COVER SHEET

A S O 9 6 - 0 0 5 5 5 5

S.E.C. Registration Number

P H I L I P P I N E N A T I O N A L B A N K

Company's Full Name)

9 t h F l o o r P N B F i n a n c i a l C e n t e r

M a c a p a g a l B l v d . , P a s a y C i t y

M e t r o M a n i l a

(Business Address: No. Street City/Town/ Province)

RUTH PAMELA E. TANGHAL
Corporate Secretary
Contact Person

8834-0780
Company Telephone Number

1 2 3 1
Month *Day*
Fiscal Year

DEFINITIVE INFORMATION STATEMENT
FORM TYPE

April 30
Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

2.	Name of Registrant as specified in its charter	:	PHILIPPINE NATIONAL BANK
3.	Province, country or other jurisdiction of incorporation or organization	:	Metro Manila, Philippines
4.	SEC Identification Number	:	ASO96-005555
5.	BIR Tax Identification Number	:	000-188-209-000
6.	Address of principal office	:	PNB Financial Center President Diosdado Macapagal Blvd. Pasay City, Metro Manila, 1300
7.	Registrant's telephone number, including area code	:	(632) 8526-3131 loc. 4582 (Office of the Corporate Secretary)
8.	Date of meeting Time of meeting Place of meeting	: : :	April 29, 2025 8:00 a.m. The 2025 PNB Stockholders' Meeting will be conducted through remote communication. The livestreaming link will be provided via email to registered Stockholders.
9.	Approximate date on which the Information Statement is first to be sent or given to security holders	:	April 1, 2025

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate Registrant):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
COMMON SHARES	1,525,764,850

11. Are any or all Registrant's securities listed in a Stock Exchange?

Yes [√] No [ ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein : **PHILIPPINE STOCK EXCHANGE/ COMMON STOCK**

PNB

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Meeting of the Stockholders of the Philippine National Bank (the "Bank") will be conducted through remote communication on April 29, 2025, Tuesday, at 8:00 a.m.

The Agenda for the Meeting is as follows:

1. Call to Order;
2. Secretary's Proof of Notice and Quorum;
3. Approval of the Minutes of the 2024 Annual Stockholders' Meeting held on April 30, 2024;
4. Report of the President on the Results of Operations for the Year 2024;
5. Approval of the 2024 Annual Report;
6. Approval of the Amendment of Section 5.8, Article V of the Bank's By-Laws;
7. Ratification of All Legal Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since the 2024 Annual Stockholders' Meeting;
8. Election of Directors;
9. Appointment of External Auditor;
10. Other Matters; and
11. Adjournment.

The details and rationale of each item of the Agenda is attached as Annex "A" of the Information Statement.

Stockholders of record as of March 31, 2025 shall be entitled to attend, and to vote at, the meeting.

The Bank will conduct its Annual Stockholders' Meeting through remote communication. Stockholders who wish to attend the meeting or vote through remote communication should register using the PNB ASM Registration Portal provided at www.pnb.com.ph/asm2025 on or before April 22, 2025. The requirements and procedure for registration, participation and voting through remote communication are set out in Annex "B" of the Information Statement and published in PNB's website at www.pnb.com.ph/asm2025. There will be an audio and visual recording of the meeting.

Stockholders who are unable to attend the meeting may designate their authorized representative by submitting a signed proxy form via email to pnb_asm@pnb.com.ph no later than 5:00 p.m. on April 24, 2025. A sample proxy form may be downloaded at www.pnb.com.ph/asm2025. Validation of proxies will be on April 24, 2025 at 5:30 p.m.

Stockholders of record may send their queries and comments to pnb_asm@pnb.com.ph on or before April 25, 2025.

Copies of the Notice of the Meeting, Definitive Information Statement, Management Report and Financial Statements ("Documents") may be viewed and downloaded from the Bank's website at https://www.pnb.com.ph/2025DIS. Alternatively, the Documents may also be viewed at, and downloaded from its PSE EDGE profile, at https://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=139.

RUTH PAMELA E. TANGHAL
Corporate Secretary

SEC FORM 20-IS

INFORMATION STATEMENT
PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

A. GENERAL INFORMATION

Item 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

(a) The Annual Stockholders' Meeting of the Philippine National Bank (hereafter "PNB" or the "Bank") will be conducted through remote communication on April 29, 2025, Tuesday, at 8:00 a.m.

The Bank's complete address is PNB Financial Center, President Diosdado Macapagal Blvd., Pasay City, Metro Manila, Philippines.

(b) The Notice of Meeting and the Definitive Information Statement may be accessed by qualified stockholders not later than April 1, 2025.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE NOT BEING REQUESTED TO SEND US A PROXY AT THIS TIME.

Item 2. DISSENTER'S RIGHT OF APPRAISAL

(a) Title X – Section 80 of the Revised Corporation Code of the Philippines allows a stockholder to exercise his right to dissent and demand payment of the fair value of his shares in certain instances, to wit: (1) in case an amendment to the Articles of Incorporation will change or restrict the rights of such stockholder or class of shares, or authorize preferences in any respect superior to those of outstanding shares of any class or otherwise extend or shorten the term of the company; (2) in case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the company's properties and assets; or (3) in cases of merger or consolidation; or (4) in case of investment of corporate funds for any purpose other than the primary purpose of the company.

(b) None of the proposed corporate actions to be submitted to the stockholders for approval constitutes a ground for the exercise of the stockholder's appraisal right.

Item 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

(a) No person who has been a director of the Bank from the beginning of fiscal year 2024, or any associate of the foregoing, has any interest in any matter to be acted upon in the meeting other than election to office.

(b) The Bank has not received any information from a director that he/she intends to oppose any matter to be acted upon in the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

(a) The total number of Common Shares outstanding as of February 28, 2025 is 1,525,764,850 with a par value of ₱40.00 per share. Total foreign equity ownership as of February 28, 2025 is 21,090,348 Common Shares or 1.38% of total outstanding capital stock.

Pursuant to Article IV, Section 4.9 of the Bank's By-Laws, every stockholder shall be entitled to one (1) vote for each share of common stock in his name in the books of the Bank as of March 31, 2025 (the "Record Date").

With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit, provided the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

Pursuant to Sections 23 and 57 of the Revised Corporation Code, the PNB Board of Directors approved on January 24, 2025, the participation and voting at the 2025 Annual Stockholders' Meeting through remote communication. The requirements and procedure for registration, participation and voting through remote communication are provided in this Information Statement and published in PNB's website at www.pnb.com.ph/asm2025.

(b) Stockholders of the Bank as of the Record Date shall be entitled to notice of, and to vote at, the Annual Stockholders' Meeting.

(c) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners (*more than 5% of any class of voting securities as of February 28, 2025)*

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Ownership
All Seasons Realty Corp. - Makati City - 10,005,866 shares Stockholder	Majority-Owned and Controlled by LT Group, Inc.	Filipino	912,811,179	59.8264653298
Allmark Holdings Corp. - Makati City – 20,724,567 shares Stockholder		Filipino		
Caravan Holdings Corporation - Marikina City - 82,017,184 shares Stockholder		Filipino		

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Percentage of Ownership
Donfar Management Limited - Makati City - 30,747,898 shares Stockholder	Majority-Owned and Controlled by LT Group, Inc.	Filipino		
Dunmore Development Corp. (X-496) - Pasig City - 15,140,723 shares Stockholder		Filipino		
Dynaworld Holdings, Inc. - Marikina City - 11,387,569 shares Stockholder		Filipino		
Fast Return Enterprises, Ltd. - Makati City - 18,157,183 shares Stockholder		Filipino		
Fil-Care Holdings, Inc. - Quezon City - 25,450,962 shares Stockholder		Filipino		
Fragile Touch Investment, Ltd. - Makati City - 22,696,137 shares Stockholder		Filipino		
Ivory Holdings, Inc. - Makati City - 20,761,731 shares Stockholder		Filipino		
Kenrock Holdings, Corp. - Makati City - 26,018,279 shares Stockholder		Filipino		

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Ownership
Kentwood Development Corp. - Quezon City - 17,237,017 shares Stockholder	Majority-Owned and Controlled by LT Group, Inc.	Filipino		
Key Landmark Investments Ltd. - Makati City - 133,277,924 shares Stockholder		Filipino		
La Vida Development Corp. - Quezon City - 19,607,334 shares Stockholder		Filipino		
Leadway Holdings, Inc. - Pasig City - 65,310,444 shares Stockholder		Filipino		
Mavelstone International Limited - Makati City - 29,575,168 shares Stockholder		Filipino		
Merit Holdings & Equities Corp. - Quezon City - 17,385,520 shares Stockholder		Filipino		
Multiple Star Holdings Corp. - Makati City - 30,798,151 shares Stockholder		Filipino		
Pioneer Holdings Equities, Inc. - Pasig City - 34,254,212 shares Stockholder		Filipino		

Name & Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Ownership
Profound Holdings, Inc. - Makati City - 18,242,251 shares Stockholder	Majority-Owned and Controlled by LT Group, Inc.	Filipino		
Purple Crystal Holdings, Inc. - Manila City - 24,404,724 shares Stockholder		Filipino		
Safeway Holdings & Equities, Inc. - Quezon City - 12,048,843 shares Stockholder		Filipino		
Society Holdings Corp. - Quezon City - 17,298,825 shares Stockholder		Filipino		
Solar Holdings Corporation - Pasig City - 82,017,184 shares Stockholder		Filipino		
Total Holdings Corporation - Pasig City - 15,995,011 shares Stockholder		Filipino		
True Success Profits Limited - Makati City - 82,017,184 shares Stockholder		Filipino		
Uttermost Success Limited - Makati City – 30,233,288 shares Stockholder		Filipino		

The right to vote or direct the voting of the Bank's shares held by the foregoing stockholders is lodged in their respective Boards of Directors. The Bank expects to receive from the abovenamed companies

their proxy for the 2025 meeting no later than April 24, 2025, appointing any one (1) of Mr. Lucio C. Tan or Mr. Harry Tan or Ms. Juanita Tan Lee as the authorized proxies/attorneys-in-fact.

