



Office of the EVP and Chief Financial Officer

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

August 12, 2025

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

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

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

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

Gentlemen:

In compliance with the reportorial requirements of Section 17 of the Securities Regulation Code (SRC) and Section 177 of the Revised Corporation Code of the Philippines, we provide you the SEC Form 17-Q report of the Philippine National Bank as of and for the period ended June 30, 2025.

Very truly yours,

A handwritten signature in black ink, appearing to read "Francis B. Albalate", is positioned above the printed name.

Francis B. Albalate
Executive Vice President &
Chief Financial Officer



Office of the EVP and Chief Financial Officer


Trunk Lines: 8526-3131 to 70/8891-6040 to 70
Local: 4074

CERTIFICATION

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


1. On behalf of PNB, I have caused this SEC Form 17-Q Report as of and for the period ended June 30, 2025 to be prepared;
2. I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
3. PNB will comply with the requirements set forth in SEC Notice dated May 12, 2021 for a complete and official submission of reports and/or documents through electronic mail; and
4. I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of the filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand on August 12, 2025 in Pasay City, Metro Manila.


FRANCIS B. ALBALATE
Executive Vice President and
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 12 AUG 2025 in
PASAY CITY, affiant exhibited to me his SSS ID No. 33-1489981-0.

Doc. No. 92
Page No. 27
Book No. 2
Series of 2025.


ATTY. VINCENT M. HAW
Notary Public for and in Pasay City
Foreclosure Division, PNB Financial Center,
Pres. Diosdado Macapagal Blvd., Pasay City
Commission No. 25-28 until 12-31-2026
Roll No. 89394 / IBP No. 490001/ 12-31-2024/ PPLM
MCLE Compliance No. VIII-0032293 / until 04-14-2028
PTR No. 8838511/ 01-02-2025/ Pasay City

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Francis B. Albalate

Contact Person

8891-60-40

Company Telephone Number

1	2	3	1
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Month Day
Fiscal Year

17 - Q

FORM TYPE

4	29
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Month Day
Annual Meeting

Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

35,740

Total No. of Stockholders

Total amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

LCU

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SEC Number AS096-005555
File Number

**PHILIPPINE NATIONAL BANK
AND SUBSIDIARIES**

(Company's Full Name)

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

(Company's Address)

(632) 8891-6040 to 70

(Telephone Number)

DECEMBER 31, 2024

(Calendar Year Ended)

SEC FORM 17-Q REPORT

Form Type

(Amendment Designation (if applicable))

JUNE 30, 2025

Period Ended Date

LISTED

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended : **June 30, 2025**
2. Commission Identification No. : **AS096-005555**
3. BIR Tax Identification No. : **000-188-209-000**
4. Exact name of issuer as specified in its charter : **Philippine National Bank**
5. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
6. Industry Classification Code : (SEC Use Only)
7. Address of principal office : **PNB Financial Center, Pres. Diosdado P. Macapagal Blvd, Pasay City, 1300**
8. Issuer's telephone number, including area code : **(632) 8891-60-40 to 70 / (632) 8526-3131 to 70**
9. Former name, former address, and former fiscal year, if changed since last report : N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

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

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

Yes [☒] No [☐]

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

12. Indicate by check mark whether the registrant:

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

Yes [☒] No [☐]

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

Yes [☒] No [☐]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

Item 2. Management’s Discussion and Analysis

Financial Condition as at June 30, 2025 (Unaudited) Compared to December 31, 2024 (Audited)

The Group’s consolidated total assets stood at ₱1.29 trillion as of June 30, 2025, 2.8% or ₱35.4 billion 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**

<i>(In Thousands)</i>	June 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Cash and Other Cash Items	₱15,314,202	₱20,638,033	(₱5,323,831)	(25.8)
Due from Bangko Sentral ng Pilipinas	45,903,970	55,128,316	(9,224,346)	(16.7)
Due from Other Banks	19,942,751	20,183,894	(241,143)	(1.2)
Interbank Loans Receivable	44,088,233	22,787,194	21,301,039	93.5
Securities Held under Agreements to Resell	60,926,438	103,480,119	(42,553,681)	(41.1)
	₱186,175,594	₱222,217,556	(₱36,041,962)	(16.2)

Total Cash and Other Liquid Placements as of June 30, 2025 stand at ₱186.2 billion, representing a decrease of ₱36.0 billion or 16.2% than the ₱222.2 billion reported as of December 31, 2024. Available liquid funds were placed in high yielding investment securities.

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

- **Trading and Investment Securities**

<i>(In Thousands)</i>	June 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	₱26,252,416	₱17,920,985	₱8,331,431	46.5
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	236,904,634	211,742,783	25,161,851	11.9
Investment Securities at Amortized Cost	115,671,665	112,422,382	3,249,283	2.9
	₱378,828,715	₱342,086,150	₱36,742,565	10.7

Trading and Investment Securities, which accounted for 29.3% of the Group’s total assets as of June 30, 2025, compared to 27.2% as of December 31, 2024, increased by ₱36.7 billion or 10.7%. This growth was primarily due to purchases during the period of all classes of the Bank’s financial assets – namely, FVTPL, FVOCI, and amortized cost investments.

- **Loans and Receivables**

<i>(in thousands)</i>	June 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Loans and Receivables	₱669,243,329	₱636,819,625	₱32,423,704	5.1

Loans and Receivables, net of allowance for credit losses, accounted for 51.8% and 50.6% of the Group's total assets as of June 30, 2025 and December 31, 2024, respectively. Loans and Receivables increased by ₱32.4 billion or 5.1% at ₱669.2 billion as of June 30, 2025, from ₱636.8 billion as of December 31, 2024. This growth was mainly attributable to net loan releases during the period and a reduction in provisions for impairment, credit and other losses.

- **Investment in an Associate**

<i>(In Thousands)</i>	June 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Investment in an Associate	₱3,187,115	₱3,446,613	(₱259,498)	(7.5)

Investment in an Associate decreased by ₱0.3 billion or 7.5% from ₱3.4 billion as of December 31, 2024 to ₱3.2 billion as of June 30, 2025, mainly due to lower equity share in the net comprehensive income of an associate for the year.

- **Investment Properties**

<i>(In Thousands)</i>	June 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Investment Properties	₱16,940,749	₱15,964,267	₱976,482	6.1

Investment Properties as of June 30, 2025 amounted to ₱16.9 billion, up by ₱1.0 billion or 6.1% 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.

- **Deferred Tax Assets**

<i>(In Thousands)</i>	June 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Deferred Tax Assets	₱7,998,455	₱7,460,676	₱537,779	7.2

Deferred Tax Assets increased by ₱0.5 billion or 7.2% at ₱8.0 billion as of June 30, 2025 from ₱7.5 billion as of December 31, 2024, mainly due to the recognition of additional deferred tax assets during the period.

- **Intangible Assets**

<i>(In Thousands)</i>	June 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Intangible Assets	₱1,178,512	₱1,084,955	₱93,557	8.6

Intangible Assets rose by ₱0.1 billion or 8.6%, reaching ₱1.2 billion as of June 30, 2025 from ₱1.1 billion as of December 31, 2024. The increase was mainly attributed to higher software costs during the period.

- **Other Assets**

<i>(In Thousands)</i>	June 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Other Assets	₱9,088,298	₱8,150,629	₱937,669	11.5

Other Assets grew by ₱0.9 billion or 11.5% to ₱9.1 billion as of June 30, 2025 from ₱8.2 billion as of December 31, 2024. The increase was mainly due to higher deferred charges, unapplied creditable withholding taxes, chattel mortgage properties and returned checks and cash items.

The Group's consolidated total liabilities were at ₱1.07 trillion as of June 30, 2025, 2.5% or ₱26.1 billion higher than the ₱1.04 trillion reported as of December 31, 2024. Major changes (+/-5% variance) in liability accounts were as follows:

- **Deposit Liabilities**

<i>(In Thousands)</i>	June 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Demand	₱247,310,595	₱244,369,119	₱2,941,476	1.2
Savings	596,532,354	575,335,527	21,196,827	3.7
Time	159,220,838	147,368,732	11,852,106	8.0
Long-Term Negotiable Certificates of Deposit	—	4,598,770	(4,598,770)	(100.0)
Deposit Liabilities	₱1,003,063,787	₱971,672,148	₱31,391,639	3.2

Deposit Liabilities amounted to ₱1.0 trillion as of June 30, 2025, up by ₱31.4 billion or 3.2% from ₱971.7 billion as of December 31, 2024. This represents 94.0% and 93.3% of the Group's total liabilities as of June 30, 2025 and December 31, 2024, respectively. The increase was largely due to Demand Deposits by ₱2.9 billion or 1.2%, Savings Deposits by ₱21.2 billion or 3.7% and Time Deposits by ₱11.9 billion or 8.0%. 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>	June 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Bills and Acceptances Payable	₱14,392,401	₱20,208,451	(₱5,816,050)	(28.8)

Bills and Acceptances Payable is lower by ₱5.8 billion or 28.8% from ₱20.2 billion as of December 31, 2024 to ₱14.4 billion as of June 30, 2025, because of net settlements of short-term interbank borrowing and repurchase agreements.

- **Lease Liabilities and Income Tax Payable**

<i>(In Thousands)</i>	June 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Lease Liabilities	₱3,595,562	₱3,808,997	(₱213,435)	(5.6)
Income Tax Payable	₱655,957	₱159,233	₱496,724	311.9

Lease Liabilities decreased by ₱0.2 billion or 5.6% from ₱3.8 billion as of December 31, 2024 to ₱3.6 billion as of June 30, 2025. The decline was primarily due to updates to lease terms and lease payments during the year.

Income Tax Payable increased by ₱0.5 billion or 311.9% from ₱0.2 billion as of December 31, 2024 to ₱0.7 billion as of June 30, 2025. The increase reflects tax accrual on the Group's higher taxable income; creditable withholding taxes have not been applied for the second quarter.

