



Office of the EVP and Chief Financial Officer

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

November 13, 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

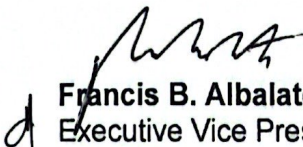
The Philippine Dealing & Exchange Corporation
29/F, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

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 September 30, 2025.

Very truly yours,


Francis B. Albalade
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 September 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 November 13, 2025 in Pasay City, Metro Manila.


FRANCIS B. ALBALATE
Executive Vice President and
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 13 NOV 2025 in
PASAY CITY, affiant exhibited to me his SSS ID No. 33-1489981-0.

Doc. No. 465
Page No. 97
Book No. W
Series of 2025.

ATTY. JAMIE J. REAL
Commission No. 25-77, Roll No. 68794
Notary Public in and for Pasay City until December 31, 2026
9th Floor PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
PTR No. 8838574/Jan. 04, 2025/Pasay City
IBP Lifetime No. 018651/Dec. 11, 2017/Manila IV
MCLE Compliance No. VIII-0036111

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
Month		Day	
Fiscal Year			

17 - Q

FORM TYPE

4	29
Month	Day
Annual Meeting	

Secondary License Type, If Applicable

C	F	D
Dept. Requiring this Doc.		

Amended Articles Number/Section

35,630

Total No. of Stockholders

Total amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number											
Document I.D.											
STAMPS											

LCU

Cashier

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))

SEPTEMBER 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 : September 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 September 30, 2025 (Unaudited) Compared to December 31, 2024 (Audited)

The Group’s consolidated total assets stood at ₱1.25 trillion as of September 30, 2025, 0.7% lower 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>	September 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Cash and Other Cash Items	₱14,670,046	₱20,638,033	(₱5,967,987)	(28.9)
Due from Bangko Sentral ng Pilipinas	40,094,831	55,128,316	(15,033,485)	(27.3)
Due from Other Banks	21,205,732	20,183,894	1,021,838	5.1
Interbank Loans Receivable	19,644,446	22,787,194	(3,142,748)	(13.8)
Securities Held under Agreements to Resell	68,768,737	103,480,119	(34,711,382)	(33.5)
	₱164,383,792	₱222,217,556	(₱57,833,764)	(26.0)

Total Cash and Other Liquid Placements as of September 30, 2025 stand at ₱164.4 billion, representing a decrease of ₱57.8 billion or 26.0% than the ₱222.2 billion reported as of December 31, 2024. The decline was primarily due to the placement of available liquid funds in high yielding investment securities, outlays for loan issuances and settlement of maturing deposit liabilities.

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

- **Trading and Investment Securities**

<i>(In Thousands)</i>	September 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	₱14,006,562	₱17,920,985	(₱3,914,423)	(21.8)
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	208,995,969	211,742,783	(2,746,814)	(1.3)
Investment Securities at Amortized Cost	124,525,953	112,422,382	12,103,571	10.8
	₱347,528,484	₱342,086,150	₱5,442,334	1.6

Trading and Investment Securities, which accounted for 27.8% of the Group’s total assets as of September 30, 2025, compared to 27.2% as of December 31, 2024, increased by ₱5.4 billion or 1.6%. This was primarily due to net purchases of financial assets at amortized cost investments.

- **Loans and Receivables**

<i>(In Thousands)</i>	September 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Loans and Receivables	₱678,514,987	₱636,819,625	₱41,695,362	6.5

Loans and Receivables, net of allowance for credit losses, accounted for 54.3% and 50.6% of the Group's total assets as of September 30, 2025 and December 31, 2024, respectively. Loans and Receivables increased by ₱41.7 billion or 6.5% at ₱678.5 billion as of September 30, 2025, from ₱636.8 billion as of December 31, 2024. This growth was mainly from consumer loans, commercial/SMEs and large corporate segments during the period, and a reduction in provisions for impairment, credit and other losses.

- **Investment Properties**

<i>(In Thousands)</i>	September 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Investment Properties	₱17,278,874	₱15,964,267	₱1,314,607	8.2

Investment Properties as of September 30, 2025 amounted to ₱17.3 billion, up by ₱1.3 billion or 8.2% compared to ₱16.0 billion as of December 31, 2024. The increase was attributable to new foreclosures during the period, partially offset by disposals of real and other properties.

- **Deferred Tax Assets**

<i>(In Thousands)</i>	September 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Deferred Tax Assets	₱6,843,211	₱7,460,676	(₱617,465)	(8.3)

Deferred Tax Assets decreased by ₱0.6 billion or 8.3% at ₱6.8 billion as of September 30, 2025 from ₱7.5 billion as of December 31, 2024, mainly due to reversal of allowance from write-offs of loan receivables.

- **Intangible Assets**

<i>(In Thousands)</i>	September 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Intangible Assets	₱1,000,701	₱1,084,955	(₱84,254)	(7.8)

Intangible Assets declined by ₱0.1 billion or 7.8%, to ₱1.0 billion as of September 30, 2025 from ₱1.1 billion as of December 31, 2024. The decrease was mainly due to amortization during the period.

- **Other Assets**

<i>(In Thousands)</i>	September 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Other Assets	₱9,903,208	₱8,150,629	₱1,752,579	21.5

Other Assets grew by ₱1.8 billion or 21.5% to ₱9.9 billion as of September 30, 2025 from ₱8.2 billion as of December 31, 2024. The increase was mainly due to higher deferred charges, creditable withholding taxes, chattel mortgage properties and returned checks and cash items.

The Group's consolidated total liabilities were at ₱1.02 trillion as of September 30, 2025, 2.5% or ₱25.8 billion lower than the ₱1.04 trillion reported as of December 31, 2024. Major changes (+/-5% variance) in the liability accounts were as follows:

- **Deposit Liabilities**

<i>(In Thousands)</i>	September 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Demand	₱240,594,638	₱244,369,119	(₱3,774,481)	(1.5)
Savings	569,610,131	575,335,527	(5,725,396)	(1.0)
Time	139,307,366	147,368,732	(8,061,366)	(5.5)
Long Term Negotiable Certificates of Deposit	—	4,598,770	(4,598,770)	(100.0)
Deposit Liabilities	₱949,512,135	₱971,672,148	(₱22,160,013)	(2.3)

Deposit Liabilities as of September 30, 2025 stood at ₱949.5 billion, which declined by ₱22.2 billion or 2.3% from ₱971.7 billion as of December 31, 2024. Deposit Liabilities accounted for 93.5% and 93.3% of the Group's total liabilities as of September 30, 2025 and December 31, 2024, respectively. The decrease was mainly attributed to lower balances across all major deposit types: Demand Deposits by ₱3.8 billion or 1.5%, Savings Deposits by ₱5.7 billion or 1.0% and Time Deposits by ₱8.1 billion or 5.5%. 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>	September 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Bills and Acceptances Payable	₱17,330,223	₱20,208,451	(₱2,878,228)	(14.2)

Bills and Acceptances Payable was lower by ₱2.9 billion or 14.2% from ₱20.2 billion as of December 31, 2024 to ₱17.3 billion as of September 30, 2025, because of net settlements of short-term interbank borrowing and repurchase agreements.