(2) Security Ownership of Management (Individual Directors and Executive Officers as of February 28, 2025)

The ownership of the Bank's incumbent Directors and Executive Officers are as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Common	Edgar A. Cua Chairman/Independent Director	100 shares (Direct) ₱4,000.00	Filipino	0.0000065541
Common	Lucio C. Tan III Vice Chairman/Director	300 shares (Direct) ₱12,000.00	Filipino	0.0000196623
Common	Felix Enrico R. Alfiler Director	5 shares (Indirect) ₱200.00	Filipino	0.0000003277
Common	Florido P. Casuela Director/President	162 shares (Indirect) ₱6,480.00	Filipino	0.0000106176
Common	Chester Y. Luy Director	10 shares (Indirect) ₱400.00	Filipino	0.0000006554
Common	Estelito P. Mendoza (+) Director	1,150 shares (Indirect) ₱46,000.00	Filipino	0.0000753720
Common	Geocel D. Olanday Independent Director	1 share (Indirect) ₱40.00	Filipino	0.0000000655
Common	Isabelita M. Papa Independent Director	1 share (Indirect) ₱40.00	Filipino	0.0000000655
Common	Sheila T. Pascual Director	100 shares (Direct) 10 (Indirect) ₱4,400.00	Filipino	0.0000072095
Common	Wilfrido E. Sanchez Director	1 share (Indirect) ₱40.00	Filipino	0.0000000655
Common	Eusebio V. Tan Director	10 shares (Indirect) ₱400.00	Filipino	0.0000006554
Common	Michael G. Tan Director	62,000 shares (Indirect) 250 shares (Direct) ₱2,490,000.00	Filipino	0.0040799210
Common	Vivienne K. Tan Director	10 shares (Indirect) ₱400.00	Filipino	0.0000006554
Common	Maria Almasara Cyd N. Tuaño-Amador Independent Director	1 share (Indirect) ₱40.00	Filipino	0.0000000655
Common	Domingo H. Yap Independent Director	1 share (Indirect) ₱40.00	Filipino	0.0000000655
Sub-total		64,112 shares (Direct and Indirect) ₱2,564,480.00		0.0042019581
Common	All Directors & Executive Officers as a Group	126,719 shares (Direct and Indirect) ₱5,068,760.00		0.0083052772

The ownerships in the Bank of Ms. Judith V. Lopez, Ms. Marcia T. Uy, Mr. Cesar L. Villanueva and Mr. Edwin R. Bautista, nominated Independent Directors and Directors of the Bank for 2025 – 2026, are as follows:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Common	Judith V. Lopez Nominee Independent Director	5 shares (Indirect) ₱200.00	Filipino	0.0000003277
Common	Marcia T. Uy Nominee Independent Director	5 shares (Indirect) ₱200.00	Filipino	0.0000003277
Common	Cesar L. Villanueva Nominee Director	5 shares (Indirect) ₱200.00	Filipino	0.0000003277
Common	Edwin R. Bautista Nominee Director	1,000 shares (Indirect) ₱40,000.00	Filipino	0.0000655409

(3) Voting Trust Holders of 5% or More

There are no voting trust holders of 5% or more of the Bank's shares.

(4) Changes in Control

There has been no change in control of the Bank during the fiscal year 2024.

Item 5. DIRECTORS AND EXECUTIVE OFFICERS

(a) <u>Directors and Executive Officers</u>

On April 30, 2024, the Bank reported to the Bangko Sentral ng Pilipinas (BSP) the election of fifteen (15) members of the Board of Directors at the 2024 Annual Stockholders' Meeting. Ms. Maria Almasara Cyd N. Tuaño-Amador, Mr. Edgar A. Cua, Ms. Isabelita M. Papa, Mr. Protacio T. Tacandong and Mr. Domingo H. Yap were elected as independent directors.

As defined in Section 38.2 of the 2015 Implementing Rules and Regulations of the Securities and Regulation Code (Republic Act No. 8799) (IRR of the SRC), an independent director refers to a person who, apart from his fees and shareholdings, is independent of Management and free from any business or other relationship which could or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company.

The re-election of the following directors of PNB for the year 2024-2025 was exempted from confirmation by the Monetary Board (MB):

Edgar A. Cua
Lucio C. Tan III
Felix Enrico R. Alfiler
Florido P. Casuela
Chester Y. Luy
Estelito P. Mendoza
Isabelita M. Papa
Sheila T. Pascual
Wilfrido E. Sanchez
Eusebio V. Tan
Michael G. Tan
Vivienne K. Tan
Maria Almasara Cyd N. Tuaño-Amador
Domingo H. Yap

During the year, Mr. Tacandong resigned as an Independent Director of the Bank effective August 30, 2024. To serve the unexpired term of Mr. Tacandong, the Board approved the election of Mr. Geocel D. Olanday as an Independent Director of the Bank effective October 11, 2024. On

January 30, 2025, the MB, in its Resolution No. 115, confirmed the election of Mr. Olanday as an Independent Director of the Bank.

The Bank's Corporate Governance and Sustainability Committee, acting as the Nomination and Remuneration Committee, considered the shortlist of candidates nominated to sit as members of the Board of Directors for 2025-2026 according to the prescribed qualifications and disqualifications. A total of fifteen (15) nominees were considered. On February 28, 2025, the Board of Directors confirmed the nomination of the following individuals for election to the Board of Directors for the year 2025–2026:

1. Florido P. Casuela;
2. Edgar A. Cua;
3. Judith V. Lopez;
4. Chester Y. Luy;
5. Geocel D. Olanday;
6. Isabelita M. Papa;
7. Sheila T. Pascual;
8. Wilfrido E. Sanchez;
9. Eusebio V. Tan;
10. Lucio C. Tan III;
11. Michael G. Tan;
12. Vivienne K. Tan;
13. Maria Almasara Cyd N. Tuaño-Amador;
14. Marcia T. Uy; and
15. Cesar L. Villanueva.

Subsequently, however, Mr. Florido P. Casuela resigned as Director and President of the Bank effective April 29, 2025, as he expressed his intention to take on a less active role in the Bank and focus on his personal businesses. For the same reasons, Mr. Casuela likewise withdrew his acceptance to be nominated as Director of the Bank for the year 2025-2026 which, thereby, created a vacancy in the nominees to the Board of Directors for the year 2025-2026. As such, after discussion, the Bank's Corporate Governance and Sustainability Committee, acting as the Nomination and Remuneration Committee, endorsed Mr. Edwin R. Bautista as a nominee for the position of the Bank's Director for the year 2025-2026 in lieu of Mr. Florido P. Casuela. In its Special Board Meeting held on March 26, 2025, the Board of Directors confirmed the nomination of Mr. Edwin R. Bautista for election to the Board of Directors for the year 2025-2026 in lieu of Mr. Florido P. Casuela.

In view of the foregoing, the following is the final list of nominees for directorship for the year 2025-2026 to be submitted to the stockholders for election at the 2025 ASM:

1. Edwin R. Bautista;
2. Edgar A. Cua;
3. Judith V. Lopez;
4. Chester Y. Luy;
5. Geocel D. Olanday;
6. Isabelita M. Papa;
7. Sheila T. Pascual;
8. Wilfrido E. Sanchez;
9. Eusebio V. Tan;
10. Lucio C. Tan III;
11. Michael G. Tan;
12. Vivienne K. Tan;
13. Maria Almasara Cyd N. Tuaño-Amador;
14. Marcia T. Uy; and
15. Cesar L. Villanueva.

The aforementioned nominees were approved and confirmed by the Corporate Governance and Sustainability Committee, in compliance with the Manual of Regulations for Banks (MORB) of the BSP on the qualifications of a director and in accordance with the procedure for the nomination and

election of independent directors set forth in Rule 38 of the IRR of the SRC and Securities and Exchange Commission (SEC) Memorandum Circular (MC) No. 19, Series of 2016, Code of Corporate Governance for Publicly-Listed Companies ("SEC MC No. 19, Series of 2016").

Ms. Judith V. Lopez, Mr. Geocel D. Olanday, Ms. Isabelita M. Papa, Ms. Maria Almasara Cyd N. Tuaño-Amador and Ms. Marcia T. Uy were nominated as independent directors. After due evaluation, the Corporate Governance and Sustainability Committee certified that said nominees are qualified in accordance with the MORB and Rule 38 of the IRR of the SRC. All of the nominees for independent director were nominated by Ms. Ruth Pamela E. Tanghal to comply with the requirements on independent directors. None of the nominees are related to Ms. Tanghal.

All nominations are compliant with SEC MC No. 4, Series of 2017 and Recommendation 5.3 of SEC MC No. 19, Series of 2016 on the term limits of independent directors. The Certificates of Qualification of the independent directors pursuant to SEC MC No. 5, Series of 2017 will be submitted by the Bank to the SEC before the election of the independent directors.

Below are the profiles of the incumbent directors and officers of the Bank and the nominees for directorship, which address the requirements of Section 49 of the Revised Corporation Code for the presentation of the profiles of the directors and the directors nominated or seeking election or re-election:

Profile of Directors and Executive Officers together with their Business Experience covering at least the Past Five (5) Years

Name	**EDGAR A. CUA**
Age	69
Nationality	Filipino
Education	* Bachelor of Arts in Economics degree (Honors Program) from the Ateneo de Manila University * Master of Arts in Economics degree from the University of Southern California * Master of Planning Urban and Regional Environment degree from the University of Southern California * Advanced Chinese from the Beijing Language and Culture University * Sustainable Development Training Program, Cambridge University
Current Position in the Bank	* Chairman/Independent Director
Date of First Appointment	* May 31, 2016 (Independent Director) * April 25, 2023 (Chairman of the Board)
Directorship in Other Listed Companies	* None
Other Current Positions	* Chairman/Independent Director of Allied Integrated Holdings, Inc. (*formerly PNB Savings Bank*) * Vice Chairman/Independent Director of PNB Capital and Investment Corporation * Independent Director of PNB-Mizuho Leasing and Finance Corp., PNB-Mizuho Equipment Rentals Corporation, PNB International Investments Corporation, and PNB Remittance Company (Canada) * Director of Davao Unicar Corporation * Advisor of Peking University Alumni Association of the Philippines, Inc.
Previous Positions	* Independent Director of Allied Commercial Bank, Xiamen * Vice Chairman/Director of PNB Savings Bank * Held various managerial and staff positions at the Asian Development Bank (ADB) during a 30-year professional career. * Retired in 2015 as Senior Advisor, East Asia Department of the Asian Development Bank (ADB), based in ADB's Resident Mission in Beijing, People's Republic of China (PRC). Other managerial positions in ADB included Deputy Director General, East Asia Department, Country Director, ADB Resident Mission in Indonesia and Deputy Country Director, ADB Resident Mission in PRC. * Staff Consultant, SGV & Co.

Name	**LUCIO C. TAN III**
Age	32
Nationality	Filipino
Education	* Bachelor of Science in Electrical Engineering, Stanford University * Master of Science, Major in Computer Science, Stanford University
Current Position in the Bank	* Director
Date of First Appointment	* April 27, 2021 (Director) * April 30, 2024 (Vice Chairman)
Directorship in Other Listed Companies	* President and Chief Operating Officer of LT Group, Inc. * President and Chief Operating Officer of PAL Holdings, Inc. * Director of MacroAsia Corporation
Other Current Positions	* Director of PNB Holdings Corporation, Philippine Airlines, Inc., Air Philippines Corporation, Lufthansa Technik Philippines, MacroAsia Airport Services Corporation, MacroAsia Catering Services Inc., MacroAsia SATS Food Industries, MacroAsia SATS Inflight Services Corporation, Prior Holdings Corporation, Belton Communities, Inc., Eton City, Inc., First Homes, Inc., ALI Eton Property Development Corporation, Dominium Realty and Construction Corporation, Fortune Tobacco Corporation, REM Development Corp., Shareholdings, Inc., Sipalay Trading Corporation, Qualisure Holdings, Inc., Asia's Merging Dragon Corporation, PMFTC Inc., and Fortune Landequities and Resources, Inc. * Director and President of Dunman Holdings Corporation, Tanduay Brands International, Inc., and Sabre Travel Network (Philippines) Inc. * Director and President of Tanduay Distillers, Inc. * Director of Dunmore Development Corporation * Member of Stanford Tau Beta Pi Engineering Honor Society
Other Previous Position/s	* Vice Chairman/Director/COO of LT Group, Inc. * Director of Victorias Milling Company, Inc., Allied Club, Inc., Asia Cancer Center, Inc., Kaizer Chemical Industries, Inc., and Silangan Holdings, Incorporated * Director/Vice President of PAL Holdings, Inc. * President and COO of Tanduay Distillers, Inc.
Awards/Citations	* Stanford University Frederick E. Terman Award (2015), award given to engineering seniors who are at the top 5% of their class * Stanford University Tau Beta Pi Engineering Honor Society (2013), honor given to engineering juniors/seniors who are at the top 1/8 of their class * Stanford University President's Award for Academic Excellence Freshmen Year (2012), award given to freshmen who are at the top 3% of their class * Young Presidents' Organization (Local and International Chapters)