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

<i>(In Thousands)</i>	June 30, 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	121,806,262	113,663,851	8,142,411	7.2
Net Unrealized Gains on Financial Assets at FVOCI	745,957	142,134	603,823	424.8
Remeasurement Losses on Retirement Plan	(1,989,638)	(2,655,218)	665,580	25.1
Accumulated Translation Adjustment	2,118,077	2,357,844	(239,767)	(10.2)
Other Equity Reserves	1,189,003	1,189,003	–	–
Share in Aggregate Reserves (Losses) on Life Insurance Policies	(1,245)	21,209	(22,454)	(105.9)
Other Equity Adjustment	13,959	13,959	–	–
	222,200,256	212,846,973	9,353,283	4.4
Non-Controlling Interests	3,726,619	3,781,968	(55,349)	(1.5)
	₱225,926,875	₱216,628,941	₱9,297,934	4.3

Total Equity increased to ₱225.9 billion as of June 30, 2025 from ₱216.6 billion as of December 31, 2024, reflecting a growth of ₱9.3 billion or 4.3%. The increase was primarily driven by the ₱12.5 billion consolidated net income reported during the period, along with a ₱0.6 billion increase in Net Unrealized Gains on Financial Assets at FVOCI and ₱0.6 billion reduction in Remeasurement Losses on Retirement Plan. These increases were partially offset by the declaration of ₱4.2 billion dividend on April 2, 2025 and a ₱0.2 billion decline in Accumulated Translation Adjustment.

Results of Operation for the Six Months Ended and Quarter Ended June 30, 2025 (Unaudited) Compared to Same Period Ended June 30, 2024 (Unaudited)

For the six months ended June 30, 2025, the Group recorded a consolidated net income of ₱12.5 billion, representing a 21.6% increase year-on-year. This growth was primarily driven by stronger net interest income from loans and investments securities, higher fee-based and other non-interest income and lower credit provisions compared to the same period in 2024.

The higher net income in 2025 is primarily due to the following:

- **Net Interest Income**

<i>(in thousands)</i>	For the Semesters Ended				For the Quarters Ended			
	June 30		Increase/ (Decrease)	%	June 30		Increase/ (Decrease)	%
	2025	2024			2025	2024		
Interest income	₱34,632,669	₱32,969,137	₱1,663,532	5.0	₱17,466,432	₱16,885,597	₱580,835	3.4
Interest expense	8,867,057	8,938,955	(71,898)	(0.8)	4,415,529	4,548,673	(133,144)	(2.9)
	₱25,765,612	₱24,030,182	₱1,735,430	7.2	₱13,050,903	₱12,336,924	₱713,979	5.8

Net interest income reached ₱25.8 billion for the six months ended June 30, 2025, marking an increase of 7.2% or ₱1.7 billion compared to the same period last year. Gross interest income rose by 5.0% or ₱1.7 billion to ₱34.6 billion, driven primarily by higher volume in loans, interbank receivables, and yields on investment securities. Interest expense is lower at ₱8.9 billion as the bonds that matured in 2024 carried higher interest costs compared to the bonds issued in 2024,

Net interest income for the quarter ended June 30, 2025 amounted to ₱13.1 billion, representing an increase of ₱0.7 billion or 5.8% compared to the ₱12.3 billion recorded in the same period last year. Net interest income grew because of higher yields and volumes of trading and investment securities as well as loans and receivables, despite lower income on interbank loans receivable and securities held under agreements to resell.

- **Net Service Fees and Commission Income**

	For the Semesters Ended				For the Quarters Ended			
	June 30		Increase/		June 30		Increase/	
(in thousands)	2025	2024	(Decrease)	%	2025	2024	(Decrease)	%
Service fees and commission income	₱3,826,881	₱3,002,120	₱824,761	27.5	₱1,960,501	₱1,477,216	₱483,285	32.7
Service fees and commission expense	1,008,299	728,126	280,173	38.5	566,457	386,055	180,402	46.7
	₱2,818,582	₱2,273,994	₱544,588	23.9	₱1,394,044	₱1,091,161	₱302,883	27.8

Net service fees and commission income for the six months ended June 30, 2025 increased by ₱0.5 billion or 23.9% to ₱2.8 billion compared to the same period last year. This increase was primarily driven by higher fees from bancassurance, credit cards, deposits, and loan-related products.

For the quarter ended June 30, 2025, net service fees and commission income rose by ₱0.3 billion or by 27.8% to ₱1.4 billion versus the same period last year. The increase was mainly attributable to stronger income from deposits and higher loan-related and credit card fees.

- **Other Operating Income**

	For the Semesters Ended				For the Quarters Ended			
	June 30				June 30			
(in thousands)	2025	2024	Increase/ Decrease	%	2025	2024	Increase/ Decrease	%
Net gains on sale or exchange of assets	₱1,300,285	₱506,130	₱794,155	156.9	₱388,380	₱255,501	₱132,879	52.0
Foreign exchange gains - net	987,721	500,482	487,239	97.4	347,741	163,132	184,609	113.2
Trading and investment securities gains - net	449,490	376,134	73,356	19.5	227,203	191,157	36,046	18.9
Equity in net earnings of an associate	172,096	241,940	(69,844)	(28.9)	121,980	101,062	20,918	20.7
Miscellaneous	235,281	715,637	(480,356)	(67.1)	129,208	441,605	(312,397)	(70.7)
	₱3,144,873	₱2,340,323	₱804,550	34.4	₱1,214,512	₱1,152,457	₱62,055	5.4

Other operating income increased by ₱0.8 billion, or 34.4%, to ₱3.1 billion for the six months ended June 30, 2025, compared to ₱2.3 billion in the same period last year. This increase was primarily due to higher gains on sale or exchange of assets, foreign exchange gains and trading and investment securities gains.

Other income increased by ₱0.1 billion or 5.4% reaching ₱1.2 billion for the quarter ended June 30, 2025 compared to ₱1.1 billion for the same period last year. The increase was mainly due to higher gains on sale or exchange of assets, foreign exchange gains and trading and investment securities gains, and equity in net earnings of an associate.

- **Operating Expenses**

(in thousands)	For the Semesters Ended		Increase/ Decrease	%	For the Quarters Ended		Increase/ Decrease	%
	June 30				June 30			
	2025	2024			2025	2024		
Compensation and fringe benefits	₹6,050,574	₹5,421,951	₹628,623	11.6	₹3,033,486	₹2,620,694	₹412,792	15.8
Taxes and licenses	2,974,456	2,602,295	372,161	14.3	1,348,231	1,207,423	140,808	11.7
Depreciation and amortization	1,698,001	1,668,165	29,836	1.8	866,822	809,880	56,942	7.0
Occupancy and equipment-related costs	582,920	464,717	118,203	25.4	293,885	265,669	28,216	10.6
Miscellaneous	4,336,805	4,147,078	189,727	4.6	2,032,763	2,058,032	(25,269)	(1.2)
	₹15,642,756	₹14,304,206	₹1,338,550	9.4	₹7,575,187	₹6,961,698	₹613,489	8.8

For the six months ended June 30, 2025, total operating expenses amounted to P15.6 billion, an increase of P1.3 billion or 9.4% from P14.3 billion in the same period last year. All expense line items consisting of compensation and fringe benefits, taxes and licenses, occupancy and equipment-related costs, depreciation and amortization and miscellaneous expenses increased as a consequence of business volume.

For the quarters ended June 30, 2025 and 2024, total operating expenses were P7.6 billion and P7.0 billion, respectively. The P0.6 billion or 8.8% increase was mainly brought as well by increases in all expense like items except for miscellaneous expenses.

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

(in thousands)	For the Semesters Ended		Increase/ Decrease	%	For the Quarters Ended		Increase/ Decrease	%
	June 30				June 30			
	2025	2024			2025	2024		
Provision for impairment, credit and other losses	P341,934	P2,069,411	(P1,727,477)	(83.5)	P64,826	P1,449,655	(P1,384,829)	(95.5)
Provision for income tax	P3,227,551	P1,980,689	P1,246,862	63.0	P1,592,573	P1,185,320	P407,253	34.4

For the six months ended June 30, 2025, provision for impairment, credit and other losses declined to P0.3 billion, a significant reduction from the P2.1 billion booked in the same period last year. This decrease reflects improved credit quality within the Group's loan portfolio, resulting from enhanced credit underwriting and sound credit management practices.

For the six months ended June 30, 2025, provision for income tax amounted to P3.2 billion, an increase of P1.2 billion or 63.0% from P2.0 billion in the same period last year. The increase was due to higher income recorded in 2025 and the effect of recognition of deferred taxes that were not previously recognized.

For the quarter ended June 30, 2025, provisions for impairment, credit and other losses were lower at P0.1 billion compared to P1.4 billion in the same quarter of the prior year.

For the same quarter, provision for income tax amounted to P1.6 billion, an increase of P0.4 billion or 34.4% from P1.2 billion in the same quarter of the prior year.

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

(in thousands)	For the Semesters Ended				For the Quarters Ended			
	June 30		Increase/ Decrease	%	June 30		Increase/ Decrease	%
	2025	2024			2025	2024		
Net income	₱12,516,826	₱10,290,193	₱2,226,633	21.6	₱6,426,873	₱4,983,869	₱1,443,004	29.0
Other comprehensive income, net of tax	995,765	1,344,795	(349,030)	(26.0)	829,025	1,172,801	(343,776)	(29.3)
	₱13,512,591	₱11,634,988	₱1,877,603	16.1	₱7,255,898	₱6,156,670	₱1,099,228	17.9

Total comprehensive income for the six months ended June 30, 2025 amounted to ₱13.5 billion, with an increase of ₱1.9 billion when compared to the same period last year, primarily due to the corresponding increase in net income during the period.

For the quarter ended June 30, 2025, total comprehensive income amounted to ₱7.3 billion, higher by ₱1.1 billion compared to the same period last year. The increase was mainly attributable to the ₱1.4 billion rise in net income and a ₱0.7 billion reduction in remeasurement losses on retirement benefits.