- **Financial Liabilities at FVTPL**

<i>(In Thousands)</i>	September 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Financial Liabilities at FVTPL	₱1,135,531	₱924,053	₱211,478	22.9

Financial Liabilities at FVTPL of ₱1.1 billion as of September 30, 2025 is ₱0.2 billion or 22.9% higher than the ₱0.9 billion as of December 31, 2024, mainly from increase in the notional amounts of stand-alone forwards with negative fair value.

- **Lease Liabilities and Income Tax Payable**

<i>(In Thousands)</i>	September 30, 2025	December 31, 2024	Increase/ (Decrease)	%
Lease Liabilities	₱3,424,881	₱3,808,997	(₱384,116)	(10.1)
Income Tax Payable	₱296,215	₱159,233	₱136,982	86.0

Lease Liabilities decreased by 0.4 billion or 10.1% from ₱3.8 billion as of December 31, 2024 to ₱3.4 billion as of September 30, 2025. The decline was primarily due to lease payments during the period.

Income Tax Payable increased by ₱0.1 billion or 86.0% from ₱0.2 billion as of December 31, 2024 to ₱0.3 billion as of September 30, 2025. The increase reflects tax accrual on the Group's higher taxable income for the period.

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

<i>(In Thousands)</i>	September 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	127,767,565	113,663,851	14,103,714	12.4
Net Unrealized Gains on Financial Assets at FVOCI	2,260,596	142,134	2,118,462	1,490.5
Remeasurement Losses on Retirement Plan	(1,989,638)	(2,655,218)	665,580	25.1
Accumulated Translation Adjustment	2,555,131	2,357,844	197,287	8.4
Other Equity Reserves	1,189,003	1,189,003	–	–
Share in Aggregate Reserves (Losses) on Life Insurance Policies	(20,905)	21,209	(42,114)	(198.6)
Other Equity Adjustment	13,959	13,959	–	–
	230,093,592	212,846,973	17,246,619	8.1
Non-Controlling Interests	3,894,351	3,781,968	112,383	3.0
	₱233,987,943	₱216,628,941	₱17,359,002	8.0

Total Equity increased to ₱234.0 billion as of September 30, 2025 from ₱216.6 billion as of December 31, 2024, reflecting a growth of ₱17.4 billion or 8.0%. The increase was primarily driven by the ₱18.5 billion consolidated net income reported during the period, along with a ₱2.1 billion increase in Net Unrealized Gains on Financial Assets at FVOCI, ₱0.7 billion reduction in Remeasurement Losses on Retirement Plan and a ₱0.2 billion increase in Accumulated Translation Adjustment. These increases were partially offset by the declaration of ₱4.2 billion dividend on April 2, 2025.

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

For the nine months ended September 30, 2025, the Group recorded a consolidated net income of ₱18.5 billion, representing a 22.9% 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**

(In Thousands)	For the Nine Months Ended				For the Quarters Ended			
	September 30		Increase/ (Decrease)	%	September 30		Increase/ (Decrease)	%
	2025	2024			2025	2024		
Interest income	P52,366,802	P50,127,036	P2,239,766	4.5	P17,734,133	P17,157,899	P576,234	3.4
Interest expense	13,069,993	13,649,737	(579,744)	(4.2)	4,202,936	4,710,782	(507,846)	(10.8)
	P39,296,809	P36,477,299	P2,819,510	7.7	P13,531,197	P12,447,117	P1,084,080	8.7

Net interest income reached P39.3 billion for the nine months ended September 30, 2025, marking an increase of 7.7% or P2.8 billion compared to the same period last year. Gross interest income rose by 4.5% or P2.2 billion to P52.4 billion, driven primarily by higher volume in loans, interbank receivables, and yields on investment securities. Interest expense is lower at P13.1 billion as the bonds that matured in 2024 carried higher interest rate compared to the bonds issued in 2024. Similarly, interest rates on deposits also declined during the period.

Net interest income for the quarter ended September 30, 2025 amounted to P13.5 billion, representing an increase of P1.1 billion or 8.7% compared to the P12.4 billion recorded in the same period last year. Net interest income grew because of higher volume of loans and trading and investment securities and decrease in interest rates on deposits.

- **Net Service Fees and Commission Income**

(In Thousands)	For the Nine Months Ended				For the Quarters Ended			
	September 30		Increase/ (Decrease)	%	September 30		Increase/ (Decrease)	%
	2025	2024			2025	2024		
Service fees and commission income	P5,801,293	P4,649,631	P1,151,662	24.8	P1,974,412	P1,647,511	P326,901	19.8
Service fees and commission expense	1,580,530	1,073,018	507,512	47.3	572,231	344,892	227,339	65.9
	P4,220,763	P3,576,613	P644,150	18.0	P1,402,181	P1,302,619	P99,562	7.6

Net service fees and commission income for the nine months ended September 30, 2025 increased by P0.6 billion or 18.0% to P4.2 billion compared to the same period last year. This increase was primarily driven by higher fees from bancassurance, deposits and trust related products.

For the quarter ended September 30, 2025, net service fees and commission income rose by P0.1 billion or by 7.6% to P1.4 billion versus the same period last year. The increase was mainly attributable to stronger income from bancassurance and deposits and trust related products.

- **Other Operating Income**

(In Thousands)	For the Nine Months Ended				For the Quarters Ended			
	September 30		Increase/ Decrease	%	September 30		Increase/ Decrease	%
	2025	2024			2025	2024		
Net gains on sale or exchange of assets	₱1,898,275	₱1,168,770	₱729,505	62.4	₱597,990	₱662,640	(₱64,650)	(9.8)
Foreign exchange gains - net	1,043,021	911,901	131,120	14.4	55,300	411,419	(356,119)	(86.6)
Trading and investment securities gains - net	577,041	747,098	(170,057)	(22.8)	127,551	370,964	(243,413)	(65.6)
Equity in net earnings of an associate	356,538	356,523	15	0.0	184,442	114,583	69,859	61.0
Miscellaneous	382,096	918,079	(535,983)	(58.4)	146,815	202,442	(55,627)	(27.5)
	₱				₱			
	₱4,256,971	₱4,102,371	₱154,600	3.8	1,112,098	₱1,762,048	₱(649,950)	(36.9)

Other operating income increased by ₱0.2 billion, or 3.8%, to ₱4.3 billion for the nine months ended September 30, 2025, compared to ₱4.1 billion in the same period last year. This increase was primarily due to higher gains on sale or exchange of assets and foreign exchange gains.

Other income decreased by ₱0.7 billion or 36.9% to ₱1.1 billion for the quarter ended September 30, 2025 compared to ₱1.8 billion for the same period last year. The decrease was mainly due to lower gains on sale or exchange of assets, foreign exchange gains and trading and investment securities gains, partly offset by increase in equity in net earnings of an associate.