Name	**FELIX ENRICO R. ALFILER**
Age	75
Nationality	Filipino
Education	* Bachelor of Science and Masters in Statistics from the University of the Philippines
Current Position in the Bank	* Director
Date of First Appointment	* January 1, 2012 (as Independent Director) * April 27, 2021 (as Board Advisor) * December 29, 2022 (as Director)
Directorship in Other Listed Companies	* None
Other Current Positions	* Chairman/Director of PNBRCI Holding Co., Ltd., PNB International Investments Corporation and PNB Capital and Investment Corporation * Director of PNB Remittance Company (Canada)
Other Previous Positions	* Chairman/Independent Director of PNB General Insurers Co., Inc., PNB Forex, Inc., PNB Global Remittance and Financial Co., HK, Ltd., PNB Remittance Center, Inc., PNB RCI Holding Company, Ltd., and Summit General Insurance Corporation * Independent Director of Philippine National Bank, PNB Global Remittance and Financial Co., HK, Ltd., PNB Forex, Inc., PNB Holdings Corporation, PNB International Investments Corporation, PNB Remittance Company Canada, Japan-PNB Equipment Rentals, PNB-IBJL Leasing and Finance Corporation and PNB Savings Bank * Senior Advisor to the World Bank Group Executive Board in Washington, D.C. * Special Assistant to the Philippine Secretary of Finance for International Operations and Privatization * Director of the BSP * Assistant to the Governor of the Central Bank of the Philippines * Advisor to the Executive Director at the International Monetary Fund * Associate Director at the Central Bank * Head of the Technical Group of the CB Open Market Committee * Monetary Policy Expert in the Economics Sub-Committee of the 1985-1986 Philippine Debt Negotiating Team which negotiated with over 400 private international creditors for the rescheduling of the Philippines' medium- and long-term foreign debts * Advisor at Lazaro Bernardo Tiu and Associates, Inc. * President of Pilgrims (Asia Pacific) Advisors, Ltd. * President of the Cement Manufacturers Association of the Philippines (CeMAP) * Board Member of the Federation of Philippine Industries (FPI) * Vice President of the Philippine Product Safety and Quality Foundation, Inc. * Convenor for Fair Trade Alliance.

Name	**FLORIDO P. CASUELA**
Age	83
Nationality	Filipino
Education	* Bachelor of Science in Business Administration, Major in Accounting from the University of the Philippines * Masters in Business Administration from the University of the Philippines * Advanced Management Program for Overseas Bankers from the Philadelphia National Bank in conjunction with Wharton School of the University of Pennsylvania * Study Tour (Micro Finance Program and Cooperatives), under the Auspices of the United States Agency for International Development
Government Civil Service Eligibilities	* Certified Public Accountant, Economist, Commercial Attaché
Current Position in the Bank	* Director/President
Date of First Appointment	* May 30, 2006 (as Director) * July 5, 2022 (as Acting President) * April 25, 2023 (President)
Directorship in Other Listed Companies	* None
Other Current Positions	* Chairman of PNB Securities, Inc. * Director of PNB International Investments Corporation * Director of PNB RCI Holding Co., Ltd. * Director of PNB Remittance Company (Canada) * Director of Allianz PNB Life Insurance, Inc. * Director of BancNet, Inc. * Board Member of Fertilizer and Pesticide Authority (*Note: Being represented in the FPA Board by FVP Jonathan Uy*)
Other Previous Positions	* Director and President of Genbancor Condominium Corporation * President and Vice Chairman of Land Bank of the Philippines * President and Vice Chairman of PNB Republic Bank (*now Maybank Philippines, Inc.*) * President of Surigao Micro Credit Corporation * Vice Chairman of PNB Savings Bank (*now Allied Integrated Holdings, Inc.*) * Chairman of Casuela Equity Ventures, Inc. * Director of Surigao Micro Credit Corporation * Director of PNB Life Insurance, Inc. * Director of Manila Electric Corporation * Director of Asean Finance Corporation Ltd. (Singapore) * Trustee of Land Bank of the Philippines Countryside Development Foundation, Inc. * Senior Adviser of the Bank of Makati (a Savings Bank), Inc. * Senior Adviser in the Bangko Sentral ng Pilipinas * Senior Executive Vice President of United Overseas Bank (Westmont Bank) * Executive Vice President of PDCP (Producers Bank) * Senior Vice President of Philippine National Bank

	* Special Assistant to the Chairman of the National Power Corporation
	* First Vice President of Bank of Commerce
	* Vice President of Metropolitan Bank & Trust Co.
	* Staff Officer, BSP
	* Audit Staff of Joaquin Cunanan, CPAs (Isla Lipana & Co.)
Awards/Citations	* One of the ten (10) awardees of the 2001 Distinguished Alumni Award of the UP College of Business Administration
	* Most Outstanding Surigaonon in the field of Banking and Finance, awarded by the Rotary Club – Surigao Chapter

Name	**CHESTER Y. LUY**
Age	56
Nationality	Filipino
Education	* Bachelor of Science in Business Administration (Magna Cum Laude and graduated at the Top of B.S. Business Administration Class of 1990), University of the Philippines * Masters in Management degree from the J.L. Kellogg Graduate School of Management at Northwestern University * Chartered Financial Analyst (CFA)
Current Position in the Bank	* Director
Date of First Appointment	* May 11, 2020 (Board Advisor) * September 22, 2023 (Director)
Directorship in Other Listed Companies	* Board Advisor of LT Group, Inc.
Other Current Positions	* Director of Tanduay Distillers, Inc. * Director of Philippine National Bank (Europe) PLC. * Director of PNB Global Remittance and Financial Company (HK) Limited * Board Advisor of Eton Properties Philippines, Inc.
Other Previous Positions	* Board Advisor of Philippine National Bank * Director of PNB-Mizuho Leasing and Finance Corporation * EVP and Head of Strategy Sector and Wealth Management Group * Senior Executive Vice President, Treasurer and Head for the Financial Advisory and Markets Group (comprised of the Treasury and the Wealth Management Group) of Rizal Commercial Banking Corporation * He served in senior leadership roles as Managing Director across a variety of businesses including Investment Banking, Corporate Finance, Credit Risk Analysis, Investment Management, and Wealth Management with several international banks and was based in New York, Singapore and Manila. * He held senior leadership roles at JPMorgan, Bank of America Merrill Lynch, Barclays Capital, HSBC, Julius Baer, Bank of Singapore and RCBC * Member of the Singapore Institute of Directors * Served on the Board of a Singapore-based Real Estate and Hospitality Entity
Awards/Citation	* Men Who Matter Award (2017) by People Asia Magazine Survey * Top Senior Analyst in the U.S by Institutional Investor Magazine Polls for several years * Awarded as the Most Outstanding Business Administration Student for the Class of 1990 of University of the Philippines * Graduated at the Top of his Class, garnering the highest GPA for the graduating University of the Philippines' B.S. Business Administration Class of 1990.

Name	**ESTELITO P. MENDOZA (+)**
Age	95
Nationality	Filipino
Education	* Bachelor of Laws (cum laude) from the University of the Philippines * Master of Laws from Harvard University
Current Position in the Bank	* Director
Date of First Appointment	* January 1, 2009
Directorship in Other Listed Companies	* Director of San Miguel Corporation and Petron Corporation
Other Current Positions	* Practicing lawyer for more than sixty (60) years
Other Previous Positions	* Chairman of Prestige Travel, Inc. * Director of EastWest Bank, PNB Remittance Center Ltd., PNB Global Remittance & Financial Co., (HK) Ltd., PNB Remittance Company Canada, Meralco, PNB General Insurers, and Philippine Airlines, Inc. * Professorial Lecturer of Law at the University of the Philippines * Undersecretary of Justice, Solicitor General and Minister of Justice * Member of the Batasang Pambansa and Provincial Governor of Pampanga * Chairman of the Sixth (Legal) Committee, 31st Session of the UN General Assembly and the Special Committee on the Charter of the United Nations and the Strengthening of the Role of the Organization.
Awards/Citations	* Doctor of Laws degree (honoris causa) by Central Colleges of the Philippines, Hanyang University (Seoul, Korea), University of Manila, Angeles University Foundation and the University of the East * Doctor of Humane Letters degree by the Misamis University * Recipient of a Presidential Medal of Merit as Special Counsel on Marine and Ocean Concerns * University of the Philippines Alumni Association's 1975 "Professional Award in Law" and 2013 "Lifetime Distinguished Achievement Award"

Name	**GEOCEL D. OLANDAY**
Age	69
Nationality	Filipino
Education	* Bachelor of Science in Business Administration and Accountancy from the University of the Philippines * Master of Business Administration from the University of the Philippines * Certified Public Accountant
Current Position in the Bank	* Independent Director
Date of First Appointment	* October 11, 2024
Directorship in Other Listed Companies	* Lead Independent Director of SBS Philippines Corporation
Other Current Positions	* CEO & Chief Advisor of Amaris Global Advisory Services (HK), Ltd. * Teaching Fellow at the Institute of Corporate Directors
Other Previous Positions	* Trustee of South Metro Manila iHome Foundation, Inc. * President of Eternal Bright Sanctuary, Inc. * Advisor of MGS Construction Incorporated * Non-Executive Director of Star 8 Green Technology Corporation, Philippines and Mindoro Resources Ltd. * Chief Operating Officer of Moldex Realty, Inc., Habitat for Humanity Philippines Foundation, Household Development Corporation, Southwell Waterworks Corporation, Brittany Corporation, Capitol Development Bank Securities, Inc., and Brown Bull Properties, Inc. * Part-time Professor Level 5 of De La Salle – College of Saint Benilde * Senior Vice President of Greenfield Development Corporation * Country General Manager of Baxter Healthcare Philippines, Inc. * President of Golden MV Holdings, Inc., Manuela Corporation, and Citicorp Scrimgeour Vickers Ph * Vice President of Citibank NA, Manila Branch * Marketing Manager of Unilever Philippines, Inc. * Vice President for Marketing of Security Bank Corporation – Diners Club International Corporation * Assistant Vice President of Security Bank Corporation * Part-time Manager of Plastimer Industrial Corporation * Senior Product Manager of Unilever Philippines, Inc.