PART II – OTHER INFORMATION

Key Performance Indicators and Selected Financial Ratios

	For the Semesters Ended	
	June 30	June 30
	2025	2024
	(Unaudited)	(Unaudited)
Statement of Income		
Return on Average Equity ^{1/}	11.4%	10.5%
Return on Average Assets ^{2/}	2.0%	1.7%
Net Interest Margin ^{3/}	4.6%	4.4%
Cost Efficiency Ratio ^{4/}	49.3%	49.9%
Basic Earnings Per Share	P8.16	P6.70
Interest Coverage ^{5/}	2.8x	2.4x

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

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

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

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

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

	June 30,	June,	December 31,
	2025	2024	2024
	(Unaudited)	(Unaudited)	(Audited)
Statement of Financial Position			
Capital Ratios:			
Capital Adequacy Ratio	20.1%	19.4%	20.1%
Common Equity Tier 1 Ratio	19.3%	18.5%	19.2%
Non-Performing Loans Ratios:			
Net of allowance	1.6%	2.1%	1.8%
Gross of allowance	5.5%	5.9%	5.7%
NPL coverage	86.3%	85.6%	84.8%
Current Ratio	65.3%	72.5%	71.4%
Liquid Assets-to-Total Assets	25.0%	30.8%	29.1%
Liquid Assets-to-Liquid Liabilities	31.5%	37.8%	36.4%
Debt-to-Equity	4.7x	5.2x	4.8x
Assets-to-Equity	5.7x	6.2x	5.8x
Book Value per Share	P145.6	P130.4	P139.5

SIGNATURES

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

PHILIPPINE NATIONAL BANK



EDWIN R. BAUTISTA
President and Chief Executive Officer



FRANCIS B. ALBALADE
Executive Vice President and Chief Financial Officer

ANNEX A

Philippine National Bank and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
as at June 30, 2025 and
for the six-months ended
June 30, 2025 and 2024

*(With Comparative Audited Consolidated Statement of Financial Position
as at December 31, 2024)*

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2025****(With Comparative Audited Figures as at December 31, 2024)****(In Thousands)**

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS		
Cash and Other Cash Items	P15,314,202	P20,638,033
Due from Bangko Sentral ng Pilipinas (Note 6)	45,903,970	55,128,316
Due from Other Banks (Note 19)	19,942,751	20,183,894
Interbank Loans Receivable (Notes 19 and 21)	44,088,233	22,787,194
Securities Held Under Agreements to Resell	60,926,438	103,480,119
Trading and Investment Securities		
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 7)	26,252,416	17,920,985
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Notes 7 and 19)	236,904,634	211,742,783
Investment Securities at Amortized Cost (Note 7)	115,671,665	112,422,382
Loans and Receivables (Note 8)	669,243,329	636,819,625
Property and Equipment (Note 9)	10,141,611	10,195,539
Investment in an Associate	3,187,115	3,446,613
Investment Properties (Note 10)	16,940,749	15,964,267
Deferred Tax Assets (Note 17)	7,998,455	7,460,676
Intangible Assets (Note 11)	1,178,512	1,084,955
Goodwill (Note 11)	10,184,843	10,184,843
Other Assets (Note 12)	9,088,298	8,150,629
TOTAL ASSETS	P1,292,967,221	P1,257,610,853
LIABILITIES AND EQUITY		
LIABILITIES		
Deposit Liabilities (Notes 14 and 19)		
Demand	P247,310,595	P244,369,119
Savings	596,532,354	575,335,527
Time	159,220,838	147,368,732
Long Term Negotiable Certificates of Deposit	—	4,598,770
	1,003,063,787	971,672,148
Financial Liabilities at FVTPL	922,268	924,053
Bills and Acceptances Payable (Notes 19 and 21)	14,392,401	20,208,451
Bonds Payable (Notes 14, 19 and 21)	16,855,560	17,304,421
Lease Liabilities (Notes 19 and 21)	3,595,562	3,808,997
Accrued Taxes, Interest and Other Expenses (Note 19)	9,011,978	8,798,553
Income Tax Payable	655,957	159,233
Other Liabilities (Note 12)	18,542,833	18,106,056
TOTAL LIABILITIES	1,067,040,346	1,040,981,912

(Forward)

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		
Capital Stock (Note 15)	₱61,030,594	₱61,030,594
Capital Paid in Excess of Par Value	32,116,560	32,116,560
Surplus Reserves (Notes 8 and 15)	5,170,727	4,967,037
Surplus	121,806,262	113,663,851
Net Unrealized Gains on Financial Assets at FVOCI (Note 7)	745,957	142,134
Remeasurement Losses on Retirement Plan	(1,989,638)	(2,655,218)
Accumulated Translation Adjustment	2,118,077	2,357,844
Other Equity Reserves	1,189,003	1,189,003
Share in Aggregate Reserves (Losses) on Life Insurance Policies	(1,245)	21,209
Other Equity Adjustment	13,959	13,959
	222,200,256	212,846,973
NON-CONTROLLING INTERESTS	3,726,619	3,781,968
TOTAL EQUITY	225,926,875	216,628,941
TOTAL LIABILITIES AND EQUITY	₱1,292,967,221	₱1,257,610,853

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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

	For the Semesters Ended June 30		For the Quarters Ended June 30	
	2025	2024	2025	2024
INTEREST INCOME ON				
Loans and receivables (Notes 8 and 19)	₱22,230,373	₱21,625,024	₱11,324,386	₱11,019,301
Investment securities at amortized cost and financial assets at FVOCI (Note 7)	8,782,482	7,888,653	4,423,571	4,025,278
Interbank loans receivable and securities held under agreements to resell	2,542,832	2,214,841	1,214,355	1,170,519
Deposits with banks and others (Notes 6 and 19)	567,262	950,260	196,687	486,853
Financial assets at FVTPL (Note 7)	509,720	290,359	307,433	183,646
	34,632,669	32,969,137	17,466,432	16,885,597
INTEREST EXPENSE ON				
Deposit liabilities (Notes 14 and 19)	8,168,711	8,077,796	4,065,850	4,109,536
Bonds payable (Notes 14 and 19)	419,663	729,499	205,966	372,141
Bills payable and other borrowings (Note 19)	278,683	131,660	143,713	66,996
	8,867,057	8,938,955	4,415,529	4,548,673
NET INTEREST INCOME	25,765,612	24,030,182	13,050,903	12,336,924
Service fees and commission income (Notes 16 and 19)	3,826,881	3,002,120	1,960,501	1,477,216
Service fees and commission expense	1,008,299	728,126	566,457	386,055
NET SERVICE FEES AND COMMISSION INCOME	2,818,582	2,273,994	1,394,044	1,091,161
OTHER INCOME				
Net gains on sale or exchange of assets (Notes 9 and 10)	1,300,285	506,130	388,380	255,501
Foreign exchange gains - net	987,721	500,482	347,741	163,132
Trading and investment securities gains - net (Note 7)	449,490	376,134	227,203	191,157
Equity in net earnings of an associate	172,096	241,940	121,980	101,062
Miscellaneous	235,281	715,637	129,208	441,605
TOTAL OTHER INCOME	3,144,873	2,340,323	1,214,512	1,152,457
TOTAL OPERATING INCOME	31,729,067	28,644,499	15,659,459	14,580,542
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 13)	341,934	2,069,411	64,826	1,449,655
OPERATING EXPENSES				
Compensation and fringe benefits	6,050,574	5,421,951	3,033,486	2,620,694
Taxes and licenses	2,974,456	2,602,295	1,348,231	1,207,423
Depreciation and amortization	1,698,001	1,668,165	866,822	809,880
Occupancy and equipment-related costs	582,920	464,717	293,885	265,669
Miscellaneous (Note 16)	4,336,805	4,147,078	2,032,763	2,058,032
TOTAL OPERATING EXPENSES	15,642,756	14,304,206	7,575,187	6,961,698
INCOME BEFORE INCOME TAX	15,744,377	12,270,882	8,019,446	6,169,189
PROVISION FOR INCOME TAX (Note 17)	3,227,551	1,980,689	1,592,573	1,185,320
NET INCOME	₱12,516,826	₱10,290,193	₱6,426,873	₱4,983,869
ATTRIBUTABLE TO:				
Equity Holders of the Parent Company (Note 18)	₱12,456,163	₱10,215,912	₱6,397,612	₱4,952,760
Non-controlling Interests	60,663	74,281	29,261	31,109
NET INCOME	₱12,516,826	₱10,290,193	₱6,426,873	₱4,983,869
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 18)	₱8.16	₱6.70	₱4.19	₱3.25

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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

	For the Semesters Ended June 30		For the Quarters Ended June 30	
	2025	2024	2025	2024
NET INCOME	P12,516,826	P10,290,193	P6,426,873	P4,983,869
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items that recycle to profit or loss in subsequent periods:</i>				
Net change in unrealized gains on debt securities at FVOCI, net of tax	480,452	484,163	(9,978)	552,494
Share in changes in net unrealized gains on financial assets at FVOCI of an associate	(67,702)	(236,068)	(53,897)	(598,460)
	412,750	248,095	(63,875)	(45,966)
Accumulated translation adjustment	(352,233)	716,836	243,873	845,225
	60,517	964,931	179,998	799,259
<i>Items that do not recycle to profit or loss in subsequent periods:</i>				
Net change in unrealized gains on equity securities at FVOCI	292,122	273,100	–	273,100
Share in the changes in aggregate reserves (losses) on life insurance policies	(22,454)	110,905	(14,778)	96,407
Remeasurement gains (losses) on retirement plan	665,580	(4,141)	663,805	4,035
	935,248	379,864	649,027	373,542
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	995,765	1,344,795	829,025	1,172,801
TOTAL COMPREHENSIVE INCOME	P13,512,591	P11,634,988	P7,255,898	P6,156,670
ATTRIBUTABLE TO:				
Equity Holders of the Parent Company	P13,564,394	P11,369,300	P7,300,376	P5,981,771
Non-controlling Interests	(51,803)	265,688	(44,478)	174,899
	P13,512,591	P11,634,988	P7,255,898	P6,156,670

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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

For the Six Months Ended June 30, 2025													
Equity Attributable to Equity Holders of the Parent Company													
	Capital Stock (Note 15)	Capital Paid in Excess of Par Value	Surplus Reserves (Notes 8 and 15)	Surplus	Net Unrealized Gains on Financial Assets at FVOCI (Note 7)	Remeasurement Losses on Retirement Plan	Accumulated Translation Adjustment	Other Equity Reserves	Share in Aggregate Reserves (Losses) on Life Insurance Policies	Other Equity Adjustment	Total	Non- Controlling Interests	Total Equity
Balance at January 1, 2025	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	P13,959	P212,846,973	P3,781,968	P216,628,941
Total comprehensive income (loss) for the period	—	—	—	12,456,163	704,872	665,580	(239,767)	—	(22,454)	—	13,564,394	(51,803)	13,512,591
Dividends by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(3,546)	(3,546)
Sale and redemption of FVOCI equity securities	—	—	—	101,049	(101,049)	—	—	—	—	—	—	—	—
Declaration of cash dividends	—	—	—	(4,211,111)	—	—	—	—	—	—	(4,211,111)	—	(4,211,111)
Transfer to surplus reserves	—	—	203,690	(203,690)	—	—	—	—	—	—	—	—	—
Balance at June 30, 2025	P61,030,594	P32,116,560	P5,170,727	P121,806,262	P745,957	(P1,989,638)	P2,118,077	P1,189,003	(P1,245)	P13,959	P222,200,256	P3,726,619	P225,926,875

