
	DOSRI	225,000	225,000	Outstanding placements with Trust

Reconciliation of Regulatory Capital to Audited Financial Statements

Presented below is the full reconciliation of all regulatory capital elements from the Financial Reporting Package Solo to the Parent Company balance sheet in the Audited Financial Statements of the Bank as at December 31, 2025 (amounts in thousands):

Accounts	Balance in Financial Reporting Package	Accounting differences and other adjustments	Balance in Audited Financial Statements
Capital stock	₱61,030,594	₱–	₱61,030,594
Additional paid-in capital	32,106,560	–	32,106,560
Surplus reserves	5,170,727	–	5,170,727
Surplus	128,074,385	6,690,617	134,765,002
Net unrealized gains on financial assets at FVOCI	1,206,935	(186,422)	1,020,513
Remeasurement losses on retirement plan	(3,401,949)	1,225,785	(2,176,164)
Accumulated translation adjustment	3,242,826	169,353	3,412,179
Other equity reserves	2,166,533	(835,843)	1,330,690
Share in aggregate reserves on life insurance policies	–	(28,715)	(28,715)
TOTAL	₱229,596,610	₱7,034,775	₱236,631,386

To view or download the digital copy of the full PNB 2025 Annual Report, Audited Financial Statements and Management's Discussion and Analysis, you may visit:

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