Name	**ISABELITA M. PAPA**
Age	76
Nationality	Filipino
Education	* Bachelor of Science in Commerce – Banking & Finance from the University of Sto. Tomas
Current Position in the Bank	* Independent Director
Date of First Appointment	* August 5, 2021
Directorship in Other Listed Companies	* None
Other Current Positions	* Independent Director of PNB-Mizuho Leasing and Finance Corporation, PNB-Mizuho Equipment Rentals Corporation, PNB Capital and Investment Corporation, PNB Remittance Centers, Inc., and PNB Remittance Company (Canada) * Sole Proprietor of Isabelita Transport * Consultant of Bankers Association of the Philippines * Co-Chairperson for the Task Force of the ISO 20022 Migration Project * Resource Person for Corporate Governance of the Bankers Institute of the Philippines
Previous Positions	* Executive Vice President for Operations and Information Technology – Asia United Bank * Director: Rural Bank of Angeles and Cavite United Rural Bank * Senior Vice President/Country Manager – Bank of America N.A. * Executive Vice President for Operations – United Overseas Bank Phils. * Senior Vice President for Operations: Solidbank Corporation and The International Corporate Bank * Assistant Vice President for International Division – Family Bank & Trust Co. * Unit Head/Account Officer – Citibank N.A. * Chairperson – SWIFT Users Group, Philippines * Chairperson, Subcommittee on Payments and Funds Transfer – Bankers Association of the Philippines * President / Resource Person for Corporate Governance – Bankers Institute of the Philippines * Member – Catholic Mass Media Awards Committee

Name	**SHEILA T. PASCUAL**
Age	62
Nationality	Filipino
Education	* Bachelor of Science in Business Management from the Ateneo de Manila University
Current Position in the Bank	* Director
Date of First Appointment	* November 22, 2019
Directorship in Other Listed Companies	* Director of PAL Holdings, Inc.
Other Current Positions	* Director of Allied Commercial Bank, Xiamen, Buona Sorte Holdings Inc., Saturn Holdings, Inc., Tangent Holdings Corporation, Trustmark Holdings Corporation, Philippine Airlines, Inc. and Zuma Holdings and Management Corporation * Business Development Manager of Allied Banking Corporation (Hong Kong) Limited
Other Previous Position/s	* Marketing Development Officer of Asia Brewery Incorporated

Name	**WILFRIDO E. SANCHEZ**
Age	88
Nationality	Filipino
Education	* Bachelor of Arts degree from the Ateneo de Manila University * Bachelor of Laws from the Ateneo De Manila University * Masters of Law from Yale Law School
Current Position in the Bank	* Independent Director
Date of First Appointment	* April 27, 2021 (Independent Director) * April 30, 2024 (Director)
Directorship in Other Listed Companies	* Independent Director of LT Group, Inc.
Other Current Positions	* Tax Counsel of Quiason Makalintal Barot Torres Ibarra Sison & Damaso Law Offices * Independent Director of Asia Brewery, Inc., and Tanduay Distillers, Inc. * Director of Eton Properties Philippines, Inc., Kawasaki Motor Corporation, EMCOR, Inc., K-Servico, Inc., J-DEL Investments and Management Corp., WODEL, Inc., KS Prime Financial Corp., and Trimotors Technology Corp. * Trustee of JVR Foundation, Inc.,
Other Previous Position/s	* Independent Director Philippine National Bank and Eton Properties Philippines, Inc. * Director of EEI Corporation and House of Investments, Inc. * Vice Chairman/Director of Antonelli Realty Holdings, Inc. * Trustee of NYK-TDG Friendship Foundation, Inc., Asian Institute of Management, and Gokongwei Brothers Foundation * Independent Director of Transnational Diversified Corp. * Director of Universal Robina Corp., Transnational Plans, Inc., Center for Leadership & Change, Inc., Adventure International Tours, Inc., Transnational Financial Services, Inc., Amon Trading Corp., Rizal Commercial Banking Corporation, Asiabest Group International Inc., Magellan Capital Holdings Corporation, and Joint Research and Development Corporation

Name	**EUSEBIO V. TAN**
Age	74
Nationality	Filipino
Education	* Bachelor of Arts, Major in Economics – *Summa Cum Laude* (Liberal Arts Accelerated Honors Program) from De La Salle University * Bachelor of Laws from Ateneo De Manila University * Master of Laws, from Columbia Law School, Columbia University New York
Current Position in the Bank	* Director
Date of First Appointment	* September 22, 2023
Directorship in Other Listed Companies	* None
Other Current Positions	* Of Counsel of Angara Abello Concepcio Regalla & Cruz Law Offices (ACCRALAW) * Director of PNB Holdings Corporation
Other Previous Positions	* Various positions in ACCRALAW * Member of Board of Directors of Meritas Law Firms Worldwide * Director/Treasurer of the Integrated Bar of the Philippines – Pasay, Makati, Mandaluyong, San Juan Chapter * President/Vice President/Ex-Officio Director of Integrated Bar of the Philippines – Makati Chapter * Member of Integrated Bar of the Philippines – National Committee on Legal Aid * Member of the Board of Governors/President of Management Association of the Philippines * Member of the Board of Directors/President of Financial Executives Institute of the Philippines * Chairman/Board of Trustees of Philippines-Japan Economic Cooperation Committee, Inc. * Member of Philippine Host Committee of Inter-Pacific Bar Association – Conference in Manila, Philippines * Member of Philippine Host Committee of Lawasia – XVTH Conference in Manila, Philippines * President of Rotary Club of Manila (The First Rotary Club in Asia)
Awards/Citations	* Conferred with the award of "The Order of the Rising Sun with Neck Ribbon" by the Emperor of Japan and the Japanese government * General Excellence Gold Medal and Dr. Jose Rizal Honors Society Ring Awardee conferred by the De La Salle University * Second Honors Silver Medal Awardee conferred by the Ateneo de Manila University

Name	**MICHAEL G. TAN**
Age	58
Nationality	Filipino
Education	* Bachelor of Applied Science in Civil Engineering, Major in Structural Engineering, from the University of British Columbia, Canada
Current Position in the Bank	* Director
Date of First Appointment	* February 9, 2013
Directorship in Other Listed Companies	* Director of LT Group, Inc., Victorias Milling Company, Inc. and MacroAsia Corporation
Other Current Positions	* Director, President and Chief Operating Officer of Asia Brewery, Inc. * Director of the following companies: Absolut Distillers, Inc., Tanduay Distillers, Inc., Tanduay Brands International, Inc., Shareholdings, Inc., PMFTC Inc., Maranaw Hotel (Century Park Hotel), Pan Asia Securities, Inc., Asia's Emerging Dragon Corporation, Paramount Land Equities, Inc., Saturn Holdings, Inc., Tangent Holdings Corporation, PNB Global Remittance and Financial Company (HK) Limited, Allied Banking Corp. (Hong Kong) Limited, Foremost Farms, Inc., Trustmark Holdings Corporation, and Havitas Developments Corporation * Director/Treasurer of Zuma Holdings and Management Corporation * Trustee of Help Educate and Rear Orphans (HERO) Foundation, Inc. * Member of ASEAN Business Advisory Council (ASEAN BAC) * Director/Vice President of Federation of Filipino Chinese Chambers of Commerce and Industry, Inc. (FFCCCII) * Director for Transport and Vice President for Industry of Philippine Chamber of Commerce and Industry * Member of the Private Sector Advisory Council
Other Previous Positions	* Chairman of PNB Holdings Corporation * Director/President/Chief Operating Officer of LT Group, Inc. * Director of Philippine Airlines Inc. Bulawan Mining Corporation, PNB Management and Development Corporation, Alliedbankers Insurance Corporation, PNB Forex, Inc., PNB Savings Bank, Air Philippines Corp., Lucky Travel Corporation, Eton Properties Philippines, Inc., ALI-Eton Development Corporation, Sabre Travel Network (Philippines), Inc., and Allied Commercial Bank, Xiamen * Director and Treasurer of PAL Holdings, Inc. * Trustee of Philippine Airlines Foundation, Inc. * Director of Allied Banking Corporation (ABC) from January 30, 2008 until the ABC's merger with PNB on February 9, 2013 * Honorary Advisor of the sixth edition of the Belt and Road Summit held on September 2021 in Hong Kong
Awards/Citations	* 2021 Stargate People Asia "People of the Year" * 2021 4th Mansmith Masters Awards

Name	**VIVIENNE K. TAN**
Age	56
Nationality	Filipino
Education	* Bachelor of Science - Double Degree in Mathematics and Computer Science from the University of San Francisco, U.S.A * Diploma in Fashion Design and Manufacturing Management from the Fashion Institute of Design and Merchandising, Los Angeles, U.S.A.
Current Position in the Bank	* Director
Date of First Appointment	* December 15, 2017
Directorship in Other Listed Companies	* Director of LT Group, Inc. and MacroAsia Corporation
Other Current Positions	* Director of Eton Properties Philippines, Inc., Philippine Airlines, Inc., and Air Philippines Corporation * Executive Director of Dynamic Holdings Limited * Trustee of University of the East, University of the East Ramon Magsaysay Memorial Medical Center and College of Saint Benilde * Founding Chairperson of the Entrepreneurs School of Asia (ESA) * Founding Trustee of the Philippine Center for Entrepreneurship (Go Negosyo)
Other Previous Positions	* Board Advisor of LT Group, Inc. * Director of PAL Holdings * Director/Executive Vice President/Treasurer/Chief Administrative Officer of Philippine Airlines, Inc. * Executive Vice President, Commercial Group and Manager, Corporate Development, of Philippine Airlines, Inc. * Director of Bulawan Mining Corporation and PNB Management and Development Corporation * Founder and President of Thames International Business School * Owner of Vaju, Inc. (Los Angeles, U.S.A.) * Systems Analyst/Programmer of Fallon Bixby & Cheng Law Office (San Francisco, U.S.A.) * Proponent/Partner of various NGO/social work projects like Gawad Kalinga's GK-Batya sa Bagong Simula, livelihood programs thru Teenpreneur Challenge spearheaded by ESA, Conserve and Protect Foundation's artificial reef project in Calatagan, Batangas, Quezon City, Sikap-Buhay Project's training and mentorship program for micro-entrepreneurs, and as Chairman of Ten Inspirational Entrepreneur Students Award
Awards/Citations	* Recipient of the Ten Outstanding Young Men (TOYM) Award for Business Education and Entrepreneurship (2006), UNESCO Excellence in Education and Social Entrepreneurship Award (2007), Leading Women of the World Award (2007), and "People of the Year", People Asia Award (2008)

Name	**MARIA ALMASARA CYD N. TUAÑO-AMADOR**
Age	68
Nationality	Filipino
Education	* Bachelor of Science in Business Economics from the University of Philippines School of Economics (with honors) * Master of Arts in Economics from the University of Philippines School of Economics * Master of Science in Policy Science from the Graduate Institute of Policy Science in Tokyo, Japan * Doctor of Philosophy in Economics from the Australian National University * Leadership Course in Driving Government Performance from Harvard Kennedy of School of Government
Current Position in the Bank	* Independent Director
Date of First Appointment	* April 25, 2023
Directorship in Other Listed Companies	* None
Other Current Positions	* Independent Director of Radiowealth Finance Company Inc., Radiowealth Financial Services Corporation, PNB International Investments Corporation, and PNB Remittance Company (Canada) * Advisor of the Association of BSP Retirees, Inc., and BSP Compassionate Leaders for Animal Welfare
Previous Positions	* Deputy Governor of the Resource Management Sector of the Bangko Sentral ng Pilipinas * Head of the BSP Research Academy * Chairperson of the BSP Provident Fund * Vice-Chairperson of the Philippine International Convention Center (PICC) * Chairperson of the PICC Executive Committee * Director of the Philippine Guarantee Corporation * Director of the Philippine Retirement Authority * Advisory Panel of the ASEAN+3 Macroeconomic Research Office * Assistant Governor of the Monetary Policy Sub-Sector of the Bangko Sentral ng Pilipinas * Managing Director of the Monetary Policy Sub-Sector of the Bangko Sentral ng Pilipinas * Director of the Center for Monetary & Financial Policy of the Bangko Sentral ng Pilipinas * Senior Advisor/Advisor to the Executive Director of the International Monetary Fund, Washington, D.C. * Director of the Department of Economic Research of the Bangko Sentral ng Pilipinas * Held positions in various capacities at the Department of Economic Research of the Bangko Sentral ng Pilipinas