For the Six Months Ended June 30, 2024													
Equity Attributable to Equity Holders of the Parent Company													
	Capital Stock (Note 15)	Capital Paid in Excess of Par Value	Surplus Reserves (Notes 8 and 15)	Surplus	Net Unrealized Losses on Financial Assets at FVOCI (Note 7)	Remeasurement Losses on Retirement Plan	Accumulated Translation Adjustment	Other Equity Reserves	Share in Aggregate Reserves on Life Insurance Policies	Other Equity Adjustment	Total	Non- Controlling Interests	Total Equity
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	P13,959	P187,639,909	P3,508,745	P191,148,654
Total comprehensive income (loss) for the period	—	—	—	10,215,912	521,195	(4,141)	525,429	—	110,905	—	11,369,300	265,688	11,634,988
Dividends by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	(3,546)	(3,546)
Reversal of general loan loss reserves under BSP Circular 1011	—	—	147,806	(147,806)	—	—	—	—	—	—	—	—	—
Balance at June 30, 2024	P61,030,594	P32,116,560	P4,825,736	P102,047,423	(P1,201,458)	(P2,732,683)	P2,525,097	P248,830	P135,151	P13,959	P199,009,209	P3,770,887	P202,780,096

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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

	For the Semesters Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P15,744,377	P12,270,882
Adjustments for:		
Amortization of discount, net on investment securities	(3,622,493)	(2,123,236)
Depreciation and amortization	1,698,001	1,668,165
Net gains on sale or exchange of assets (Notes 9 and 10)	(1,300,285)	(506,130)
Net gains on financial assets at FVTPL (Note 7)	(431,828)	(369,127)
Provision for impairment, credit and other losses (Note 13)	341,934	2,069,411
Equity in net earnings of an associate	(172,096)	(241,940)
Unrealized foreign exchange losses on bonds, bills and acceptances payable	52,534	2,124,809
Net gains on sale of debt financial assets at FVOCI and investment securities at amortized cost (Note 7)	(17,662)	(7,007)
Amortization of transaction costs on borrowings	2,758	37,137
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Interbank loans receivable	1,096,232	2,227,211
Financial assets at FVTPL	(7,899,603)	(11,686,927)
Loans and receivables	(33,844,759)	(17,476,325)
Other assets	(2,203,093)	(1,538,677)
Increase (decrease) in:		
Financial liabilities at FVTPL	(1,785)	277,267
Deposit liabilities	35,990,410	21,234,074
Accrued taxes, interest and other expenses	335,352	(1,143,460)
Other liabilities	(3,245,955)	11,946,491
Net cash provided by operations	2,522,039	18,762,618
Income taxes paid	(2,222,903)	(2,762,625)
Net cash provided by operating activities	299,136	15,999,993
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturities of:		
Financial assets at FVOCI	315,171,197	409,487,500
Investment securities at amortized cost	13,183,270	56,425,853
Investment properties	1,330,673	456,594
Property and equipment	56,390	47,679
Return of investment from an associate	343,000	122,500
Acquisitions of:		
Financial assets at FVOCI	(336,439,511)	(409,385,834)
Investment securities at amortized cost	(16,488,910)	(47,197,904)
Software cost (Note 11)	(662,538)	(515,108)
Property and equipment (Note 9)	(183,431)	(212,511)
Net cash provided by (used in) investing activities	(23,689,860)	9,228,769
(Forward)		

	For the Semesters Ended June 30	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlement of bills and acceptances payable (Note 21)	(P88,787,138)	(P86,091,871)
Proceeds from bills and acceptances payable (Note 21)	82,468,166	86,003,810
Settlement of LTNCD (Note 14)	(4,600,000)	—
Payment of principal portion of lease liabilities (Note 21)	(636,034)	(592,326)
Net cash used in financing activities	(11,555,006)	(680,387)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(34,945,730)	24,548,375
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
Cash and other cash items	20,638,033	21,151,391
Due from Bangko Sentral ng Pilipinas	55,128,316	95,410,350
Due from other banks	20,183,894	21,243,856
Interbank loans receivable (Note 21)	19,861,641	30,955,766
Securities held under agreements to resell	103,480,119	69,694,538
	219,292,003	238,455,901
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash and other cash items	15,314,202	17,180,496
Due from Bangko Sentral ng Pilipinas	45,903,970	110,198,990
Due from other banks	19,942,751	20,881,818
Interbank loans receivable (Note 21)	42,258,912	30,668,382
Securities held under agreements to resell	60,926,438	84,074,590
	P184,346,273	P263,004,276
OPERATIONAL CASH FLOWS FROM INTEREST		
Interest received	P30,288,312	P30,625,957
Interest paid	8,911,954	9,346,829

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousand Pesos Except When Otherwise Indicated)

1. Corporate Information

Philippine National Bank (PNB or the Parent Company) is a universal bank established in the Philippines in 1916. On June 21, 1989, PNB's shares were listed with the Philippine Stock Exchange (PSE). As of June 30, 2025 and December 31, 2024, the shares of PNB are held by the following:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
LT Group, Inc. (LTG) (indirect ownership through its various holding companies)	59.83%	59.83%
PCD Nominee Corporation*	13.71%	14.35%
Other stockholders owning less than 10% each	26.46%	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, investment banking, treasury operations, fund transfers, remittance and trust services, through its 631 domestic branches as of June 30, 2025 and December 31, 2024. As of the same dates, the Parent Company has 70 and 71 overseas branches, representative offices, remittance centers and subsidiaries, respectively, in 17 jurisdictions in Asia, North America and Europe, respectively.

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

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

2. Preparation of the Interim Financial Statements

2.1 Basis of Preparation of the Unaudited Interim Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of the Group as of June 30, 2025 and for the six months ended June 30, 2025 and 2024 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2024 prepared under the Philippine Financial Reporting Standards (PFRS).

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements of the Group are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of the following amended standards, which became effective beginning January 1, 2025. Unless otherwise indicated, the adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- **PFRS 17, *Insurance Contracts***
PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

On December 15, 2021, the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the International Accounting Standards Board (IASB).

- **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.

2.3 Significant Judgments and Assumptions

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

2.4 Seasonality or Cyclicalities of Interim Operations

Seasonality or cyclicalities of interim operations is not applicable to the Group's type of business.

3. Financial Risk Management

3.1 Enterprise Risk Management Framework

The Parent Company's Board of Directors (BOD), through the Risk Oversight Committee (ROC), exercises oversight and provides guidance to experienced Senior Management Team who, through the Management Risk Committee (MRC), works closely with the business lines in managing risk. There is a rich risk culture, which seamlessly flows through not only within the Bank, but also across the Group subsidiaries.

The BOD has delegated specific responsibilities to various board committees, which are integral to PNB's risk governance framework and allow executive management, through Management Committees, to evaluate the risks inherent in the business and to manage them effectively. On the

other hand, executive officers are assigned to various Management Committees that provide the leadership and execution of the vision and policies approved by the BOD. Business strategies are driven, for most part by the day-to-day directions decided by these Management Committees with approvals and notation by the various Board Committees.

The PNB Board ROC is created by the PNB Board of Directors to assist the board to oversee the risk profile and approve enterprise risk management framework of PNB. It is mandated to advise on the risk appetite, approve frameworks, policies, plans, programs and processes for managing risk.

The risk management policy includes:

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

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

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

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

The Enterprise Risk Management Group (ERMG) is primarily responsible for the monitoring of risk management functions to ensure that a robust risk-oriented organization is maintained. ERMG is independent from the business lines and is organized into the following:

- Credit Risk Management;
- Market, Liquidity and Interest Rate Risk Management;
- Operational and Fraud Risk Management;
- Integrated Risk Management covering Trust Risk, ICAAP, Model Risk, Environmental & Social Risk and Subsidiaries & Overseas Branches Risk;
- IT/IS Project Risk Management & Governance, Cyber Security Operations; and,
- Data Privacy.

Each Division is tasked to monitor the implementation of the processes and procedures that support the policies for risk management applicable to PNB. These board approved policies clearly establish the types of risks to be managed, define the risk organizational structure, and provide appropriate training necessary to manage and control risks. The policies also provide for the validation, audits and compliance testing to measure the effectiveness and suitability of the risk management structure.

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

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

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

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

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

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

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

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

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

Pillar 1 Risks:

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

Pillar 2 Risks:

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

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

3.2 Risk Categories and Definitions

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

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

The identification of risks is based on what is considered by the Bank as material after undergoing an evaluation process. These key risks, namely, credit, market, operational, 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 their separate and distinct components but also monitored across all interrelated business risks.

The Bank broadly classifies and defines risks into the following categories and manage the risks according to their characteristics. These are monitored accordingly under the enterprise ICAAP 2025 program:

Risk Category	Risk Definition	Risk Management Tools
Credit Risk (including Credit Concentration Risks and Counterparty Risks)	<p>Credit risk is the risk to earnings or capital that arises from an obligor/s, customer/s or counterparty's failure to perform and meet the terms of its contract.</p> <p>Credit concentration risk arises from excessive exposures to individual counterparties, groups of related counterparties and groups of</p>	<p><u>Enterprise-wide Tools</u></p> <ul style="list-style-type: none"> ▪ Internal risk rating for corporate accounts ▪ Credit Scoring for consumer loans ▪ Credit limits (statutory/ regulatory & internal limits) ▪ Manual of Signing Authority (MSA)