- **Operating Expenses**

(In Thousands)	For the Nine Months Ended				For the Quarters Ended			
	September 30		Increase/ Decrease	%	September 30		Increase/ Decrease	%
	2025	2024			2025	2024		
Compensation and fringe benefits	₱9,151,684	₱8,201,763	₱949,921	11.6	₱3,101,110	₱2,779,812	₱321,298	11.6
Taxes and licenses	4,332,208	3,922,390	409,818	10.4	1,357,752	1,320,095	37,657	2.9
Depreciation and amortization	2,548,724	2,526,373	22,351	0.9	850,723	858,208	(7,485)	(0.9)
Occupancy and equipment-related costs	843,830	711,974	131,856	18.5	260,910	247,257	13,653	5.5
Miscellaneous	6,765,650	6,311,870	453,780	7.2	2,428,845	2,164,792	264,053	12.2
	₱23,642,096	₱21,674,370	₱1,967,726	9.1	₱7,999,340	₱7,370,164	₱629,176	8.5

For the nine months ended September 30, 2025, total operating expenses amounted to ₱23.6 billion, an increase of ₱2.0 billion or 9.1% from ₱21.7 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 September 30, 2025 and 2024, total operating expenses were ₱8.0 billion and ₱7.4 billion, respectively. The ₱0.6 billion or 8.5% increase was mainly brought as well by increases in all expense like items except for depreciation and amortization.

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

(In Thousands)	For the Nine Months Ended				For the Quarters Ended			
	September 30		Increase/ Decrease	%	September 30		Increase/ Decrease	%
	2025	2024			2025	2024		
Provision for impairment, credit and other losses	₱473,197	₱3,718,895	(₱3,245,698)	(87.3)	₱131,263	₱1,649,484	(₱1,518,221)	(92.0)
Provision for income tax	₱5,146,404	₱3,699,451	₱1,446,953	39.1	₱1,918,853	₱1,718,762	₱200,091	11.6

For the nine months ended September 30, 2025, provision for impairment, credit and other losses declined to ₱0.5 billion, a significant reduction from the ₱3.7 billion recorded in the same period last year. This decrease reflects improved credit quality within the Group's loan portfolio.

For the nine months ended September 30, 2025, provision for income tax amounted to ₱5.1 billion, an increase of ₱1.4 billion or 39.1% from ₱3.7 billion in the same period last year. The increase was due to higher income recorded in 2025.

For the quarter ended September 30, 2025, provisions for impairment, credit and other losses were lower at ₱0.1 billion compared to ₱1.6 billion in the same quarter of the prior year.

For the same quarter, provision for income tax amounted to ₱1.9 billion, an increase of ₱0.2 billion or 11.6% from ₱1.7 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 Nine Months Ended				For the Quarters Ended			
	September 30		Increase/ Decrease	%	September 30		Increase/ Decrease	%
	2025	2024			2025	2024		
Net income	₱18,512,846	₱15,063,567	₱3,449,279	22.9	₱5,996,020	₱4,773,374	₱1,222,645	25.6
Other comprehensive income, net of tax	3,060,813	3,871,681	(810,868)	(20.9)	2,065,048	2,526,886	(461,838)	(18.3)
	₱21,573,659	₱18,935,248	₱2,638,411	13.9	₱8,061,068	₱7,300,260	₱760,807	10.4

Total comprehensive income for the nine months ended September 30, 2025 amounted to ₱21.6 billion, with an increase of ₱2.6 billion compared to the same period last year, primarily due to the ₱3.4 billion increase in net income during the period offset by lower unrealized gains on FVOCI debt securities.

For the quarter ended September 30, 2025, total comprehensive income amounted to ₱8.1 billion, higher by ₱0.7 billion compared to the same period last year. The increase was mainly attributable to the ₱1.2 billion rise in net income offset by lower unrealized gains on FVOCI debt securities.

PART II – OTHER INFORMATION

Key Performance Indicators and Selected Financial Ratios

	For the Nine Months Ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
Statement of Income		
Return on Average Equity ^{1/}	11.0%	10.0%
Return on Average Assets ^{2/}	2.0%	1.7%
Net Interest Margin ^{3/}	4.7%	4.6%
Cost Efficiency Ratio ^{4/}	49.5%	49.1%
Basic Earnings Per Share	₱12.07	₱9.80
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

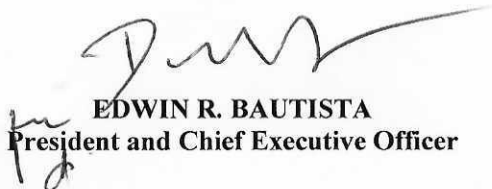
^{5/} Earnings before interest expense and provision for income tax divided by interest expense

	September 30, 2025	September 30, 2024	December 31, 2024
	(Unaudited)	(Unaudited)	(Audited)
Statement of Financial Position			
Capital Ratios:			
Capital Adequacy Ratio	20.8%	20.0%	20.1%
Common Equity Tier 1 Ratio	20.0%	19.1%	19.2%
Non-Performing Loans Ratios:			
Net of allowance	1.7%	2.0%	1.8%
Gross of allowance	5.2%	6.0%	5.7%
NPL coverage	81.8%	87.3%	84.8%
Current Ratio	60.0%	70.0%	71.4%
Liquid Assets-to-Total Assets	19.0%	27.7%	29.1%
Liquid Assets-to-Liquid Liabilities	24.4%	34.3%	36.4%
Debt-to-Equity	4.3x	4.7x	4.8x
Assets-to-Equity	5.3x	5.7x	5.8x
Book Value per Share	₱150.8	₱135.3	₱139.5

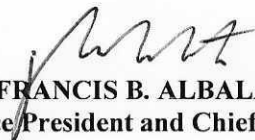
SIGNATURES

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 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2025

(With Comparative Audited Figures as at December 31, 2024)

(In Thousands)

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS		
Cash and Other Cash Items	₱14,670,046	₱20,638,033
Due from Bangko Sentral ng Pilipinas (Note 6)	40,094,831	55,128,316
Due from Other Banks (Note 19)	21,205,732	20,183,894
Interbank Loans Receivable (Notes 19 and 21)	19,644,446	22,787,194
Securities Held Under Agreements to Resell	68,768,737	103,480,119
Trading and Investment Securities		
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 7)	14,006,562	17,920,985
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Notes 7 and 19)	208,995,969	211,742,783
Investment Securities at Amortized Cost (Note 7)	124,525,953	112,422,382
Loans and Receivables (Note 8)	678,514,987	636,819,625
Property and Equipment (Note 9)	10,052,884	10,195,539
Investment in an Associate	3,443,206	3,446,613
Investment Properties (Note 10)	17,278,874	15,964,267
Deferred Tax Assets (Note 17)	6,843,211	7,460,676
Intangible Assets (Note 11)	1,000,701	1,084,955
Goodwill (Note 11)	10,184,843	10,184,843
Other Assets (Note 12)	9,903,208	8,150,629
TOTAL ASSETS	₱1,249,134,190	₱1,257,610,853
LIABILITIES AND EQUITY		
LIABILITIES		
Deposit Liabilities (Notes 14 and 19)		
Demand	₱240,594,638	₱244,369,119
Savings	569,610,131	575,335,527
Time	139,307,366	147,368,732
Long Term Negotiable Certificates of Deposit	—	4,598,770
	949,512,135	971,672,148
Financial Liabilities at FVTPL	1,135,531	924,053
Bills and Acceptances Payable (Notes 19 and 21)	17,330,223	20,208,451
Bonds Payable (Notes 14, 19 and 21)	17,416,866	17,304,421
Lease Liabilities (Notes 19 and 21)	3,424,881	3,808,997
Accrued Taxes, Interest and Other Expenses (Note 19)	8,581,347	8,798,553
Income Tax Payable	296,215	159,233
Other Liabilities (Note 12)	17,449,049	18,106,056
TOTAL LIABILITIES	1,015,146,247	1,040,981,912