Name	**DOMINGO H. YAP**
Age	91
Nationality	Filipino
Education	* Bachelor of Science in Business Administration major in Business Management from San Sebastian College Recoletos
Current Position in the Bank	* Independent Director
Date of First Appointment	* August 23, 2019
Directorship in Other Listed Companies	* None
Other Current Positions	* Director and President of H-Chem Industries, Inc., DHY Realty and Development Inc., Colorado Chemical Sales Corporation, Universal Paint & Coating Philippines, Inc., AllianceLand Development Corporation, and Kang Ha Association
Other Previous Positions	* President of the Federation of Filipino-Chinese Chamber of Commerce and Industries, Inc. * Governor of Y's Men Club Philippines * President of Y's Men Club Downtown of Manila * President of Rotary Club of Pasay City

Name	**JUDITH V. LOPEZ**
Age	67
Nationality	Filipino
Education	* Bachelor of Science in Business Administration major in Accountancy from the University of the East * Management Development Program from the Institute of Management * Executive Business Course for PWC Partners from the University of Western Ontario * Executive Program from the Harvard School of Business * Certificate in Business Economics-Strategic Economic Business Program from the University of Asia and the Pacific * Certified Public Accountant
Directorship in Other Listed Companies	* None
Other Current Positions	* None
Other Previous Positions	* Independent Director of Philippine Veterans Bank * Chairman/Member, External Audit Committee of International Monetary Fund (Washington DC) * Chairman and Senior Partner/Vice Chairman/Managing Partner for Assurance/Audit Partner or Price Waterhouse Philippines/Isla Lipana & Co. * Trustee/Chairman of FINEX Foundation * Trustee of FINEX Academy * President/Member of the Board of Financial Executives Institute of the Philippines * Chairman of Audit and Assurance Standards Council * Member of Financial Reporting Standards Council * Member of Philippine Interpretations Committee * President of Association of Certified Public Accountants in Public Practice (ACPAPP) * President of ACPAPP Foundation * Board Member/Sectoral Director for Public Practice of Philippine Institute of Certified Public Accountants

Name	**MARCIA T. UY**
Age	63
Nationality	Filipino
Education	* Bachelor of Science in Business Economics from the University of the Philippines, Diliman * Master of Business Administration from Fordham University Graduate School of Business, New York
Directorship in Other Listed Companies	* None
Other Current Positions	* None
Other Previous Positions	* Head of Commercial Treasury & Director of Rio Tinto * Treasurer of GE Healthcare * Head of Treasury Operations of Shell Treasury Centre East * Head of Treasury & Corporate Finance Head of FX & MM Desk of Pilipinas Shell Petroleum * Senior Budget Analyst of Office of Management & Budget New York City

Name	**CESAR L. VILLANUEVA**
Age	68
Nationality	Filipino
Education	* Bachelor of Science in Commerce – *Magna Cum Laude* from the Holy Angel University * Bachelor of Laws – *Valedictorian* from the Ateneo de Manila Law School * Master of Laws from the Harvard Law School * Diplomate of Juris Science from the San Beda Graduate School of Law * Certified Public Accountant * Member, Philippine Bar
Directorship in Other Listed Companies	* None
Other Current Positions	* Senior Founding Partner of Villanueva Gabionza & Dy Law Firm * Executive Secretary of Asian Development Bank Administrative Tribunal * Independent Director of Professional Services, Inc./The Medical City * Director of Kapampangan Development Foundation, Inc. * Faculty of Ateneo de Manila Law School * Director/Treasurer of VGS Holdings, Inc. * Chairman/President of VGS Properties, Inc. * Director/Treasurer of VGS Land, Inc. * Director of Batangas Land Company, Inc.
Other Previous Positions	* Dean of Ateneo de Manila Law School * Director/Chairman of the Institute of Corporate Directors * Independent Director of Medical Doctors, Inc. (Makati Medical Center) * Chairman/CEO of GOCC Governance Commission * Chairman of Clark Development Corporation * Director of Clark International Airport Corp.

Name	**EDWIN R. BAUTISTA**
Age	64
Nationality	Filipino
Education	* Bachelor of Science in Mechanical Engineering from the De La Salle University * Advance Management Program from the Harvard Business School
Directorship in Other Listed Companies	* None
Other Current Positions	* Board Member/Trustee of the Museo de Iloilo * Board Member of the Philippine Map Collectors Society * Board Member/Trustee of DLSU-College of St. Benilde * Board Member/Trustee of DLSU Dasmariñas Museum Foundation
Other Previous Positions	* Director/President & CEO/President & COO of UnionBank of the Philippines * Held various positions from SVP to Senior SVP in UnionBank of the Philippines * Chairman of CitySavings Bank * Chairman of First Union Plans * Director of First Union Properties * Chairman of UBP Currency Brokers * Director of UnionBank Investment Corp. * Director of UBX * Director/Vice Chairman of Union Digital Bank * Director of Aboitiz Power Corporation * Director of Aboitiz Equity Ventures * Director/Treasurer of BancNet * Chairman of the Philippine Clearing House Corporation * Director/Excom/Treasurer of the Bankers Association of the Philippines * President & CEO of International Exchange Bank * SVP and Group Head of Global Transaction Banking of Citibank N.A. * Faculty of College of Engineering/Director of Placement Office of the De La Salle University

Board Advisors:

Name	**LEONILO G. CORONEL**
Age	78
Nationality	Filipino
Education	* Bachelor of Arts degree, Major in Economics from the Ateneo de Manila University * Advance Management Program of the University of Hawaii
Current Position in the Bank	* Board Advisor
Date of First Appointment	* May 28, 2013 (as Director) * April 27, 2021 (as Vice Chairman) * April 30, 2024 (as Board Advisor)
Directorship in Other Listed Companies	* None
Other Current Positions	* Independent Director of Citicore Fund Managers, Inc. and Citicore Renewable Energy Corp. * Director of Software Ventures International * Director of Toyota Pasong Tamo/Toyota Global City/Toyota Angeles City/M2 Car Accessories
Other Previous Positions	* Vice Chairman of Philippine National Bank * Chairman of PNB-IBJL Leasing and Finance Corporation and PNB-IBJL Equipment Rentals Corporation * Independent Director of Megawide Construction Corporation and DBP-Daiwa Capital Market Philippines, Citicore Real Estate Investment Trust * Executive Director of the Bankers Association of the Philippines and RBB Micro Finance Foundation * Director/Treasurer of Philippine Depository and Trust Corporation * Director of the Philippine Clearing House Corporation, the Philippine Dealing System and the Capital Markets Development Council * Managing Director of BAP-Credit Bureau * President of Cebu Bankers Association * Consultant of Land Bank of the Philippines, Arthur Young, USAID, Bankers Association of the Philippines and Economic Development Corporation * Country Corporate Officer of Citibank Sri Lanka * Worked with Citibank, Manila for twenty (20) years, occupying various positions.
Awards/Citations	* Fellow of the Australian Institute of Company Directors in 2002 * Fellow of Institute of Corporate Directors

Name	**WILLIAM T. LIM**
Age	84
Nationality	Filipino
Education	* Bachelor of Science in Chemistry from Adamson University
Current Position in the Bank	* Board Advisor
Date of First Appointment	* January 25, 2013
Directorship in Other Listed Companies	* None
Other Current Positions	* President of Jas Lordan, Inc. * Director of PNB Securities, Inc., PNB Holdings Corporation, Allied Integrated Holdings, Inc. *(formerly PNB Savings Bank),* Allied Commercial Bank - Xiamen, and Genbancor Condominium Corporation * Advisor to the Chairman of the Board of Directors of Allianz PNB Life Insurance, Inc.
Other Previous Positions	* Board Advisor of PNB Savings Bank * Director of PNB Life Insurance, Inc., BH Fashion Retailers, Inc., and Concept Clothing, Co., Inc. * Consultant of Allied Banking Corporation * Director of Corporate Apparel, Inc. * Director of Freeman Management and Development Corporation * Worked with Equitable Banking Corporation for 30 years, occupying various positions, including as VP & Head of the Foreign Department

Name	**FEDERICO C. PASCUAL**
Age	82
Nationality	Filipino
Education	* Bachelor of Arts, Ateneo de Manila University * Bachelor of Laws (Member, Law Honors Society), University of the Philippines * Master of Laws, Columbia University
Current Position in the Bank	* Board Advisor
Date of First Appointment	* May 27, 2014 (as Independent Director) * April 27, 2021 (as Chairman of the Board) * April 25, 2023 (Board Advisor)
Directorship in Other Listed Companies	* None
Other Current Positions	* Chairman of PNB-Mizuho Leasing and Finance Corporation and PNB-Mizuho Equipment Rentals Corporation * Independent Director of Allianz PNB Life Insurance, Inc. * President/Director of Tala Properties, Inc. and Woldingham Realty, Inc. * Director of Apo Reef World Resort, Sarco Land Resources Ventures Corporation, SCTEX Development and Franchisers Corporation, and Hermosa Golden Rainbow Corporation * Partner of the University of Nueva Caceres Bataan Branch
Other Previous Positions	* Independent Director of PNB International Investments Corporation * Chairman/Independent Director of PNB General Insurers Co., Inc. and PNB Capital and Investment Corporation * Independent Director of PNB Holdings Corporation and PNB Savings Bank * President and General Manager of Government Service Insurance System * President and CEO of Allied Banking Corporation and PNOC Alternative Fuels Corporation * Various positions with PNB for twenty (20) years, including Acting President, CEO and Vice Chairman * President and Director of Philippine Chamber of Commerce and Industry * Chairman of National Reinsurance Corporation * Co-Chairman of the Industry Development Council of the Department of Trade and Industry * Treasurer of BAP-Credit Guarantee * Director of San Miguel Corporation, Philippine Stock Exchange, Manila Hotel Corporation, Cultural Center of the Philippines, CITEM, Bankers Association of the Philippines, Philippine National Construction Corporation, Allied Cap Resources HK, Oceanic Bank SF, USA, AIDSISA Sugar Mill, PDCP Bank, Equitable PCIB, Bankard, Philippine International Trading Corporation, and Philippine National Oil Corporation * Chairman and President of Alabang Country Club