Risk Category	Risk Definition	Risk Management Tools
	<p>counterparties with similar characteristics (e.g., counterparties in specific geographical locations, economic or industry sector). Its potential loss implications are large enough relative to a bank's capital, total assets, or overall risk level, to threaten a financial institution's health or ability to maintain its core operations. It is inherent in a bank's assets, liabilities or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. The potential for loss reflects the size of the position and the extent of loss given a particular adverse circumstance (BSP MORB Sec 301.6, Series of 2009; BCBS)</p>	<ul style="list-style-type: none"> ▪ Updated & responsive credit policies ▪ Performance vs. target ▪ Pre-approval review of loan recommendations ▪ Post-approval review of booked loans ▪ Expanded Real Estate Exposure Reporting ▪ Uniform Stress Test BSP Report <p><u>ERMG Tools</u></p> <ul style="list-style-type: none"> ▪ Trend Analysis (Portfolio / Past Due and NPL Levels) ▪ Stress testing/Rapid Loan Portfolio Reviews ▪ CRR Migration ▪ Tracking the movements of loan portfolio ▪ Monitoring of large exposures ▪ Monitoring of credit risk concentration ▪ Capital Adequacy Ratio (quarterly report) ▪ Review of adequacy of loan loss reserves and impairment loss ▪ Specialized Credit Monitoring (REST/EREE for Real Estate and Industry Limits) ▪ Concentrations and Demographics Review ▪ Counterparty Limits Monitoring
Human Resource Risk	<p>Human Resource Risk covers PNB's risk of financial loss due to the inadequate training, inexperience or illegal activities of risk-taking behavior of personnel. This risk is closely related to operations risk and its internal control aspects. It highlights the human side of risk-taking and the role and adequacy of code of conduct, personnel policies, training and development programs, ability to recruit and retain employees through adequate compensation and benefits and ability to sustain adequate workforce through succession planning.</p>	<ul style="list-style-type: none"> ▪ Talent Acquisition/Retention and Career Management ▪ Remuneration Management ▪ Performance Appraisal System ▪ Training and Development ▪ Labor Management Relations ▪ Code of Conduct/Personnel Policies ▪ Employee Welfare/Wellness ▪ Employee Engagement Program ▪ Rewards System

Risk Category	Risk Definition	Risk Management Tools
		<ul style="list-style-type: none"> ▪ Compensation Package Review ▪ Attendance Reports ▪ Performance Appraisal Report ▪ Monitoring of employee's deliberate non-submission of acknowledgement receipts of personnel policies issued by HRG ▪ Grievance Reports/ Complaints ▪ Attrition rates, separation reports and exit interview forms ▪ Disciplinary Cases Report ▪ Recruitment Turnaround Time Report ▪ Number of training programs conducted Report ▪ Hiring and Attrition Tracking
Information Security/ Cyber Security/ Data Privacy Risk	<p>Data Privacy (DP) Risk is the risk associated to potential loss due to unauthorized collection, processing, or access to personal data. It includes risks that the confidentiality, integrity and/or availability of personal data will not be maintained, or the risk that processing will violate the rights of data subjects or the general privacy principles (transparency, legitimate purpose and proportionality). Consequently, the data privacy risks may negatively impact the Bank's reputation and may result to financial losses.</p>	<ul style="list-style-type: none"> ▪ Information Security Risk Assessment (ISRA) ▪ Information Asset Register ▪ Information Security Management System Implementation ▪ RCO/BISO Checklist ▪ User Access and UAM Review Network Security Protection / Network monitoring tool ▪ Installation of firewalls, anti-virus, IPS/IDS, enterprise security solution (endpoint security, email and internet) ▪ Vulnerability assessments and penetration testing (to include social engineering tests) and follow through on remediation of threats and risks ▪ Logs Review ▪ Incident Reporting Management ▪ Independent Operations Review and Quality Assurance ▪ Scanning of outbound and inbound digital traffic

Risk Category	Risk Definition	Risk Management Tools
		<ul style="list-style-type: none"> ▪ Continuous InfoSec/Cyber Risk awareness ▪ Enterprise-wide data privacy risk management framework which complies with both domestic and global requirements ▪ Conduct of Privacy Impact Assessment (PIA) as required by DPA of 2012 ▪ Institutionalization of data protection culture within the group through regular awareness program ▪ Data Privacy Management System
Information Technology Risk	<p>Information Technology Risk is any potential adverse outcome, damage, loss, violation, failure or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks. (BSP Circular 808). It is also a business risk that is associated with the use, ownership, operation, involvement, influence and adoption of IT within PNB. It consists of IT-related events that could potentially impact the business. IT Risk includes Information Security Risk that could result from non-preservation of any or all of the domains of information security; that is, confidentiality, integrity and availability of information asset. (ISACA Risk IT Framework)</p>	<ul style="list-style-type: none"> ▪ IT Risk Assessment (ITRA) ▪ Project Risk Assessment (PRA) ▪ Incident Reporting Management ▪ Patch Management ▪ Technology Operations Management Policies & Guidelines ▪ Maintenance and upgrades of disaster recovery sites ▪ Business Users / IT joint engagement for problem resolution ▪ Formal Project Management Program adoption ▪ Maintenance and upgrades of disaster recovery sites ▪ Business Impact Analysis ▪ Change Management Process ▪ Capacity Monitoring ▪ Data Loss Prevention tool ▪ Privilege Access Management (PAM) ▪ Network Security Protection / Network monitoring tool ▪ Installation of firewalls, anti-virus, IPS/IDS, enterprise security solution (endpoint security, email and internet) ▪ IT Service Management tool ▪ Vulnerability assessments and penetration testing ▪ Logs Review

Risk Category	Risk Definition	Risk Management Tools
Interest Rate Risk in the Banking Books (IRRBB)	Interest rate risk is the current and prospective risk to earnings or capital arising from movements in interest rates. It arises from differences between the timing of rate changes and the timing of cash flows (repricing risk); from changing rate relationships among different yield curves affecting financial institution (FI) activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk); and from interest-related options embedded in FI products (options risk). The amount at risk is a function of the magnitude and direction of interest rate changes and the size and maturity structure of the mismatch position. (BSP Cir. No. 1044, Series of 2019)	<ul style="list-style-type: none"> ▪ EAR Limits ▪ Balance Sheet Profiling ▪ Interest Repricing Gap Analysis ▪ Delta EVE ▪ Stress testing ▪ BSP Uniform Stress Testing
Liquidity Risk	Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Bank's inability to meet its obligations when they come due, without incurring unacceptable losses or costs. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. (BSP Cir. No. 981)	<ul style="list-style-type: none"> ▪ MCO Limits ▪ Liquidity Ratios Limits ▪ Liquid Assets Monitoring ▪ Large Fund Provider Analysis ▪ Funding Liquidity/Contingency Planning ▪ Liquidity Stress Testing
Market Risk	Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of financial instruments, products and transactions in an institution's overall portfolio, both on or off-balance sheet and contingent financial contracts. Market risk arises from market-making, dealing and position taking in interest rate, foreign exchange, equity, and commodities market. (BSP Cir. No. 544, Series of 2006)	<ul style="list-style-type: none"> ▪ VaR Limits ▪ Stop Loss Limits ▪ Management Action Triggers for FVOCI cumulative losses ▪ Duration Report ▪ FX Position Limit ▪ ROP Exposure Limit ▪ Limit to Derivatives / Structured Products ▪ Exception Report on Traders' Limit ▪ Exception Report on Rate Tolerance ▪ TPR computation ▪ Monthly validation/ preparation of the Market Risk Weighted Exposures in the CAR Report ▪ Stress testing / Scenario analysis ▪ BSP Uniform Stress Testing ▪ Backtesting

Risk Category	Risk Definition	Risk Management Tools
Operational Risk	Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes Legal Risk but excludes Strategic and Reputational Risk. Operational Risk is inherent in all activities, products and services, and cuts across multiple activities and business lines within the financial institution and across the different entities in a banking group or conglomerate where the financial institution belongs. (BSP Circular 900, dated 18 January 2016)	<ul style="list-style-type: none"> ▪ Internal Control ▪ Risk and Control Self-Assessment (RCSA) ▪ Loss Events Report (LER) ▪ Board approved Product Manuals ▪ Board approved Operating Policies and Procedures Manuals ▪ Key Risk Indicators (KRI) ▪ Business Continuity Plan (BCP) ▪ Disaster Recovery Plan (DRP) ▪ Business Continuity Playbooks ▪ Business Continuity Risk Assessment (BCRA) ▪ Business Impact Analysis (BIA) ▪ Crisis Management Plan (CMP) ▪ BCP Drills/Testing ▪ Incident Monitoring ▪ Vendor Risk Assessment (VRA) ▪ Vendor Risk Rating (VRR) ▪ Vendor Performance Evaluation (VPE) ▪ Materiality Determination template ▪ Statistical Analysis ▪ Awareness Campaign – Operational Risk, Business Continuity, Vendor Risk
Reputational Risk	Reputational risk is the risk to earnings, capital, and liquidity arising from negative perception on the Bank of its customers, shareholders, investors, and employees, market analysts, the media, and other stakeholders such as regulators and other government agencies, that can adversely affect the Bank's ability to maintain existing business relationships, establish new businesses or partnerships, or	<ul style="list-style-type: none"> ▪ Customer Engagement and Consolidated Complaints Report ▪ After Call and After Email Survey ▪ Security Measures for Digital Banking ▪ Market research on digital trends and profiling of digital users, statistics on usage, and transactions to anticipate and respond to changes in overall trends related to demands of customers and clients in relation to digital services platforms

Risk Category	Risk Definition	Risk Management Tools
	<p>continuously access varied sources of funding”. (BSP Circular 1114, dated 08 April 2021).</p> <p>Reputational Risk also covers Customer Franchise Risk and Consumer Protection Risk. Customer Franchise Risk is defined in PNB’s Policy on ICAAP, as the failure to find, attract, and win new clients, nurture and retain those PNB already has, and entice former clients back into the fold as well as the failure to meet client’s expectation in delivering PNB’s products and services. Consumer Protection Risk is defined as failure of PNB to deliver its mandate to provide appropriate service and protection to its financial consumers.</p>	<ul style="list-style-type: none"> ▪ Fraud Management Program ▪ Social Media Management Framework ▪ Social Media Risk Management ▪ Use of Social Media metrics/Social Media Analytics ▪ Website Management ▪ Website Analytics ▪ Public Relations Campaign ▪ Mainstream media monitoring tool ▪ Customer feedback mechanism ▪ Products and marketing promotions review
Strategic Business Risk	<p>Strategic business risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of the firm’s strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals, and the quality of implementation. The resources needed to carry out business strategies are both tangible and intangible. They include communication channels, operating systems, delivery networks, and managerial capacities and capabilities. The organization’s internal characteristics must be evaluated against the impact of economic, technological, competitive, regulatory, and other environmental changes. (BSP Cir. No. 510, dated 03 Feb 2006)</p>	<ul style="list-style-type: none"> ▪ Regular ALCO reports on latest Financials, monthly CAR, NPL & NIM projections, weekly performance on deposits, loans, treasury assets (levels, YTD, ADB) ▪ Regular updates on the status of sale of ROPA and other properties as well as NPL reduction ▪ Economic briefings for ALCO, Treasury and Senior Management by the Bank economist ▪ Corplan’s banking, industry reports and research studies ▪ Research Division’s regular economic reports and forecasting and equities reports ▪ Budget Performance Report (BPR) distributed to concerned sector/group heads and PNB President (Key Result Areas [KRA] actual performance against targets) ▪ Compliance updates on new, revised regulations ▪ Annual Strategic Planning activities ▪ Performance and monitoring reports and surveys on bank products and services