(Forward)

	September 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	127,767,565	113,663,851
Net Unrealized Gains on Financial Assets at FVOCI (Note 7)	2,260,596	142,134
Remeasurement Losses on Retirement Plan	(1,989,638)	(2,655,218)
Accumulated Translation Adjustment	2,555,131	2,357,844
Other Equity Reserves	1,189,003	1,189,003
Share in Aggregate Reserves (Losses) on Life Insurance Policies	(20,905)	21,209
Other Equity Adjustment	13,959	13,959
	230,093,592	212,846,973
NON-CONTROLLING INTERESTS	3,894,351	3,781,968
TOTAL EQUITY	233,987,943	216,628,941
TOTAL LIABILITIES AND EQUITY	₱1,249,134,190	₱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 Nine Months Ended September 30		For the Quarters Ended September 30	
	2025	2024	2025	2024
INTEREST INCOME ON				
Loans and receivables (Notes 8 and 19)	₱33,997,073	₱32,581,660	₱11,766,700	₱10,956,636
Investment securities at amortized cost and financial assets at FVOCI (Note 7)	13,301,795	12,244,771	4,519,313	4,356,118
Interbank loans receivable and securities held under agreements to resell	3,592,585	3,520,543	1,049,753	1,305,702
Deposits with banks and others (Notes 6 and 19)	754,921	1,363,232	187,659	412,972
Financial assets at FVTPL (Note 7)	720,428	416,830	210,708	126,471
	52,366,802	50,127,036	17,734,133	17,157,899
INTEREST EXPENSE ON				
Deposit liabilities (Notes 14 and 19)	12,008,870	12,290,777	3,840,159	4,212,981
Bonds payable (Notes 14 and 19)	630,264	1,073,653	210,601	344,154
Bills payable and other borrowings (Note 19)	430,859	285,307	152,176	153,647
	13,069,993	13,649,737	4,202,936	4,710,782
NET INTEREST INCOME	39,296,809	36,477,299	13,531,197	12,447,117
Service fees and commission income (Notes 16 and 19)	5,801,293	4,649,631	1,974,412	1,647,511
Service fees and commission expense	1,580,530	1,073,018	572,231	344,892
NET SERVICE FEES AND COMMISSION INCOME	4,220,763	3,576,613	1,402,181	1,302,619
OTHER INCOME				
Net gains on sale or exchange of assets (Notes 9 and 10)	1,898,275	1,168,770	597,990	662,640
Foreign exchange gains - net	1,043,021	911,901	55,300	411,419
Trading and investment securities gains - net (Note 7)	577,041	747,098	127,551	370,964
Equity in net earnings of an associate	356,538	356,523	184,442	114,583
Miscellaneous	382,096	918,079	146,815	202,442
TOTAL OTHER INCOME	4,256,971	4,102,371	1,112,098	1,762,048
TOTAL OPERATING INCOME	47,774,543	44,156,283	16,045,476	15,511,784
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 13)	473,197	3,718,895	131,263	1,649,484
OPERATING EXPENSES				
Compensation and fringe benefits	9,151,684	8,201,763	3,101,110	2,779,812
Taxes and licenses	4,332,208	3,922,390	1,357,752	1,320,095
Depreciation and amortization	2,548,724	2,526,373	850,723	858,208
Occupancy and equipment-related costs	843,830	711,974	260,910	247,257
Miscellaneous (Note 16)	6,765,650	6,311,870	2,428,845	2,164,792
TOTAL OPERATING EXPENSES	23,642,096	21,674,370	7,999,340	7,370,164
INCOME BEFORE INCOME TAX	23,659,250	18,763,018	7,914,873	6,492,136
PROVISION FOR INCOME TAX (Note 17)	5,146,404	3,699,451	1,918,853	1,718,762
NET INCOME	₱18,512,846	₱15,063,567	₱ 5,996,020	₱4,773,374
ATTRIBUTABLE TO:				
Equity Holders of the Parent Company (Note 18)	₱18,417,466	₱14,951,283	₱5,961,303	₱4,735,371
Non-controlling Interests	95,380	112,284	34,717	38,003
NET INCOME	₱18,512,846	₱15,063,567	₱5,996,020	₱4,773,374
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 18)	₱12.07	₱9.80	₱3.91	₱3.10

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 Nine Months Ended September 30		For the Quarters Ended September 30	
	2025	2024	2025	2024
NET INCOME	P18,512,846	P15,063,567	P5,996,020	P4,773,374
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	1,903,996	3,378,438	1,423,544	2,894,275
Share in changes in net unrealized gains on financial assets at FVOCI of an associate	23,393	132,055	91,095	368,123
	1,927,389	3,510,493	1,514,639	3,262,398
Accumulated translation adjustment	217,836	140,250	570,069	(576,586)
	2,145,225	3,650,743	2,084,708	2,685,812
<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		–
Share in the changes in aggregate reserves (losses) on life insurance policies	(42,114)	(48,038)	(19,660)	(158,943)
Remeasurement gains (losses) on retirement plan	665,580	(4,124)	–	17
	915,588	220,938	(19,660)	(158,926)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	3,060,813	3,871,681	2,065,048	2,526,886
TOTAL COMPREHENSIVE INCOME	P21,573,659	P18,935,248	P8,061,068	P7,300,260
ATTRIBUTABLE TO:				
Equity Holders of the Parent Company	P21,457,730	P18,772,580	P7,893,336	P7,403,280
Non-controlling Interests	115,929	162,668	167,732	(103,020)
	P21,573,659	P18,935,248	P8,061,068	P7,300,260

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 Nine Months Ended September 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	₱61,030,594	₱32,116,560	₱4,967,037	₱113,663,851	₱142,134	(₱2,655,218)	₱2,357,844	₱1,189,003	₱21,209	₱13,959	₱212,846,973	₱3,781,968	₱216,628,941
Total comprehensive income (loss) for the period	—	—	—	18,417,466	2,219,511	665,580	197,287	—	(42,114)	—	21,457,730	115,929	21,573,659
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 September 30, 2025	₱61,030,594	₱32,116,560	₱5,170,727	₱127,767,565	₱2,260,596	(₱1,989,638)	₱2,555,131	₱1,189,003	(₱20,905)	₱13,959	₱230,093,592	₱3,894,351	₱233,987,943