Name	**LOURDES A. SALAZAR**
Age	69
Nationality	Filipino
Education	* Bachelor of Science in Commerce – major in Accounting (BSC in Accounting), University of Santo Tomas * Certified Public Accountant * Bachelor of Laws (LLB), University of the East
Current Position in the Bank	* Board Advisor
Date of First Appointment	* April 25, 2023
Directorship in Other Listed Companies	* None
Other Current Positions	* Chief Executive Officer & Director, Allied Banking Corporation (Hong Kong) Limited, a restricted license bank * Board Adviser of Philippine Airlines, Inc. * Trustee, Allied Banking Corporation (Hong Kong) Limited Provided Fund * Director, ACR Nominees Limited * Director & Shareholder, Aposal Realty Corporation * Trustee & Special Projects Adviser, The Hong Kong Bayanihan Trust * Chairman, The DTC Association (The Hong Kong Association of Restricted License Banks and Deposit-taking Companies) * Honorary Member, The Philippine Chamber of Commerce in Hong Kong * Member representing DTCA, The Hong Kong General Chamber of Commerce * Member representing DTCA, The Deposit-taking Companies Advisory Committee, Hong Kong Monetary Authority * Honorary Advisor, The Hongkong Institute of Bankers
Other Previous Positions	* Independent Non-Executive Director, Allied Banking Corporation (Hong Kong) Limited, a restricted license bank * Independent Non-Executive Director, Dynamic Holdings Limited (HK Stock Code 29) * Executive Director, The Philippine Chamber of Commerce in Hong Kong * Member, HK Qualifications Framework Banking Industry Training Advisory Committee
Awards/Citations	* Banaag Award – The Philippine Presidential Citation for Filipino Individuals ang Organizations Overseas in recognition of her diligence in initiating and effecting projects to promote the professional and socio-cultural advancement of Filipino entrepreneurs, overseas workers, and other sectors of the Filipino community in Hong Kong

Name	**CARMEN K. TAN**
Age	83
Nationality	Filipino
Current Position in the Bank	* Board Advisor
Date of First Appointment	* May 31, 2016 (Director) * September 22, 2023 (Board Advisor)
Directorship in Other Listed Companies	* Director of LT Group, Inc. MacroAsia Corporation and PAL Holdings, Inc.
Other Current Positions	* Vice Chairman of Philippine Airlines, Inc. * Director: Air Philippines Corporation, Asia Brewery, Inc., Buona Sorte Holdings, Inc., Cosmic Holdings Corporation, The Charter House, Inc., Dominium Realty and Construction Corporation, Eton City, Inc., Foremost Farms, Inc., Fortune Tobacco Corporation, Himmel Industries, Inc., Manufacturing Services & Trade Corp., Progressive Farms, Inc., PMFTC, Inc., Shareholdings Inc., Sipalay Trading Corp., Tanduay Distillers, Inc., Tangent Holdings Corporation, Trustmark Holdings Corp., Alliedbankers Insurance Corporation, Zuma Holdings and Management Corp., Grandspan Development Corp., Basic Holdings Corp., Saturn Holdings, Inc., Paramount Land Equities, Inc., Interbev Philippines, Inc., Waterich Resources Corp., and REM Development Corp.
Major Affiliations	* Trustee of Tan Yan Kee Foundation * Member of Tzu Chi Foundation

Name	**FLORENCIA G. TARRIELA**
Age	78
Nationality	Filipino
Education	∗ Bachelor of Science in Business Administration degree, Major in Economics, University of the Philippines ∗ Master in Economics degree from the University of California, Los Angeles, where she topped the Masters Comprehensive Examination
Current Position in the Bank	∗ Board Advisor
Date of First Appointment	∗ May 29, 2001 (as Director) ∗ May 24, 2005 (as Chairman of the Board) ∗ May 30, 2006 (as Independent Director) ∗ April 27, 2021 (as Board Advisor)
Directorship in Other Listed Companies	∗ Independent Director of LT Group, Inc. ∗ Independent Director of Nickel Asia Corporation
Other Current Positions	∗ Columnist for "Business Options" of the Manila Bulletin and "FINEX Folio" of Business World ∗ Director/Vice President of Tarriela Management Company and Director/Vice President/Assistant Treasurer of Gozon Development Corporation ∗ Life Sustaining Member of the Bankers Institute of the Philippines ∗ Trustee of Tulay sa Pag-unlad, Inc. (TSPI) Development Corporation, TSPI MBAI ∗ Director of Financial Executive Institute of the Philippines (FINEX) ∗ Trustee of Philippine Bible Society
Other Previous Positions	∗ Chairman/Independent Director of Philippine National Bank, PNB Capital and Investment Corporation, PNB-Mizuho Leasing and Finance Corporation, and PNB-Mizuho Equipment Rentals Corporation ∗ Director of PNB International Investments Corp. ∗ Director of PNB Capital and Investment Corporation ∗ Director of Eton Properties Philippines Inc. ∗ Independent Director of PNB Life Insurance, Inc. ∗ Director of Bankers Association of the Philippines ∗ Undersecretary of Finance ∗ Alternate Monetary Board Member of the BSP, Land Bank of the Philippines and the Philippine Deposit Insurance Corporation ∗ Deputy Country Head, Managing Partner and first Filipina Vice President of Citibank N. A. ∗ Country Financial Controller of Citibank NA Philippines for 10 years ∗ President, Bank Administration Institute of the Philippines
Awards/Citations	∗ 2014 Most Outstanding Citibank Philippines Alumni awardee for community involvement ∗ 2018 Go Negosyo Woman Intrapreneur Awardee

Name	**RUTH PAMELA E. TANGHAL**
Age	56
Nationality	Filipino
Education	* Bachelor of Science in Mathematics from the Notre Dame University, Cotabato City * Bachelor of Laws / Juris Doctor from the Notre Dame University, Cotabato City
Current Position in the Bank	* Corporate Secretary
Date of First Appointment	* September 25, 2020
Directorship in Other Listed Companies	* None
Other Current Positions	* Corporate Secretary, Allied Integrated Holdings Inc. (Formerly: PNB Savings Bank) * Corporate Secretary, PNB International Investments Corporation (North America) * Corporate Secretary, PNB Remittance Centers, Inc. (North America) * Trustee/Corporate Secretary, PNB Foundation, Inc. * Director, E.C. Tanghal & Co., Inc.
Other Previous Positions	* Corporate Secretary, Genbancor Condominium Corporation * Assistant Corporate Secretary, PNB * Documentation Lawyer, PNB Legal Group

Name	**MICHELLE A. PAHATI-MANUEL**
Age	52
Nationality	Filipino
Education/Training	* AB Political Science, University of Santo Tomas * Juris Doctor, Saint Louis University * Certified Compliance Officer
Current Position in the Bank	* Assistant Corporate Secretary
Date of First Appointment	* September 25, 2020
Directorship in Other Listed Companies	* None
Other Current Positions	* Corporate Secretary, PNB Securities, Inc. * Corporate Secretary, PNB Remittance Company (Canada) * Trustee, PNB Foundation, Inc.
Other Previous Positions	* Corporate Secretary, PNB Capital and Investments Corporation * Department Head, Litigation Division, PNB Legal Group * Research Lawyer, PNB Legal Group * Investigating Lawyer (for Administrative Cases), PNB Legal Group * Corporate Secretary, Bulawan Mining Corporation * Corporate Secretary, PNB Management and Development Corporation (MADECOR) * Court Attorney, Supreme Court * Court Attorney, Court of Appeals

The following constitute the Bank's Corporate Governance and Sustainability Committee for the year 2024-2025:

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

* *Independent Director*

The following constitute the Bank's Board Audit and Compliance Committee (BACC) for the year 2024-2025:

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

* *Independent Director*

The following are the Executive Officers of the Bank:

FLORIDO P. CASUELA
(Please refer to pages 14 to 15 of this Information Statement)

FRANCIS B. ALBALATE, 54, Filipino, holds the position of Executive Vice President and Chief Financial Officer of Philippine National Bank. He is a Certified Public Accountant. He is also a Member of the Board of Trustees (Secretary) of the Bankers Institute of the Philippines. Prior to joining the PNB, he was Senior Vice President and Financial Controller of Union Bank of the Philippines. He was an Audit Partner at Punongbayan & Araullo from 2003 to 2011. He worked as Head of the Transaction Advisory Services from 2007 to 2009 and Audit Senior Manager from 1999 to 2003. He was a former Financial Services Industry Audit Leader at Deloitte Philippines from 2011 to 2016. He earned a Master's degree in Business Management from the Asian Institute of Management. He graduated with a degree in Bachelor of Science in Commerce, majoring in Accounting, from San Beda College. He attended the Pacific Rim Bankers Program at the University of Washington in 2006.

ROBERTO D. BALTAZAR, 61, Filipino, Executive Vice President, is currently the Head of Global Banking and Markets Sector which includes the Global Markets Group and Wealth Management Group. He is likewise a director of PNB Capital and Investment Corporation. He sits as a voting member of the ALCO, Senior Management Committee, and the Institutional Banking Credit Committee. He is likewise Chairman of the newly revived Customer Experience Committee. Mr. Baltazar brings with him over 30 years of banking experience both in the Financial Markets, Corporate Banking and Investment Banking. He was a relationship manager in Far East Bank, then spent 4 years in Citibank as a foreign exchange trader then moved to HSBC in 1994 as head of FX Trading then eventually became Head of Global Markets, Debt Capital Markets and Securities Services in 2014. He sustained Debt Capital Markets and HSBC Securities Services (HSS) position as the number one Debt Capital Markets and Global Custodianship Business during his tenure. During this time, HSBC was likewise one of the top FX and Bond Trading houses. He was ACI President in 2013. He was an active member of the BAP Open Market Committee, specifically in the Foreign Exchange Subcommittee. He obtained his Bachelor of Arts degree in Economics from the Ateneo de Manila University and Master's in Business Administration Degree from the University of North Carolina at Chapel Hill, USA.

JOSE GERMAN "GERRY" M. LICUP, 59, Filipino, Executive Vice President, is Head of the Enterprise Services Sector. A lawyer, he obtained his Bachelor of Laws/Juris Doctor degree from the University of the Philippines in 1991. He joined PNB in August 2019 as First Senior Vice President and Chief of Staff to the PNB President and Chief Executive Officer, and was subsequently appointed in concurrent capacity as Officer in Charge of PNB Mizuho Leasing & Finance Corporation and of PNB Mizuho Equipment Rentals Corporation, and as Group Head of the International Banking & Remittance Group, prior to his promotion to his current role in April 2024. Prior to joining PNB, he was a Senior Vice President and Country General Counsel of the Hongkong and Shanghai Banking Corporation Limited – Philippine branches. He was previously concurrent Country General Counsel and BSP-approved Chief Compliance Officer of HSBC Philippines from 2001 until the split of the HSBC Legal and Compliance function into two global functions in August 2012. Gerry had short-term work assignments to HSBC offices in Singapore (2002), Chicago (2009) and Sydney (2013). He is a former three-time President of the Association of Bank Lawyers of the Philippines and a Director of the Philippine Clearinghouse Corporation (PCHC) from 2004 to 2011 and from 2018 to 2019, where he chaired the PCHC Arbitration Committee. He was also a Director of the Association of Bank Compliance Officers of the Philippines from 2000 to 2003 and from 2005 to 2012, and was Legal Adviser to the ABCOMP Board from 2012 until 2019. He also served as Chairman of the Bankers' Association Capital Markets Development Sub-Committee on Legal Issues from May 2005 until 2007. In addition to his ESS Sector Head role, he remains a Bank of England FCA/PRA-approved SMF7 Director of PNB Europe Plc (UK).

MANUEL C. BAHENA, JR., 63, Filipino, First Senior Vice President, is the Chief Legal Counsel of the Bank. He joined PNB in 2003 and was appointed as Head of Documentation and Research Division of the Legal Group in 2009. He then assumed the position of Chief Legal Counsel in 2014. Before joining PNB, he was the Corporate Secretary and Vice President of the Legal Department of Multinational Investment Bancorporation. He also formerly served as Corporate Secretary and Legal Counsel of various corporations, among which are the Corporate Partnership for Management in

Business, Inc.; Orioxy Investment Corporation; Philippine Islands Corporation for Tourism and Development; Cencorp (Trade, Travel and Tours), Inc.; and Central Bancorporation General Merchants, Inc.