Risk Category	Risk Definition	Risk Management Tools
Environmental and Social Risk	E & S Risk refers to potential financial, legal /or reputational negative effect of environmental issues on the Bank. This includes environmental pollution, climate risk (physical and transition risks), hazards to human health, safety, security and threats to community, biodiversity and cultural heritage among others	<ul style="list-style-type: none"> ▪ Loss Events Report (LER) ▪ Risk and Control Self-Assessment (RCSA) ▪ Business Continuity Risk Assessment (BCRA) ▪ Hazard Hunter PH ▪ Key Risk Indicators (KRI) monitoring ▪ Enhanced Due Diligence E&S Scorecard ▪ Stress Testing

4. Fair Value Measurement

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

Assets and Liabilities	Fair value methodologies
Cash equivalents	At carrying amounts due to their relatively short-term maturity
Derivatives	Based on either: <ul style="list-style-type: none"> • quoted market prices; • prices provided by independent parties; or • prices derived using acceptable valuation models
Debt securities	For quoted securities – based on market prices from debt exchanges For unquoted securities ¹ – estimated using either: <ul style="list-style-type: none"> • quoted market prices of comparable investments; or • discounted cash flow methodology
Equity securities	For quoted securities – based on market prices from stock exchanges For unquoted securities – estimated using either: <ul style="list-style-type: none"> • quoted market prices of comparable investments ²; or • adjusted net asset value method ³ and applying a discount for lack of marketability
Loans and receivables	For loans with fixed interest rates – estimated using the discounted cash flow methodology ⁴ 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: <ul style="list-style-type: none"> • market data approach ⁶; or • replacement cost approach ⁷
Short-term financial liabilities	At carrying amounts due to their relatively short-term maturity
Long-term financial liabilities	For quoted debt issuances – based on market prices from debt exchanges For unquoted debt issuances – estimated using the discounted cash flow methodology ⁸

Notes:

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

² using the most relevant multiples (e.g., earnings, book value)

³ measures the company's value by adjusting the carrying value of its assets to their fair values, and then subtracting the fair value of its liabilities

- ⁴ using the current incremental lending rates for similar loans
- ⁵ considering other factors such as size, shape and location of the properties, price per square meter, reproduction costs new, time element, discount, among others
- ⁶ using recent sales of similar properties within the same vicinity and considering the economic conditions prevailing at the time of the valuations and comparability of similar properties sold
- ⁷ estimating the investment required to duplicate the property in its present condition
- ⁸ using the current incremental borrowing rates for similar borrowings

Fair value hierarchy

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

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

As of June 30, 2025 and December 31, 2024, the Group held the following assets and liabilities measured at fair value, and at cost but for which fair values are disclosed:

	June 30, 2025				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P24,970,985	P19,414,304	P5,556,681	P–	P24,970,985
Private debt securities	2,318	2,318	–	–	2,318
Derivative assets	1,276,259	–	1,276,259	–	1,276,259
Equity securities	2,854	2,854	–	–	2,854
Financial assets at FVOCI:					
Government securities	191,481,411	151,706,724	39,774,687	–	191,481,411
Private debt securities	17,473,735	6,673,106	10,800,629	–	17,473,735
Equity securities	27,949,488	151,831	1,252,499	26,545,158	27,949,488
	P263,157,050	P177,951,137	P58,660,755	P26,545,158	P263,157,050
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P922,268	P–	P922,268	P–	P922,268
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	P115,671,665	P83,950,848	P31,219,737	P–	P115,170,585
Receivables from customers**	657,730,270	–	–	677,842,862	677,842,862
	P773,401,935	P83,950,848	P31,219,737	P677,842,862	P793,013,447
Nonfinancial Assets					
Investment property:					
Land***	P13,269,522	P–	P–	P34,790,964	P34,790,964
Buildings and improvements***	3,671,227	–	–	6,152,763	6,152,763
	P16,940,749	P–	P–	P40,943,727	P40,943,727
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P159,220,838	P–	P–	P159,179,325	P159,179,325
Bonds payable	16,855,560	–	17,244,353	–	17,244,353
Bills payable	10,832,405	–	–	10,832,405	10,832,405
	P186,908,803	P–	P17,244,353	P170,011,730	P187,256,083

* Net of expected credit losses

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

*** Net of impairment losses

December 31, 2024					
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P16,181,821	P9,280,986	P6,900,835	P–	P16,181,821
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
Private debt securities	15,578,200	8,144,021	7,434,179	–	15,578,200
Equity securities	28,339,810	2,390,053	671,154	25,278,603	28,339,810
	P229,663,768	P104,797,536	P99,587,629	P25,278,603	P229,663,768
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P924,053	P–	P924,053	P–	P924,053
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	P112,422,382	P44,626,557	P67,159,150	P–	P111,785,707
Receivables from customers**	626,089,235	–	–	657,189,212	657,189,212
	P738,511,617	P44,626,557	P67,159,150	P657,189,212	P768,974,919
Nonfinancial Assets					
Investment property:					
Land***	P12,656,948	P–	P–	P30,731,999	P30,731,999
Buildings and improvements***	3,307,319	–	–	5,820,255	5,820,255
	P15,964,267	P–	P–	P36,552,254	P36,552,254
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P147,368,732	P–	P–	P147,177,687	P147,177,687
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
	P183,424,365	P–	P21,543,236	P161,330,129	P182,873,365

* Net of expected credit losses

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

*** Net of impairment losses

As of June 30, 2025 and December 31, 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 as of June 30, 2025 and December 31, 2024 and the range of values indicating the highest and lowest level input used in the valuation techniques.

	Significant Unobservable Input	-2%	+2%
Equity securities	Discount for lack of marketability	P601,974 (P601,974)	

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

5. Segment Information

5.1 Business Segments

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

The Group's business segments follow:

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

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

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

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

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

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

Business segment information of the Group follows:

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

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

For the Semesters Ended June 30, 2024 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(P1,082,202)	P14,777,404	P10,288,852	P–	P46,128	P24,030,182
Inter-segment	12,898,139	(6,098,440)	(6,799,699)	–	–	–
Net interest margin after inter-segment transactions	11,815,937	8,678,964	3,489,153	–	46,128	24,030,182
Other income	2,455,751	883,478	844,610	1,401,567	(242,963)	5,342,443
Segment revenue	14,271,688	9,562,442	4,333,763	1,401,567	(196,835)	29,372,625
Other expenses	6,632,078	3,664,089	696,970	452,410	(196,835)	11,248,712
Segment result	P7,639,610	P5,898,353	P3,636,793	P949,157	P–	18,123,913
Unallocated expenses						5,853,031
Net income before income tax						12,270,882
Income tax						1,980,689
Net income						10,290,193
Non-controlling interests						(74,281)
Net income for the period attributable to equity holders of the Parent Company						P10,215,912
Other segment information						
Capital expenditures	P133,033	P26,629	P1,652	P5,100	P–	P166,414
Unallocated capital expenditures						561,205
Total capital expenditures						P727,619
Depreciation and	P524,245	P237,248	P11,374	P73,260	P–	P846,127

For the Semesters Ended June 30, 2024 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
amortization						
Unallocated depreciation and amortization						822,038
Total depreciation and amortization						P1,668,165
Provision for (reversal of) impairment, credit and other losses	P14,966	P2,054,052	P315	P78	P–	P2,069,411

As of June 30, 2025 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	P696,578,773	P410,992,486	P106,200,280	P96,814,010	(P17,618,328)	P 1,292,967,221
Segment liabilities	P698,685,896	P343,382,637	P16,080,779	P27,100,261	(P18,209,227)	P1,067,040,346

As of December 31, 2024 (Audited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	P720,134,571	P355,055,573	P85,145,453	P114,961,848	(P17,686,592)	P1,257,610,853
Segment liabilities	P696,116,123	P294,672,764	P46,098,678	P23,847,015	(P19,752,668)	P1,040,981,912

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

5.2 Geographical Segments

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

	Non-Current Assets*		Liabilities		Credit Commitments	
	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Philippines	P595,827,505	P512,659,841	P1,034,999,463	P1,004,841,665	P53,578,923	P53,614,874
Asia (excluding Philippines)	10,725,314	14,987,916	28,225,365	32,134,134	–	–
USA and Canada	2,244,322	2,705,244	3,668,499	3,879,385	–	–
United Kingdom	451	645	147,019	126,728	–	–
	P608,797,592	P530,353,646	P1,067,040,346	P1,040,981,912	P53,578,923	P53,614,874

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

	Capital Expenditures		Revenues	
	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)	June 30, 2025 (Unaudited)	June 30, 2024 (Unaudited)
Philippines	P842,966	P726,409	P39,862,130	P36,140,722
Asia (excluding Philippines)	1,986	238	1,281,782	1,656,813
USA and Canada	1,017	972	397,112	452,724
United Kingdom	–	–	63,399	61,321
	P845,969	P727,619	P41,604,423	P38,311,580

6. Due from Bangko Sentral ng Pilipinas

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Demand deposit	₱42,903,970	₱44,628,316
Overnight deposit facility (ODF)	–	10,500,000
Term deposit	3,000,000	–
	₱45,903,970	₱55,128,316

For the six months ended June 30, 2025 and 2024, Due from BSP bears annual interest rates ranging from 4.75% to 6.00% and from 6.00% to 6.60%, respectively.