For the Nine Months Ended September 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	₱61,030,594	₱32,116,560	₱4,677,930	₱91,979,317	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱248,830	₱24,246	₱13,959	₱187,639,909	₱3,508,745	₱191,148,654
Total comprehensive income (loss) for the period	—	—	—	14,951,283	3,783,593	(4,128)	89,870	—	(48,038)	—	18,772,580	162,668	18,935,248
Dividends by subsidiaries to non- controlling interests	—	—	—	—	—	—	—	—	—	—	—	(3,546)	(3,546)
Reversal of general loan loss reserves under BSP Circular 1011	—	—	68,887	(68,887)	—	—	—	—	—	—	—	—	—
Balance at September 30, 2024	₱61,030,594	₱32,116,560	₱4,746,817	₱106,861,713	₱2,060,940	(₱2,732,670)	₱2,089,538	₱248,830	(₱23,792)	₱13,959	₱206,412,489	₱3,667,867	₱210,080,356

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

	For the Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P23,659,250	P18,763,018
Adjustments for:		
Amortization of discount, net on investment securities	(3,987,795)	(5,399,054)
Depreciation and amortization	2,548,724	2,526,373
Dividends	(4,211,111)	—
Net gains on sale or exchange of assets (Notes 9 and 10)	(1,898,275)	(1,168,770)
Net gains on financial assets at FVTPL (Note 7)	(557,209)	(740,080)
Provision for impairment, credit and other losses (Note 13)	473,197	3,718,895
Equity in net earnings of an associate	(356,538)	(356,523)
Unrealized foreign exchange losses on bonds, bills and acceptances payable	736,503	605,405
Net gains on sale of debt financial assets at FVOCI and investment securities at amortized cost (Note 7)	(19,832)	(7,018)
Amortization of transaction costs on borrowings	10,377	51,319
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Interbank loans receivable	1,037,816	2,556,416
Financial assets at FVTPL	4,471,631	(8,928,899)
Loans and receivables	(43,598,893)	(8,148,123)
Other assets	(2,867,753)	(2,508,315)
Increase (decrease) in:		
Financial liabilities at FVTPL	211,478	508,251
Deposit liabilities	(17,561,242)	22,456,104
Accrued taxes, interest and other expenses	(125,657)	(2,502,963)
Other liabilities	(271,250)	(1,044,635)
Net cash provided by operations	(42,306,579)	20,381,401
Income taxes paid	(3,294,109)	(3,046,272)
Net cash provided by operating activities	(45,600,688)	17,335,129
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturities of:		
Financial assets at FVOCI	453,342,006	588,797,750
Investment securities at amortized cost	15,698,684	32,479,123
Investment properties	2,124,991	856,719
Property and equipment	92,305	163,633
Return of investment from an associate	343,000	122,500
Acquisitions of:		
Financial assets at FVOCI	(444,785,814)	(593,368,681)
Investment securities at amortized cost	(27,977,416)	(18,436,936)
Software cost (Note 11)	(769,245)	(648,992)
Property and equipment (Note 9)	(285,794)	(310,954)
Net cash provided by (used in) investing activities	(2,217,283)	9,654,162
(Forward)		

	For the Nine Months Ended September 30	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlement of bills and acceptances payable (Note 21)	(P184,713,155)	(P137,697,763)
Proceeds from bills and acceptances payable (Note 21)	181,201,721	135,803,711
Settlement of bonds payable (Note 21)	–	(42,180,000)
Settlement of LTNCD (Note 14)	(4,600,000)	(8,220,000)
Payment of principal portion of lease liabilities (Note 21)	(866,543)	(861,776)
Net cash used in financing activities	(8,977,977)	(53,155,828)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(56,795,948)	(26,166,537)
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	14,670,046	15,739,960
Due from Bangko Sentral ng Pilipinas	40,094,831	65,882,704
Due from other banks	21,205,732	19,707,993
Interbank loans receivable (Note 21)	17,756,709	33,354,700
Securities held under agreements to resell	68,768,737	77,604,007
	P162,496,055	P212,289,364
OPERATIONAL CASH FLOWS FROM INTEREST		
Interest received	P47,515,911	P44,030,431
Interest paid	13,064,080	14,154,764

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 September 30, 2025 and December 31, 2024, the shares of PNB are held by the following:

	September 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*	13.55%	14.35%
Other stockholders owning less than 10% each	26.62%	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 635 and 631 domestic branches as of September 30, 2025 and December 31, 2024, respectively. As of the same dates, the Parent Company has 69 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 September 30, 2025 and for the nine months ended September 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 an experienced Senior Management Team who, through the Management Risk Committee (MRC), works closely with the business lines in managing risk. A strong risk culture flows seamlessly 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 and effectively manage risks. 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 largely driven by the day-to-day decisions of these Management Committees, with approvals and notation by the relevant Board Committees.

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

The risk management policy includes:

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

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 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 September 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:

	September 30, 2025				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	P12,238,013	P9,860,811	P2,377,202	P–	P12,238,013
Private debt securities	198,470	198,470	–	–	198,470
Derivative assets	1,567,157	–	1,567,157	–	1,567,157
Equity securities	2,922	2,922	–	–	2,922
Financial assets at FVOCI:					
Government securities	161,451,833	140,723,757	20,728,076	–	161,451,833
Private debt securities	19,611,315	11,002,975	8,608,340	–	19,611,315
Equity securities	27,932,821	170	904,937	27,027,714	27,932,821
	P223,002,531	P161,789,105	P34,185,712	P27,027,714	P223,002,531
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	P1,135,531	P–	P1,135,531	P–	P1,135,531
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	P124,525,953	P69,969,772	P55,062,116	P–	P125,031,888
Receivables from customers**	666,620,797	–	–	706,107,097	706,107,097
	P791,146,750	P69,969,772	P55,062,116	P706,107,097	P831,138,985
Nonfinancial Assets					
Investment property:					
Land***	P12,407,437	P–	P–	P38,085,620	P38,085,620
Buildings and improvements***	4,871,437	–	–	6,196,610	6,196,610
	P17,278,874	P–	P–	P44,282,230	P44,282,230
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	P139,307,366	P–	P–	P139,307,366	P139,307,366
Bonds payable	17,416,866	–	17,751,235	–	17,751,235
Bills payable	12,961,716	–	–	10,871,098	10,871,098
	P169,685,948	P–	P17,751,235	P150,178,464	P167,929,699

* 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 September 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 September 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 Nine Months Ended September 30, 2025 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(P1,547,108)	P23,260,985	P16,894,080	P129,172	P559,680	P39,296,809
Inter-segment	23,729,884	(15,430,970)	(8,298,914)	–	–	–
Net interest margin after inter-segment transactions	22,182,776	7,830,015	8,595,166	129,172	559,680	39,296,809
Other income	4,503,568	2,638,251	1,549,201	1,185,347	181,897	10,058,264
Segment revenue	26,686,344	10,468,266	10,144,367	1,314,519	741,577	49,355,073
Other expenses	12,349,039	1,815,238	1,170,682	810,486	741,577	16,887,022
Segment result	P14,337,305	P8,653,028	P8,973,685	P504,033	P–	32,468,051
Unallocated expenses						8,808,801
Net income before income tax						23,659,250
Income tax						5,146,404
Net income						18,512,846
Non-controlling interests						95,380
Net income for the period attributable to equity holders of the Parent Company						P18,417,466
Other segment information						
Capital expenditures	P366,681	P6,218	P76,832	P19,420	P–	P469,151
Unallocated capital expenditures						585,888
Total capital expenditures						P1,055,039
Depreciation and amortization	P838,713	P325,264	P19,842	P98,689	P–	P1,282,508
Unallocated depreciation and amortization						1,266,216
Total depreciation and amortization						P2,548,724
Provision for (reversal of) impairment, credit and other losses	P1,285,926	(P854,809)	P41,959	P121	P–	P473,197