REYNALDO C. BURGOS, 56, Filipino. "Rey" is First Senior Vice President and Head of the Operations Group. He spearheads the transformation drive of PNB. Rey is also in-charge of process re-engineering aimed at taking out duplicates and redesigning processes to achieve significant improvements in productivity and efficiency. He is a member of the Bankers Association of the Philippines (BAP) Operations Committee serving for more than 10 years already. At Bancnet, he is a member of the Operations and e-Banking Committees. He is also a director of the Philippine Clearing House Corporation (PCHC) and member of the Executive, Arbitration and Information Technology Committees. Before joining PNB, he was connected with Metrobank from 1990 to 2022 as First Vice President, handling Settlements, Cash, and Clearing Operations. With over 30 years of experience, he was exposed to different areas of operations and was part of various projects such as re-engineering, branch transformation to sales model, process review and streamlining, data driven work and analytics, and automation. He was major contributor of the Cash Service Alliance (CSA) project of the Bangko Sentral ng Pilipinas (BSP) and acted as Technical Working Group Head in the implementation of the Check Image Clearing System (CICS) in the Philippines, under the guidance of the BSP, PCHC, and BAP. He served as President of the Clearing Officers Club, Inc. (COCI) of the Philippines for 11 years. Rey holds a Bachelor of Science degree in Commerce Major in Accountancy from Colegio de San Juan de Letran.

CARLO S. DIMAALA, 57, Filipino, known affectionately as Caloy among his colleagues, is a seasoned professional in the banking industry, currently serving as the First Senior Vice President and Head of the Retail Banking Sector. With over 35 years of extensive experience, he has built a distinguished career that began in 1989 when he joined Far East Bank and Trust Company as a Settling Clerk. After six years, Carlo transitioned to Banco de Oro, taking on the role of Branch Accountant for more than a year. His career then saw a series of progressive moves, starting with BA Savings Bank in October 1996. By May 1997, he had joined Capitol Development Bank, and a year later, he moved to Rizal Commercial Banking Corporation-Savings Bank, where he dedicated nearly five years to his role. In 2004, Mr. Dimaala joined Allied Banking Corporation (ABC) as a Branch Operations Officer. His time at ABC was marked by significant growth and achievement. He gained comprehensive expertise in branch banking operations, climbing the ranks through various pivotal roles including Branch Head, Area Head, and Region Head. His exceptional leadership and performance culminated in his appointment as the Branch Banking Group Head of Visayas and Mindanao in March 2018. Carlo's consistent excellence did not go unnoticed. On May 16, 2024, he was promoted to head the Retail Banking Sector, officially taking on his new responsibilities and the rank of First Senior Vice President (FSVP) on June 1, 2024. Mr. Dimaala's strong academic foundation is built upon a Bachelor of Science in Accountancy from the University of San Jose-Recoletos, Main Campus, complemented by a Master's in Business Administration from the same institution.

CELESTE MARIE V. LIM, 48, Filipino, First Senior Vice President, is the Head of the Consumer Finance Sector. She obtained her Bachelor of Science degree in Business Administration, Major in Accounting and Economics from the College of Mount Saint Vincent in New York USA and her Master's in Business Administration degree from the University of Chicago Booth School of Business in Chicago USA. In PNB, she was a Senior Vice President and Head of Cards and Payments Solutions Group prior to her current role. Before joining PNB, she was First Vice President and the Head of Cards Business Development and Operations Group of Security Bank Corporation from 2016 to 2021. She was also First Vice President and Head of Merchant Acquiring of Metrobank Cards Corporation from 2006 to 2016. She began her Retail Banking and Lending career in HSBC Philippines in 2001 as a Portfolio Risk Manager.

MARIA PAZ D. LIM, 64, Filipino, First Senior Vice President, is the Corporate Treasurer. She is also concurrently the Treasurer of PNB Capital and Investment Corporation and Allied Integrated Holdings, Inc. She obtained her Bachelor of Science degree in Business Administration, Major in Finance and Marketing, from the University of the Philippines, and Master's in Business Administration from the Ateneo de Manila University. She joined PNB on June 23, 1981, rose from the ranks and occupied various officer positions at the Department of Economics & Research, Budget Office and Corporate Disbursing Office prior to her present position.

MICHAEL MORALLOS, 56, Filipino, First Senior Vice President, is the Head of the Information Technology Group of Philippine National Bank and brings with him over thirty-two (32) years of work experience in information technology and banking sectors. He obtained his Bachelor of Arts degree major in Philosophy and Political Science from the University of the Philippines and completed advanced computer studies at the National Computer Institute of the Philippines. His professional journey includes serving as a Senior FIS Systematics Products Consultant, where he underwent comprehensive training programs which include Wharton Senior Executive Program, IBM Project Management, Ateneo Banking Principles, and extensive banking application systems training at the Fidelity Information Services (FIS) Training Center in Little Rock, Arkansas. Before joining PNB, Michael was First Senior Vice President and Head of Technology Platform at Siam Commercial Bank, the largest Thai bank with over 28 million customer accounts and 1,200 domestic branches. In this role, he introduced significant improvements and innovative changes to the bank's technology support structure, aligning it with the institution's digital roadmap. As Chief Technology Officer of PNB, Michael leads the Bank's technology strategy, ensuring the seamless delivery of technology services and key strategic projects using low-code, workflow, cloud, and digital technology platforms across both domestic and overseas branches.

ROLAND V. OSCURO, 61, Filipino, First Senior Vice President, is the Chief Information Security Officer and, in concurrent capacity the Data Protection Officer. He obtained his Bachelor of Science in Electronics and Communication Engineering degree from Mapua Institute of Technology and took up unit in Master in Business Administration for Middle Managers at the Ateneo de Manila Graduate School. He is an Electronic and Communications Engineering Board passer. He is also an ISACA Certified Information Security Manager (CISM). Prior to his present position, Mr. Oscuro was hired as IT Consultant of the Bank on November 2, 2003. In May 2004, he was appointed as the Head of Network Management Division of Information Technology Group with the rank of First Vice President. He was the Operational Support System Group Manager of Multi-Media Telephony, Inc (Broadband Philippines) prior to joining PNB. He was also connected with various corporations such as Ediserve Corp. (Global Sources), Sterling Tobacco Corporation, Zero Datasoft (Al Bassam), Metal Industry Research and Development Center, and Pacific Office Machines, Inc.

NANETTE O. VERGARA, 64, Filipino, First Senior Vice President, is the Chief Credit Officer and Head of Credit Management Group. She obtained her degree in Bachelor of Science in Statistics (Cum Laude) in 1981 from the University of the Philippines in Diliman. She joined PNB in 2006 and was appointed as First Vice President and Head of Credit Management Division. She started her banking career with the Bank of Commerce in 1981. She moved to the Credit Rating Services Department of the Credit Information Bureau in 1983 and went back to banking in 1992 when she joined the Union Bank of the Philippines. She later transferred to Solidbank Corporation in 1993 to head various credit-related units. Prior to joining PNB, she worked with United Overseas Bank from 2000-2006 as VP/Head of Credit Risk Management.

LOTUS R. ALTAVAS, 50, Filipino, Senior Vice President, is the Head of the Human Resource Group. Lotus is a seasoned HR professional with over 20 years of solid experience gained from the banking & financial services industry. Prior to joining PNB, she held the role of an HR Business Partner for BDO Unibank, Inc. covering the Information Technology Group. Before BDO, she was connected with ING Bank for six (6) years as Director/Head of Human Resources in concurrent capacity as HR Business Partner for Asia Retail Markets. She worked for Citi from 2004 to 2016 where she held among others, an HR Generalist role for various business units such as Fraud and Risk Management Group, Local Commercial Bank & Credit Payment Products Group. She left Citi in 2016 as Vice President handling HR for Operations and Technology Group. She is currently a BAP Representative to the Banking Industry Tripartite Council (BITC). Lotus is a Magna Cum Laude graduate from St. Scholastica's College, Manila with degrees in Bachelor of Science in Psychology and Bachelor of Arts in Guidance and Counseling.

EMELINE C. CENTENO, 66, Filipino, Senior Vice President, is the Head of the Corporate Planning and Analysis Division. She obtained her Bachelor of Science degree in Statistics (Dean's Lister) and completed her Master's of Arts in Economics degree (on scholarship) from the University of the Philippines. She joined PNB in 1983, rose from the ranks and held various positions at the Department of Economics and Research, Product Development, Monitoring and Implementation Division, and the Corporate Planning Division before assuming her present position as Head of the merged Corporate Planning and Analysis Division. Ms. Centeno was awarded as one of the Ten Outstanding Employees of the Bank in 1987.

JOY JASMIN R. SANTOS, 51, Filipino. "Jiah" is Senior Vice-President, and the Chief Trust Officer. She was previously Division Head of Corporate Trust from 2013 to 2018 and Business Development Division Head in Trust Banking Group from 2010 to 2012. Prior to joining PNB, she held key managerial positions in Citibank Savings, Inc, Keppel Bank, American Express Bank and BPI. Jiah graduated Cum Laude with a Bachelors of Arts degree, major in Management Economics from the Ateneo de Manla University. She earned her Master's degree in Business Administration from the Australian National University, Canberra, Australia in 2002. In 2015, she completed with distinction, the one-year course on Trust Operations and Investment Management given by the Trust Institute Foundation of the Philippines. She has served as a member of the Board of Directors of the Trust Officers Association of the Philippines (TOAP) from 2021 to 2024 as Vice-President and Director in Charge for Fiduciary Products Development. She is currently part of its Advisory Board.

JULIET S. DYTOC, 54, Filipino. "Juliet" is First Vice President, Chief Risk Officer and Head of the Enterprise Risk Management Group. She joined PNB in 2010 under the Trust Banking Group (TBG) as Trust Risk Division Head. In this capacity, Juliet institutionalized the Trust Risk Management framework that covered a comprehensive range of risk areas including credit, market, operational, strategic, regulatory, liquidity, and reputational risk, among others. In September 2020, Juliet was appointed as head of the Market and ALM Division to manage the Bank's market, liquidity, and interest rate risk exposures. She was designated as the officer-in-charge of Risk Management Group in February 2022, and was appointed as the Chief Risk Officer in March 2023. She has 30 years of experience in the banking and finance industry in the areas of risk management, account management, and product development. She started as a management trainee joining PCIBank's Management Development Program and was eventually seconded to PCIB Securities as an Investment Analyst. She took interest in the Trust business and was transferred to Equitable PCI Bank (now BDO Unibank) as a Trust Portfolio Manager. She continued this track in Metrobank as Trust Credit and Risk Officer, the first Trust risk management unit in the banking industry. She briefly handled product management at Standard Chartered Bank where she made available structured products for wealth management clients. At Sterling Bank of Asia, she refocused on risk management as head of its market risk unit. She is fluent in French and in conversational Chinese. Juliet graduated cum laude with a Bachelor of Arts degree in European Languages and obtained her Master's degree in Business Administration from the University of the Philippines. In 2000 she completed, placing fourth out of 80 participants, a one year course on Trust Operations and Investment Management given by the Trust Institute Foundation of the Philippines (TIFP). She was at some point certified by the Securities and Exchange Commission (SEC) as a Fixed Income Salesman. She is a Chartered Financial Analyst (CFA®) Charterholder and an active member of the CFA Society of the Philippines since 2005.