7. Trading and Investment Securities

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Financial assets at FVTPL	₱26,252,416	₱17,920,985
Financial assets at FVOCI	236,904,634	211,742,783
Investment securities at amortized cost	115,671,665	112,422,382
	₱378,828,715	₱342,086,150

7.1 Financial Assets at FVTPL

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Government securities	₱24,970,985	₱16,181,821
Private debt securities	2,318	649,191
Derivative assets	1,276,259	1,087,107
Equity securities	2,854	2,866
	₱26,252,416	₱17,920,985

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

	For the Semesters Ended June 30	
	2025	2024
Government securities	1.5% - 9.3%	1.4% - 9.3%
Private debt securities	4.9% - 6.6%	4.9% - 6.9%

7.2 Financial Assets at FVOCI

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Government securities	₱191,481,411	₱167,824,773
Private debt securities	17,473,735	15,578,200
Equity securities		
Quoted	2,404,064	2,831,277
Unquoted (Note 19)	25,545,424	25,508,533
	₱236,904,634	₱211,742,783

Unquoted equity securities include the Parent Company's retained 49.00% interest in PNB Holdings Corporation (PNB Holdings) amounting to ₱25.1 billion as of June 30, 2025 and December 31, 2024 (refer to Note 19). The Group determines its fair value using the net asset value method after applying a 16.50% discount for lack of marketability by referring to a number of recent initial public offerings. On June 23, 2023, the PNB BOD approved and confirmed the plan for PNB to sell 14% of its stake in PNB Holdings through private placement.

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

	For the Semesters Ended June 30	
	2025	2024
Government securities	0.6% - 12.6%	0.6% - 17.2%
Private debt securities	1.4% - 6.9%	1.0% - 6.4%

As of June 30, 2025 and December 31, 2024, net unrealized gains (losses) on financial assets at FVOCI amounted to ₱0.7 billion and ₱0.1 billion, respectively.

7.3 Investment Securities at Amortized Cost

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Government securities	₱104,791,368	₱96,817,380
Private debt securities	11,036,849	15,752,472
	115,828,217	112,569,852
Less allowance for credit losses (Note 13)	156,552	147,470
	₱115,671,665	₱112,422,382

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

	For the Semesters Ended June 30	
	2025	2024
Government securities	0.8% - 6.3%	0.8% - 7.5%
Private debt securities	2.3% - 8.3%	1.8% - 8.3%

7.4 Interest Income on Investment Securities at Amortized Cost and FVOCI

This account consists of:

	For the Semesters Ended June 30	
	2025	2024
	(Unaudited)	(Unaudited)
Financial assets at FVOCI	P3,260,969	P4,617,742
Investment securities at amortized cost	5,521,513	3,270,911
	P8,782,482	P7,888,653

7.5 Trading and Investment Securities Gains (Losses) - net

This account consists of:

	For the Semesters Ended June 30	
	2025	2024
	(Unaudited)	(Unaudited)
Financial assets at FVTPL		
Government securities	P429,758	P337,992
Private debt securities	2,063	20,274
Equity securities	(12)	6
Derivatives	19	10,855
Financial assets at FVOCI		
Private debt securities	6	38
Investment securities at amortized cost	17,656	6,969
	P449,490	P376,134

8. Loans and Receivables

This account consists of:

	June 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Receivables from customers (Note 19):		
Loans and discounts	P661,913,730	P627,885,539
Credit card receivables	19,936,284	18,063,885
Customers' liabilities on letters of credit and trust receipts	8,036,628	9,177,471
Customers' liabilities on acceptances	3,390,731	6,126,005
Bills purchased	2,701,781	3,829,665
	695,979,154	665,082,565
Other receivables:		
Accrued interest receivable (Note 19)	9,504,942	8,783,078
Accounts receivable (Note 19)	3,783,925	3,964,379
Sales contract receivables (Note 19)	1,672,565	1,589,298
Miscellaneous	572,596	454,556
	15,534,028	14,791,311
	711,513,182	679,873,876
Less: Unearned and other deferred income	686,599	845,862
Allowance for credit losses (Note 13)	41,583,254	42,208,389
	P669,243,329	P636,819,625

Included in 'Surplus reserves' is the amount of ₱4.4 billion and ₱4.2 billion as of June 30, 2025 and December 31, 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 15.2).

For the six months ended June 30, 2025 and 2024, remaining receivables carry annual fixed interest rates ranging from 1.1% to 9.0% for foreign currency-denominated receivables, and from 1.2% to 31.5%, respectively, for peso-denominated receivables.

9. Property and Equipment

For the six months ended June 30, 2025 and 2024, the Group purchased assets with cost of ₱0.2 billion. For the same periods, the Group disposed property and equipment with net book value of ₱20.7 million and ₱20.9 million, respectively, recognizing gain on sale of ₱35.7 million and ₱26.8 million, respectively.

10. Investment Properties

For the six months ended June 30, 2025, and 2024, the Group foreclosed investment properties amounting to ₱0.8 million and ₱0.5 billion, respectively. For the same periods, the Group disposed investment properties with net book value of ₱225.4 million and ₱130.3 million, recognizing gain on sale of ₱1.1 billion and ₱326.3 million, respectively.

11. Goodwill and Intangible Assets

11.1 Software Costs

For the six months ended June 30, 2025 and 2024, the Group purchased software with cost of ₱0.7 billion and ₱0.5 billion, respectively.

11.2 Goodwill

As of June 30, 2025 and December 31, 2024, goodwill for each cash-generating unit amounted to:

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

Goodwill is reviewed for impairment annually in the fourth quarter of the reporting period, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As of June 30, 2025, the Parent Company assessed no events or changes in circumstances that will require impairment testing of its goodwill.

12. Other Assets and Other Liabilities

12.1 Other Assets

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Financial		
Fund for electronic money products	P400,000	P400,000
Returned checks and other cash items	151,944	25,003
Security deposits (Note 19)	19,328	19,662
Miscellaneous	4,221	2,808
	575,493	447,473
Nonfinancial		
Deferred charges (Note 19)	4,702,741	3,969,199
Creditable withholding taxes	1,778,116	1,467,670
Prepaid expenses	516,344	474,397
Documentary stamps on hand	366,891	406,790
Retirement assets	302,797	302,797
Real estate inventories held under development	181,178	521,114
Chattel mortgage properties - net of depreciation	133,584	75,432
Stationeries and supplies	93,587	81,937
Other investments	26,565	26,842
Miscellaneous	1,469,670	1,427,061
	9,571,473	8,753,239
	10,146,966	9,200,712
Less allowance for credit and impairment losses (Note 13)	1,058,668	1,050,083
	P9,088,298	P8,150,629

12.2 Other Liabilities

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Financial		
Accounts payable	P3,905,134	P3,714,056
Dividends payable	2,105,555	–
Bills purchased - contra	1,953,680	3,196,612
Due to other banks (Note 19)	1,759,127	2,038,261
Dormant credits	1,424,255	1,700,209
Manager's checks and demand drafts outstanding	1,053,835	1,383,750
Accounts payable - electronic money	704,674	759,059
Payment order payable	172,979	180,883
Deposits on lease contracts (Note 19)	73,347	72,975
Transmission liability	38,839	48,612
Margin deposits and cash letters of credit	23,216	27,719
Deposit for keys on safety deposit boxes	15,512	15,639
	13,230,153	13,137,775

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Nonfinancial		
Due to Treasurer of the Philippines	1,690,075	1,431,240
Provisions	888,810	878,874
Deferred revenue - Credit card-related	589,289	598,593
Withholding tax payable	353,970	473,641
Deferred revenue - Bancassurance	291,581	322,031
Deferred tax liabilities	167,687	167,524
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	73,798	65,404
Retirement benefit liability	71,313	9,455
Miscellaneous	1,186,157	1,021,519
	5,312,680	4,968,281
	P18,542,833	P18,106,056

13. Allowance for Impairment, Credit and Other Losses

Movements in this account follow:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Balance at beginning of period:		
Due from other banks	P4,744	P9,898
Interbank loans receivable	6,138	8,045
Securities held under agreements to resell	46,240	14,152
Financial assets at FVOCI	68,923	45,673
Investment securities at amortized cost (Note 7)	147,470	155,835
Loans and receivables (Note 8)	42,208,389	42,571,906
Property and equipment	1,124,779	1,133,292
Investment properties	2,620,097	2,318,900
Other assets (Note 12)	1,050,083	1,035,620
	47,276,863	47,293,321
Movements during the period:		
Provision for impairment, credit and other losses	341,934	2,386,116
Accounts charged-off	(1,189,433)	(2,977,647)
Transfers and others	(35,129)	575,073
	(882,628)	(16,458)
Balance at end of period:		
Due from other banks	9,315	4,744
Interbank loans receivable (Note 21)	9,659	6,138
Securities held under agreements to resell	30,916	46,240
Financial assets at FVOCI	104,785	68,923
Investment securities at amortized cost (Note 7)	156,552	147,470
Loans and receivables (Note 8)	41,583,254	42,208,389
Property and equipment	1,121,686	1,124,779
Investment properties	2,319,398	2,620,097
Other assets (Note 12)	1,058,670	1,050,083
	P46,394,235	P47,276,863

14. Financial Liabilities

14.1 Deposit Liabilities

As of June 30, 2025, and December 31, 2024, noninterest bearing deposit liabilities amounted to ₱27.9 billion and ₱26.8 billion, respectively. For the six months ended June 30, 2025, and 2024, the remaining deposit liabilities of the Group generally bear annual fixed interest rates ranging from 0.1% to 6.6% and 0.1% to 6.1%, respectively, for peso-denominated deposit liabilities, and from 0.01% to 5.2% and 0.01% to 5.5%, respectively, for foreign currency-denominated deposit liabilities.

LTNCDs issued by the Parent Company consist of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
October 11, 2019	April 11, 2025	₱4,600,000	4.38%	Quarterly	₱–	₱4,598,770

Interest expense on deposit liabilities consists of:

	For the Semesters Ended June 30	
	2025 (Unaudited)	2024 (Unaudited)
Savings	₱4,741,328	₱4,808,990
Time	3,257,343	2,819,565
Demand	112,908	101,454
LTNCD	57,132	347,787
	₱8,168,711	₱8,077,796

14.2 Bonds Payable

This account consists of:

This account consists of:					Carrying Value	
Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
<u>Fixed rate medium term senior notes</u>						
October 23, 2024	October 23, 2029	USD300,000	4.85%	Semi-annually	₱16,855,560	₱17,304,421

As of June 30, 2025, and December 31, 2024, the unamortized transaction costs of bonds payable amounted to ₱45.5 million and *₱nil*, respectively. For the six months ended June 30, 2025 and 2024, amortization of transaction costs amounting to ₱2.8 million and ₱26.3 million were charged to 'Interest expense on bonds payable' in the statements of income.

15. Equity

15.1 Capital Stock

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

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

As of June 30, 2025 and December 31, 2024, the Parent Company had 35,740 and 35,918 stockholders, respectively.