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

For the Nine Months Ended September 30, 2024 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(P1,752,561)	P22,268,385	P15,880,348	P–	P81,127	P36,477,299
Inter-segment	22,459,043	(12,534,507)	(9,924,536)	–	–	–
Net interest margin after inter-segment transactions	20,706,482	9,733,878	5,955,812	–	81,127	36,477,299
Other income	3,874,694	2,024,522	1,598,479	1,529,841	(275,534)	8,752,002
Segment revenue	24,581,176	11,758,400	7,554,291	1,529,841	(194,407)	45,229,301
Other expenses	10,346,824	6,154,566	1,093,198	791,762	(194,407)	18,191,943
Segment result	P14,234,353	P5,603,834	P6,461,093	P738,079	P–	27,037,359
Unallocated expenses						8,274,339
Net income before income tax						18,763,018
Income tax						3,699,451
Net income						15,063,567
Non-controlling interests						(112,284)
Net income for the period attributable to equity holders of the Parent Company						P14,951,283
Other segment information						
Capital expenditures	P167,766	P42,799	P2,295	P6,317	P–	P219,177
Unallocated capital expenditures						740,769
Total capital expenditures						P959,946
Depreciation and amortization	P773,206	P559,065	P17,093	P110,315	P–	P1,459,679

For the Nine Months Ended September 30, 2024 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Unallocated depreciation and amortization						1,066,694
Total depreciation and amortization						<u>P2,526,373</u>
Provision for (reversal of) impairment, credit and other losses	P103,923	P3,582,830	P3,150	P28,992	P–	P3,718,895

As of September 30, 2025 (Unaudited)						
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	P689,908,954	P381,587,650	P98,783,677	P97,179,280	(P18,325,371)	P1,249,134,190
Segment liabilities	P684,666,535	P305,890,990	P17,266,936	P25,236,616	(P17,914,830)	P1,015,146,247

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	
	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Philippines	P636,364,686	P512,659,841	P981,368,804	P1,004,841,665	P57,042,713	P53,614,874
Asia (excluding Philippines)	10,122,551	14,987,916	30,021,588	32,134,134	–	–
USA and Canada	2,638,279	2,705,244	3,616,242	3,879,385	–	–
United Kingdom	96	645	139,613	126,728	–	–
	P649,125,612	P530,353,646	P1,015,146,247	P1,040,981,912	P57,042,713	P53,614,874

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

	Capital Expenditures		Revenues	
	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Philippines	P1,041,752	P957,394	P59,937,442	P55,834,125
Asia (excluding Philippines)	12,184	734	1,783,521	2,267,743
USA and Canada	1,103	1,818	610,147	683,552
United Kingdom	–	–	93,956	93,618
	P1,055,039	P959,946	P62,425,066	P58,879,038

6. Due from Bangko Sentral ng Pilipinas

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Demand deposit	P40,094,831	P44,628,316
Overnight deposit facility (ODF)	–	10,500,000
	P40,094,831	P55,128,316

For the nine months ended September 30, 2025 and 2024, Due from BSP bears annual interest rates ranging from 4.50% to 6.00% and from 6.00% to 6.60%, respectively.

7. Trading and Investment Securities

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Financial assets at FVTPL	P14,006,562	P17,920,985
Financial assets at FVOCI	208,995,969	211,742,783
Investment securities at amortized cost	124,525,953	112,422,382
	P347,528,484	P342,086,150

7.1 Financial Assets at FVTPL

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Government securities	P12,238,013	P16,181,821
Private debt securities	198,470	649,191
Derivative assets	1,567,157	1,087,107
Equity securities	2,922	2,866
	P14,006,562	P17,920,985

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

	For the Nine Months Ended September 30	
	2025	2024
Government securities	0.7% - 9.3%	0.6% - 8.6%
Private debt securities	2.1% - 9.0%	4.9% - 6.9%

7.2 Financial Assets at FVOCI

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Government securities	₱161,451,833	₱167,824,773
Private debt securities	19,611,315	15,578,200
Equity securities		
Quoted	2,388,365	2,831,277
Unquoted (Note 19)	25,544,456	25,508,533
	₱208,995,969	₱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 September 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 Nine Months Ended September 30	
	2025	2024
Government securities	0.6% - 12.6%	0.6% - 14.9%
Private debt securities	1.4% - 6.9%	0.5% - 6.4%

As of September 30, 2025 and December 31, 2024, net unrealized gains (losses) on financial assets at FVOCI amounted to ₱2.3 billion and ₱0.1 billion, respectively.

7.3 Investment Securities at Amortized Cost

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Government securities	₱110,497,777	₱96,817,380
Private debt securities	14,185,796	15,752,472
	124,683,573	112,569,852
Less allowance for credit losses (Note 13)	157,620	147,470
	₱124,525,953	₱112,422,382

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

	For the Nine Months Ended September 30	
	2025	2024
Government securities	0.8% - 6.3%	0.8% - 7.5%
Private debt securities	2.3% - 8.3%	1.0% - 8.3%

7.4 Interest Income on Investment Securities at Amortized Cost and FVOCI

This account consists of:

	For the Nine Months Ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
Financial assets at FVOCI	₱8,256,452	₱7,416,450
Investment securities at amortized cost	5,045,343	4,828,321
	₱13,301,795	₱12,244,771

7.5 Trading and Investment Securities Gains (Losses) - net

This account consists of:

	For the Nine Months Ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
Financial assets at FVTPL		
Government securities	₱554,643	₱688,659
Private debt securities	2,491	(475)
Equity securities	56	11
Derivatives	19	51,885
Financial assets at FVOCI		
Government securities	10,198	—
Private debt securities	(8,022)	48
Equity securities	—	6,969
Investment securities at amortized cost	17,656	1
	₱577,041	₱747,098

8. Loans and Receivables

This account consists of:

	September 30, 2025	December 31, 2024
	(Unaudited)	(Audited)
Receivables from customers (Note 19):		
Loans and discounts	₱665,472,518	₱627,885,539
Credit card receivables	20,564,962	18,063,885
Customers' liabilities on letters of credit and trust receipts	7,827,550	9,177,471
Customers' liabilities on acceptances	4,381,524	6,126,005
Bills purchased	2,262,436	3,829,665
	700,508,990	665,082,565
Other receivables:		
Accrued interest receivable (Note 19)	9,646,174	8,783,078
Accounts receivable (Note 19)	3,743,306	3,964,379
Sales contract receivables (Note 19)	1,737,513	1,589,298
Miscellaneous	587,185	454,556
	15,714,178	14,791,311
	716,223,168	679,873,876

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Less: Unearned and other deferred income	888,756	845,862
Allowance for credit losses (Note 13)	36,819,425	42,208,389
	P678,514,987	P636,819,625

Included in 'Surplus reserves' is the amount of P4.4 billion and P4.2 billion as of September 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 nine months ended September 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 1.0% to 31.5%, respectively, for peso-denominated receivables.

9. Property and Equipment

For the nine months ended September 30, 2025 and 2024, the Group purchased assets with cost of P0.3 billion. For the same periods, the Group disposed property and equipment with net book value of P54.2 million and P27.8 million, respectively, recognizing gain on sale of P38.1 million and P135.8 million, respectively.

10. Investment Properties

For the nine months ended September 30, 2025, and 2024, the Group foreclosed investment properties amounting to P1.5 billion and P1.3 billion, respectively. For the same periods, the Group disposed investment properties with net book value of P511.8 million and P192.7 million, recognizing gain on sale of P1.6 billion and P664.0 million, respectively.

11. Goodwill and Intangible Assets

11.1 Software Costs

For the nine months ended September 30, 2025 and 2024, the Group purchased software with cost of P0.8 billion and P0.6 billion, respectively.

11.2 Goodwill

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

Retail Banking	P6,110,312
Treasury	2,038,163
Corporate Banking	2,036,368
	P10,184,843

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 September 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:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Financial		
Fund for electronic money products	P400,000	P400,000
Returned checks and other cash items	145,347	25,003
Security deposits (Note 19)	21,389	19,662
Miscellaneous	2,944	2,808
	569,680	447,473
Nonfinancial		
Deferred charges (Note 19)	5,203,762	3,969,199
Creditable withholding taxes	2,080,679	1,467,670
Prepaid expenses	553,191	474,397
Documentary stamps on hand	383,620	406,790
Retirement assets	302,797	302,797
Real estate inventories held under development	395,435	521,114
Chattel mortgage properties - net of depreciation	118,846	75,432
Stationeries and supplies	101,070	81,937
Other investments	26,791	26,842
Miscellaneous	1,220,443	1,427,061
	10,386,634	8,753,239
	10,956,314	9,200,712
Less allowance for credit and impairment losses (Note 13)	1,053,106	1,050,083
	P9,903,208	P8,150,629

12.2 Other Liabilities

This account consists of:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Financial		
Accounts payable	P2,638,907	P3,714,056
Dividends payable	2,105,555	—
Bills purchased - contra	1,467,082	3,196,612
Due to other banks (Note 19)	1,295,989	2,038,261
Dormant credits	1,489,822	1,700,209
Manager's checks and demand drafts outstanding	2,127,656	1,383,750
Accounts payable - electronic money	711,279	759,059
Payment order payable	182,565	180,883
Deposits on lease contracts (Note 19)	73,192	72,975
Transmission liability	51,999	48,612
Margin deposits and cash letters of credit	25,824	27,719
Deposit for keys on safety deposit boxes	15,439	15,639
	12,185,309	13,137,775

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Nonfinancial		
Due to Treasurer of the Philippines	1,689,287	1,431,240
Provisions	896,429	878,874
Deferred revenue - Credit card-related	623,183	598,593
Withholding tax payable	382,689	473,641
Deferred revenue - Bancassurance	279,431	322,031
Deferred tax liabilities	168,235	167,524
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	73,755	65,404
Retirement benefit liability	59,673	9,455
Miscellaneous	1,091,058	1,021,519
	5,263,740	4,968,281
	P17,449,049	P18,106,056

'Dividends Payable' pertains to the recognition of cash dividends of P1.38 per share from the second tranche of dividends declared in February 2025 which were paid on October 1, 2025 (see Note 15.1).

13. Allowance for Impairment, Credit and Other Losses

Movements in this account follow:

	September 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	473,197	2,386,116
Accounts charged-off	(6,550,235)	(2,977,647)
Transfers and others	1,065,711	575,073
	(5,011,327)	(16,458)
Balance at end of period:		
Due from other banks	7,737	4,744
Interbank loans receivable (Note 21)	4,926	6,138
Securities held under agreements to resell	41,381	46,240
Financial assets at FVOCI	107,877	68,923
Investment securities at amortized cost (Note 7)	157,621	147,470
Loans and receivables (Note 8)	36,819,425	42,208,389
Property and equipment	1,119,315	1,124,779
Investment properties	2,954,150	2,620,097
Other assets (Note 12)	1,053,106	1,050,083
	P42,265,538	P47,276,863

14. Financial Liabilities

14.1 Deposit Liabilities

As of September 30, 2025, and December 31, 2024, noninterest bearing deposit liabilities amounted to ₱28.2 billion and ₱26.8 billion, respectively. For the nine months ended September 30, 2025, and 2024, the remaining deposit liabilities of the Group generally bear annual fixed interest rates ranging from 0.1% to 6.3% and 0.1% to 6.1%, respectively, for peso-denominated deposit liabilities, and from 0.01% to 5.0% 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	
					September 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 Nine Months Ended September 30	
	2025 (Unaudited)	2024 (Unaudited)
Savings	₱6,948,299	₱7,185,964
Time	4,822,617	4,473,266
Demand	180,822	474,111
LTNCD	57,132	157,436
	₱12,008,870	₱12,290,777

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	September 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	₱17,416,866	₱17,304,421

As of September 30, 2025, and December 31, 2024, the unamortized transaction costs of bonds payable amounted to ₱41.8 million and ₱49.1, respectively. For the nine months ended September 30, 2025 and 2024, amortization of transaction costs amounting to ₱7.3 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 September 30, 2025 and December 31, 2024, the Parent Company had 35,630 and 35,918 stockholders, respectively.

On February 28, 2025, the Board of Directors approved the declaration of cash dividends in the amount of ₱2.76 per Common Share, to be taken out of the Bank's Unrestricted Retained Earnings as of December 31, 2024, to be paid as follows:

	Amount per Common Share	Record Date	Payment Date
First Tranche	₱1.38	March 14, 2025	April 2, 2025
Second Tranche	₱1.38	September 15, 2025	October 1, 2025

15.2 Surplus Reserves

This account consists of:

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

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Consolidated		
a) CET1 Capital/Tier 1 Capital	₱177,204,922	₱159,087,364
b) Total Qualifying Capital	184,693,170	166,432,551
c) Total Risk-Weighted Assets	888,384,262	828,154,132
CET 1 Ratio/Tier 1 Ratio (a/c)	19.95%	19.21%
Total CAR (b/c)	20.79%	20.10%
Parent Company		
d) CET1 Capital/Tier 1 Capital	₱153,715,616	₱136,470,638
e) Total Qualifying Capital	160,966,998	143,600,795
f) Total Risk-Weighted Assets	861,512,568	801,791,184
CET 1 Ratio/Tier 1 Ratio (d/f)	17.84%	17.02%
Total CAR (e/f)	18.68%	17.91%

16. Other Operating Income and Expenses

16.1 Service Fees and Commission Income

This account consists of:

	For the Nine Months Ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
Deposit-related	₱1,941,671	₱1,418,257
Loan-related	906,978	1,004,201
Credit card-related	737,643	837,076
Bancassurance	448,037	258,708
Remittance	360,654	502,894
Trust fees	308,627	281,561
Miscellaneous	1,097,683	346,934
	₱5,801,293	₱4,649,631