15.2 Surplus Reserves

This account consists of:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Reserves under BSP Circular 1011 (Note 8)	₱4,352,964	₱4,187,284
Reserves for trust business	712,763	674,753
Reserves for self-insurance	105,000	105,000
	₱5,170,727	₱4,967,037

15.3 Regulatory Reporting for Capital Management

As of June 30, 2025 and December 31, 2024, Common Equity Tier 1 (CET1) ratio and Total Capital Adequacy Ratio (CAR) are as follows:

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Consolidated		
a) CET1 Capital/Tier 1 Capital	₱167,589,649	₱159,087,364
b) Total Qualifying Capital	175,010,015	166,432,551
c) Total Risk-Weighted Assets	869,049,752	828,154,132
CET 1 Ratio/Tier 1 Ratio (a/c)	19.28%	19.21%
Total CAR (b/c)	20.14%	20.10%
Parent Company		
d) CET1 Capital/Tier 1 Capital	₱144,919,476	₱136,470,638
e) Total Qualifying Capital	152,145,839	143,600,795
f) Total Risk-Weighted Assets	844,688,655	801,791,184
CET 1 Ratio/Tier 1 Ratio (d/f)	17.16%	17.02%
Total CAR (e/f)	18.01%	17.91%

16. Other Operating Income and Expenses

16.1 Service Fees and Commission Income

This account consists of:

	For the Semesters Ended June 30	
	2025	2024
	(Unaudited)	(Unaudited)
Deposit-related	₱1,214,314	₱937,081
Credit card-related	651,930	563,992
Loan-related	573,993	414,468
Remittance	318,531	332,043
Interchange fees	278,779	273,324
Bancassurance	277,959	131,662
Trust fees	201,579	183,346
Underwriting fees	122,463	102,262
Miscellaneous	187,333	63,942
	₱3,826,881	₱3,002,120

16.2 Miscellaneous Expenses

This account consists of:

	For the Semesters Ended June 30	
	2025	2024
	(Unaudited)	(Unaudited)
Secretarial, janitorial and messengerial	₱975,772	₱963,713
Insurance	975,190	945,020
Marketing	579,144	706,567
Information technology	566,496	513,003
Litigation and assets acquired	359,370	164,871
Travelling	209,053	219,701
Stationery and supplies	128,153	162,982
Management and other professional fees	113,407	114,672
Postage, telephone and cable	81,896	69,662
Common use service area charges	53,274	54,937
Entertainment, amusement and recreation	42,506	77,380
Repairs and maintenance	10,483	22,772
Freight	7,471	10,008
Fuel and lubricants	5,309	5,620
Others	229,282	116,170
	₱4,336,806	₱4,147,078

17. Income Taxes

Provision for income tax consists of:

	For the Semesters Ended June 30	
	2025 (Unaudited)	2024 (Unaudited)
Current		
Regular	P 1,022,032	P1,045,881
Final	2,167,536	1,898,323
	3,189,568	2,944,204
Deferred	37,983	(963,515)
	P3,227,551	P1,980,689

As of June 30, 2025 and June 30, 2024, the Group recognized deferred tax assets amounting to P8.0 billion and P7.5 billion, respectively, with the increase in 2025 mainly coming from deferred tax assets on allowance for impairment and credit losses.

18. Earnings Per Share

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

	For the Semesters Ended June 30	
	2025 (Unaudited)	2024 (Unaudited)
a) Net income attributable to equity holders of the Parent Company	P12,456,163	P10,215,912
b) Weighted average number of common shares for basic earnings per share	1,525,765	1,525,765
c) Basic and diluted earnings per share (a/b)	P8.16	P6.70

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

19. Related Party Transactions

Balances of significant related party transactions of the Group as of June 30, 2025 and December 31, 2024 are shown in the following table (transactions with subsidiaries have been eliminated in the consolidated financial statements). Transactions reported under subsidiaries represent companies where the Parent Company has control. Transactions reported under other related parties represent companies which are under common control.

	Significant Investors		Subsidiaries		Other Related Parties		Associate		Key Management Personnel	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Receivables from customer	P-	P-	P-	P-	P46,947,874	P43,455,926	P-	P-	P-	P-
Credit facilities	-	-	12,105,451	11,293,839	67,360,601	92,058,444	120,000	120,000	-	-
Sales contract receivable	-	-	-	-	514	734	-	-	-	-
Financial assets at FVOCI	-	-	-	-	26,404,970	26,687,751	-	-	-	-
Interbank loans receivable	-	-	66,086	3,015	-	-	-	-	-	-
Due from other banks	-	-	122,575	197,801	-	-	-	-	-	-

	Significant Investors		Subsidiaries		Other Related Parties		Associate		Key Management Personnel	
	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Loans to officers	—	—	—	—	—	—	—	—	166,963	162,370
Accounts receivable	—	—	47,916	36,152	176,473	116,760	—	—	—	—
Accrued interest receivable	—	—	184	2	—	175,958	—	—	224	399
Sales Contract Receivable	—	—	—	—	—	—	—	—	3,084	1,359
Right-of-use assets	—	—	—	—	2,845,490	2,959,837	—	—	—	—
Accumulated depreciation of right-of-use assets	—	—	—	—	1,263,748	1,236,440	—	—	—	—
Security deposit	—	—	—	—	175,513	175,513	—	—	—	—
Deposit liabilities	4,497,973	3,054,420	4,296,275	4,230,583	60,575,755	49,367,453	328,187	881,014	1,427,989	910,771
Accrued interest payable	19,796	8,729	15,506	30,733	238,922	162,221	1	2	2,110	1,227
Accrued other expenses	—	—	—	—	229,143	655,134	—	—	—	—
Lease liabilities	—	—	—	—	1,655,671	1,920,896	—	—	—	—
Rental deposits	—	—	—	—	—	—	—	27	—	—
Deferred revenues	—	—	—	—	36,111	37,778	457,494	322,031	—	—
Due to other banks	—	—	7,207	13,880	—	—	—	—	—	—

Significant related party transactions of the Group for the six months ended June 30, 2025 and 2024 follow (transactions with subsidiaries have been eliminated in the consolidated financial statements):

	Significant Investors		Subsidiaries		Other Related Parties		Associate		Key Management Personnel	
	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30	June 30
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Interest income	P—	P—	P332	P—	P1,322,143	P1,730,262	P—	P—	P5,653	P
Interest expense	69,687	58,700	85,017	102,420	939,028	788,346	6,095	496	7,508	—
Miscellaneous other income	—	—	1,634	1,621	—	—	—	—	—	—
Miscellaneous expenses	—	—	—	—	147,234	490,344	—	—	—	—
Purchases of securities	—	—	3,552	23,024	6,138,392	5,940,404	—	—	—	—
Sale of securities	—	—	2,516,988	523,204	12,466,394	2,635,593	—	—	—	—
Trading gains (losses)	—	—	—	130	8,927	890	—	—	—	—
Service fee income	—	—	—	—	—	—	36,600	36,600	—	—

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

20. Provisions, Contingencies and Other Commitments

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

There were no significant settlements made in the second quarter of 2025.

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

21. Notes to the Statement of Cash Flows

21.1 Interbank Loans Receivable

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

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Interbank loans receivable	P44,097,892	P22,793,332
Less: Allowance for credit losses	9,659	6,138
	44,088,233	22,787,194
Less: Interbank loans receivable not considered as cash and cash equivalents	1,829,321	2,925,553
	P42,258,912	P19,861,641

21.2 Cash Flows from Financing Activities

The changes in liabilities arising from financing activities for the six-months ended June 30, 2025 and 2024 follow:

	June 30, 2025 (Unaudited)			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	P20,208,451	(P6,318,972)	P501,394	P14,392,401
Bonds payable	17,304,421	–	(448,860)	16,855,560
Lease liabilities	3,808,997	(636,034)	422,599	3,595,562
	P41,321,869	(P6,955,006)	P475,133	P34,843,523

	June 30, 2024 (Unaudited)			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	P20,162,603	(P88,061)	(P307,455)	P19,767,087
Bonds payable	41,490,871	–	2,458,563	43,949,434
Lease liabilities	3,832,884	(592,326)	423,996	3,664,554
	P65,486,358	(P680,387)	P2,575,104	P67,381,075

21.3 Non-Cash Transactions

For the six months ended June 30, 2025 and 2024, additions to right-of-use assets amounted P0.4 billion, while additional lease liabilities amounted to P0.4 billion.

For the six months ended June 30, 2025 and 2024, the Group foreclosed investment properties amounting to P0.8 billion and P0.5 billion, respectively.

For the six months ended June 30, 2025 and 2024, the Group applied creditable withholding taxes against its income tax payable amounting to P469.9 million and P181.6 million, respectively

22. Subsequent Events

On July 25, 2025, the PNB Board of Directors approved and confirmed the issuance of P3B, with option to upsize up to P20B, in single or dual tranche, out of the P50B Bond and Commercial Paper Program.

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

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

	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Derivative forwards	₱164,866,102	₱132,737,169
Trust department accounts	215,835,639	190,585,195
Standby letters of credit	75,220,248	77,763,321
Unutilized credit card lines	52,092,258	51,886,113
Deficiency claims receivable	28,974,162	27,250,819
Derivative spots	15,589,271	22,847,762
Inward bills for collection	4,677,347	1,019,948
Outward bills for collection	345,581	210,031
Unused commercial letters of credit	198,500	353,457
Confirmed export letters of credit	13,801	100,940
Items held as collateral	22,449	23,101
Shipping guarantees issued	13,247	21,284
Other contingent accounts	11,465	38,677

24. Other Matters

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

- known demands or commitments that will have a material impact on the Group's liquidity and continuing operations within the next twelve (12) months;
- any events that will trigger direct or contingent financial obligations that is material to the Group, including any default or acceleration of an obligation;
- material off-balance sheet transactions, various commitments, arrangements, contingent assets and contingent liabilities other than those already discussed in Note 23;
- material commitments for capital expenditures;
- issuances, repurchases and repayments of debt and equity securities;
- seasonal aspects that had a material effect on the Group's financial condition and results of operations;
- dividends declared or paid; and
- material events subsequent to June 30, 2025 other than the disclosure in Note 22.

ANNEX B

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

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

	June 30, 2025
Current Accounts	P650,034,499
Past Due:	
Less than 30 days	2,704,536
31 to 90 days	1,263,224
91 to 180 days	1,131,700
More than 180 days	40,845,195
Loans Receivables, gross	695,979,154
Less:	
Unearned and other deferred income	(686,599)
Allowance for credit losses	(37,562,285)
Loans Receivables, net	P657,730,270