16.2 Miscellaneous Expenses

This account consists of:

	For the Nine Months Ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
Secretarial, janitorial and messengerial	₱1,557,681	₱1,444,448
Insurance	1,511,957	1,459,939
Information technology	895,824	697,623
Marketing	889,570	1,118,481
Litigation and assets acquired	464,403	329,820
Travelling	343,073	335,835
Stationery and supplies	226,030	214,292
Management and other professional fees	173,618	175,862
Postage, telephone and cable	121,558	106,185
Entertainment, amusement and recreation	108,512	124,248
Common use service area charges	94,249	98,596
Repairs and maintenance	28,674	34,278
Freight	14,829	20,615
Fuel and lubricants	8,820	8,636
Others	326,852	143,012
	₱6,765,650	₱6,311,870

17. Income Taxes

Provision for income tax consists of:

	For the Nine Months Ended September 30	
	2025 (Unaudited)	2024 (Unaudited)
Current		
Regular	P715,905	P1,448,089
Final	3,243,507	2,976,253
	3,959,412	4,424,342
Deferred	1,186,992	(724,891)
	P5,146,404	P3,699,451

As of September 30, 2025 and September 30, 2024, the Group recognized deferred tax assets amounting to P6.8 billion and P7.7 billion, respectively, coming mainly from deferred tax assets on allowance for impairment and credit losses.

18. Earnings Per Share

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

	For the Nine Months Ended September 30	
	2025 (Unaudited)	2024 (Unaudited)
a) Net income attributable to equity holders of the Parent Company	P18,417,466	P14,951,283
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)	P12.07	P9.80

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 September 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	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
Receivables from customer	P-	P-	P15,000,000	P-	P50,840,857	P43,455,926	P-	P-	P-	P-
Credit facilities	-	-	15,456,257	11,293,839	44,989,410	92,058,444	90,000	120,000	-	-
Sales contract receivable	-	-	-	-	44,989,410	734	-	-	-	-
Financial assets at FVOCI	-	-	-	-	53,040	26,687,751	-	-	-	-
Interbank loans receivable	-	-	130,987	3,015	-	-	-	-	-	-
Due from other banks	-	-	134,693	197,801	-	-	-	-	-	-

	Significant Investors		Subsidiaries		Other Related Parties		Associate		Key Management Personnel	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
Loans to officers	—	—	—	—	—	—	—	—	150,146	162,370
Accounts receivable	—	—	44,916	36,152	411,931	116,760	—	—	—	—
Accrued interest receivable	—	—	288	2	—	175,958	—	—	205	399
Sales Contract Receivable	—	—	—	—	—	—	—	—	5,526	1,359
Right-of-use assets	—	—	—	—	2,856,291	2,959,837	—	—	—	—
Accumulated depreciation of right-of-use assets	—	—	—	—	1,285,371	1,236,440	—	—	—	—
Security deposit	—	—	—	—	175,513	175,513	—	—	—	—
Deposit liabilities	12,237,213	3,054,420	6,631,852	4,230,583	45,317,346	49,367,453	730,448	881,014	1,193,071	910,771
Accrued interest payable	32,287	8,729	24,614	30,733	161,644	162,221	10	2	1,813	1,227
Accrued other expenses	—	—	—	—	366,472	655,134	—	—	—	—
Lease liabilities	—	—	—	—	1,579,226	1,920,896	—	—	—	—
Rental deposits	—	—	—	—	—	—	—	27	—	—
Deferred revenues	—	—	—	—	35,278	37,778	420,894	322,031	—	—
Due to other banks	—	—	7,825	13,880	—	—	—	—	—	—

Significant related party transactions of the Group for the nine months ended September 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	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Interest income	P=	P=	P3,052	P1,274	P1,997,199	P2,158,125	P=	P=	P6,934	P=
Interest expense	313,345	94,365	132,954	154,005	1,206,944	1,337,589	6,486	796	10,277	—
Miscellaneous other income	—	—	2,447	2,438	—	—	—	—	—	—
Miscellaneous expenses	—	—	—	28,897	147,234	11,835,914	—	—	—	—
Purchases of securities	—	—	1,789	929,958	11,955,591	6,349,986	—	—	—	—
Sale of securities	—	—	2,883,219	130	26,896,558	8,037	—	—	—	—
Trading gains (losses)	—	—	—	—	23,253	279,312	—	—	—	—
Service fee income	—	—	—	—	—	—	54,899	54,899	—	—

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 third 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:

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Interbank loans receivable	P19,649,372	P22,793,332
Less: Allowance for credit losses	4,926	6,138
	19,644,446	22,787,194
Less: Interbank loans receivable not considered as cash and cash equivalents	1,887,737	2,925,553
	P17,756,709	P19,861,641

21.2 Cash Flows from Financing Activities

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

	September 30, 2025 (Unaudited)			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	P20,208,451	(P3,511,433)	P633,205	P17,330,223
Bonds payable	17,304,421	–	112,445	17,416,866
Lease liabilities	3,808,997	(866,543)	482,427	3,424,881
	P41,321,869	(P4,377,976)	P1,228,077	P38,171,970

	September 30, 2024 (Unaudited)			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	P20,162,603	(P1,894,052)	(P45,731)	P18,222,820
Bonds payable	41,490,871	(42,180,000)	689,129	–
Lease liabilities	3,832,884	(861,776)	667,602	3,638,710
	P65,486,358	(P44,935,828)	P1,311,000	P21,861,530

21.3 Non-Cash Transactions

For the nine months ended September 30, 2025 and 2024, additions to right-of-use assets amounted P0.7 billion, while additional lease liabilities amounted to P0.6 billion.

For the nine months ended September 30, 2025 and 2024, the Group foreclosed investment properties amounting to P1.5 billion and P1.3 billion, respectively.

For the nine months ended September 30, 2025 and 2024, the Group applied creditable withholding taxes against its income tax payable amounting to P0.5 billion and P0.6 billion, respectively

22. Subsequent Events

None.

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

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

	September 30, 2025 (Unaudited)	December 31, 2024 (Audited)
Trust department accounts	P228,600,391	P190,585,195
Derivative forwards	181,506,288	132,737,169
Standby letters of credit	101,005,371	77,763,321
Unutilized credit card lines	54,478,786	51,886,113
Deficiency claims receivable	29,507,081	27,250,819
Derivative spots	8,614,714	22,847,762
Inward bills for collection	2,234,468	1,019,948
Outward bills for collection	313,714	210,031
Unused commercial letters of credit	150,519	353,457
Confirmed export letters of credit	107,372	100,940
Items held as collateral	16,990	23,101
Shipping guarantees issued	13,539	21,284
Other contingent accounts	2,952	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 other than those discussed in Note 15; and
- material events subsequent to September 30, 2025.

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):

	September 30, 2025
Current Accounts	P655,350,616
Past Due:	
Less than 30 days	4,757,194
31 to 90 days	3,519,416
91 to 180 days	1,697,382
More than 180 days	35,184,382
Loans Receivables, gross	700,508,990
Less:	
Unearned and other deferred income	(888,756)
Allowance for credit losses	(32,999,437)
Loans Receivables, net	P666,620,797