ANALISA I. SAN PEDRO, 47, Filipino. "Ana" is First Vice President and Chief Audit Executive. Ana joined the Bank in 2002 as Management Specialist and rose from the ranks to the position of First Vice President. She is an active member of the Institute of Internal Auditors (IIA) – Philippines, Association of Certified Anti-Money Laundering Specialists (ACAMS) and Bankers Institute of the Philippines (BAIPHIL). She was designated as the Officer-in-Charge of Internal Audit Group in November 2021. Ana holds a Bachelor of Science degree in Accountancy from the Polytechnic University of the Philippines. She is a Certified Public Accountant (CPA) and a Certified Treasury Professional (CTP).

(b) Identify Significant Employees

The Bank values all its employees for their contribution to the business. No employee who is not an executive officer is expected to make any significant contribution to the business of the Bank.

(c) Family Relationships

Chairman Emeritus Lucio C. Tan and Board Advisor Carmen K. Tan are spouses. Directors Sheila T. Pascual and Vivienne K. Tan are children of Chairman Emeritus Lucio C. Tan and Board Advisor Carmen K. Tan, while Director Lucio C. Tan III is the grandson of Chairman Emeritus Lucio C. Tan and Board Advisor Carmen K. Tan. Mr. Michael G. Tan is a son of Chairman Emeritus Lucio C. Tan.

(d) Involvement in Certain Legal Proceedings

None of the directors, nominees for directors, nor any of the executive officers of the Bank have been, for the last five (5) years:

i. Involved in any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;

ii. Convicted by final judgment in a criminal proceeding, domestic or foreign, or is being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

iii. Subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or

iv. Found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(e) Certain Relationships and Related Transactions

In the ordinary course of business, the Bank has loans and other transactions with its subsidiaries and affiliates, and with certain Directors, Officers, Stockholders and Related Interests ("DOSRI"). These loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of direct credit accommodations to each of the Bank's DOSRI, 70.00% of which must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Bank. In the aggregate, DOSRI loans generally should not exceed the Bank's equity or 15.00% of its total loan portfolio, whichever is lower. Total outstanding exposures to each of the PNB's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the Bank, its subsidiaries and affiliates (the "Group"), the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to PNB's subsidiaries and affiliates shall not exceed 20.00% of the net worth of the Bank. As of December 31, 2024 and 2023, the Bank is in compliance with such Regulations

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Bank's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;
- significant investors;
- subsidiaries, joint ventures and associates and their respective subsidiaries; and
- post-employment benefit plans for the benefit of the Group's employees.

For proper monitoring of related party transactions ("RPT") and to assist the Board in performing its oversight functions in monitoring and managing potential conflicts of interest of management, board members and shareholders, the Bank created the Board Oversight RPT Committee ("BORC"). The BORC is composed of at least five (5) regular members which include three (3) independent directors and two (2) non-voting members (the Chief Audit Executive and the Chief Compliance Officer). The Chairman of the committee is an independent director and appointed by the Board.

Information related to transactions with related parties and with certain Directors, Officers, Stockholders and Related Interests (DOSRI) is shown under Note 33 of the Audited Financial Statements of the Bank and Subsidiaries and Exhibit II (c) of the Supplementary Schedules Required by SRC Rule 68 Annex J.

The foregoing information addresses the requirement of Section 49 of the Revised Corporation Code to disclose the directors' self-dealings and related party transactions with the Bank.

Item 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(a) Executive Compensation

1) General

The annual compensation of executive officers consists of a 16-month guaranteed cash emolument. Non-executive directors are entitled to a per diem for each Board or Board committee meeting attended as follows: ₱60,000.00 for each board meeting and ₱30,000.00 for each committee meeting, provided that in no case shall the total per diem exceed ₱420,000.00 per month for committee meetings. No other emoluments are granted to non-executive directors of the Bank except for the aforementioned per diem. The ₱60,000.00 and ₱30,000.00 per diem for each board and board committee meeting, respectively, were adjustments made in 2023. Prior to 2023, the last adjustment made on the directors' per diem was in 2014. There is no profit-sharing arrangement between the Bank and the Bank's directors. The President and CEO, being the only executive director, is not entitled to any per diem as it is deemed incorporated in his compensation. The total per diem paid to the non-executive directors of the Bank for 2024 amounted to ₱68.07 million broken down as follows:

Board Meetings	₱16.80 million
Board Committee Meetings	₱51.27 million

In view, however, of the competitiveness of the industry and high demand for senior executive officers and in order to maintain the Bank's attractiveness and advantage, the Bank is unable to disclose the exact amount of total compensation received by its President in 2024.

Due to the sensitivity of the information, the Bank prefers not to reflect in this Information Statement the annual report on the compensation received by each director as this will allow non-stockholders access to the information. This Information Statement is easily accessible and may be downloaded from the Bank's website and its PSE Edge profile. This may, therefore, endanger the safety and security of the directors and may be a violation of data privacy laws. In compliance, however, with Sections 29 and 49 of the Revised Corporation Code requiring corporations vested with public interest to submit to its stockholders and the Commission an annual report of the total compensation of each of their directors, a report on the total per diem of each director will be presented to the stockholders at the Annual Stockholders' Meeting of the Bank and a copy of said report will be submitted to the SEC, as may be required. Any stockholder may likewise inquire about the per diem of each director by sending a request to the Office of the Corporate Secretary and such inquiry will be addressed personally.

The above information addresses the requirements under Sections 29 and 49 of the Revised Corporation Code.

Other than as above-stated, there are no other arrangements concerning compensation for services rendered by directors or executive officers to the Group.

2) Summary Compensation Table

Below is a summary compensation table of the most highly compensated executive officers, directors and other officers of the Bank.

Annual Compensation (In Pesos)					
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Others (per diem)**	**Total**
Mr. Florido P. Casuela President & CEO Most highly compensated executive officers other than the CEO: 1. Francis B. Albalate Executive Vice President 2. Cenon C. Audencial, Jr. Executive Vice President 3. Roberto D. Baltazar Executive Vice President 4. Isagani A. Cortes Executive Vice President 5. Jose German M. Licup Executive Vice President 6. Aida M. Padilla Executive Vice President					
CEO and Most Highly Compensated Executive Officers	Actual 2023	85,013,709	27,863,531	-	112,877,240
	Actual 2024	84,658,061	27,884,646	-	112,542,707
	Projected 2025	93,124,000	30,673,000	-	123,797,000
Directors	Actual 2023	-	-	71,340,000	71,340,000
	Actual 2024	-	-	96,330,000	96,330,000
	Projected 2025	-	-	134,862,000	134,862,000
All other officers (unnamed)	Actual 2023	4,064,762,798	1,362,877,707	-	5,427,640,505
	Actual 2024	4,361,446,765	1,450,672,768	-	5,812,119,533
	Projected 2025	4,797,591,000	1,595,740,000	-	6,393,331,000

The information above addresses the requirements of Sections 29 and 49 of the Revised Corporation Code.

3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

All executive officers are covered by the Bank's standard employment contract which guarantees annual compensation on a 16-month schedule of payment. In accordance with Sec. 6.1, Article VI of the Bank's By-Laws, all officers with the rank of Vice President and up hold office and serve at the pleasure of the Board of Directors.

4) Warrants and Options Outstanding

No warrants or options on the Bank's shares of stock have been issued or given to the directors or executive officers as a form of compensation for services rendered.

Item 7. INDEPENDENT PUBLIC ACCOUNTANTS

SyCip Gorres Velayo & Co., CPAs (SGV) is the external auditor of the Bank and its domestic subsidiaries for the calendar year 2024. Representatives of SGV will be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. Mr. Ray Francis C. Balagtas, one of the more experienced audit partners in the banking industry in the Philippines, was the lead audit partner for the year 2024.

The BACC has primary authority to select, evaluate, appoint, dismiss, replace and reappoint the Bank's external auditors, subject to the approval of the BOD and ratification of stockholders, based on fair and transparent criteria such as (i) core values, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of audit staff; (iii) independence; (iv) effectiveness of the audit process; and (v) reliability and relevance of the external auditor's reports.

After careful evaluation, Management has decided to recommend SGV for reappointment as external auditor of the Bank and its domestic subsidiaries for the year 2025. The BACC has thereafter endorsed the reappointment of SGV to the BOD. The reappointment of SGV as external auditor of the Bank was approved by the BOD on February 28, 2025 and will be presented for ratification by the stockholders at the Bank's Annual Stockholders' Meeting to be held on April 29, 2025.

For the years reported, there were no changes in, nor disagreements with, the Bank's external auditors on accounting and financial disclosures.

OTHER MATTERS

Item 8. ACTION WITH RESPECT TO REPORTS

The following matters will be submitted to a vote at the Annual Stockholders' Meeting:

1. Approval of the Minutes of the 2024 Annual Stockholders' Meeting held on April 30, 2024

   Hereunder is a summary of the salient matters discussed at the Annual Stockholders' Meeting of the Bank in 2024:

   a. The Minutes of the 2023 Annual Stockholders' Meeting held on April 25, 2023 was approved;
   b. A Report of the President on the Results of Operations for the Year 2023 was presented;
   c. The 2023 Annual Report was approved;
   d. The following Amendments to the By-Laws were approved:

      - Sections 3.4 and 3.5, Article III;
      - Sections 4.2, 4.3, 4.4 and 4.7, Article IV;
      - Sections 5.4, 5.5, 5.8, 5.9, 5.11, 5.12 and 5.17, Article V; and
      - Sections 6.1, 6.9, 6.10 and 6.11, Article VI

   e. All Legal Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since the 2023 Annual Stockholders' Meeting were confirmed and ratified;
   f. Fifteen (15) Directors were elected to serve for the term 2024-2025; and
   g. SGV was appointed as External Auditor of the Bank for 2024-2025.

   A copy of the Minutes of the 2024 Annual Stockholders' Meeting was uploaded in the Bank's website on May 6, 2024. The Minutes were prepared in accordance with the requirements of Section 49 of the Revised Corporation Code which require minutes of the most recent regular stockholders' meeting to include, among others, the following:

   a. A description of the voting and tabulation procedures in the previous meeting;
   b. A description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given;
   c. The matters discussed and resolutions reached;
   d. A record of the voting results for each agenda item;
   e. A list of the directors or trustees, officers and stockholders who attended the meeting; and
   f. Such other items that the Commission may require in the interest of good corporate governance and the protection of minority stockholders.

2. Approval of the 2024 Annual Report

   The 2024 Annual Report of the Bank may be viewed and downloaded from the Bank's website at www.pnb.com.ph/asm2025. The President will likewise render his report on the Bank's performance

for the year 2024 during the Stockholders' meeting in compliance with Section 49 of the Revised Corporation Code which requires a presentation to the stockholders of a descriptive, balance and comprehensible assessment of the Bank's performance and a financial report for the preceding year.

3. Ratification of all legal acts and proceedings of the Board of Directors and corporate officers since the 2024 Annual Stockholders' Meeting

A list of all legal acts, resolutions and proceedings taken by the directors and corporate officers will be too voluminous to be included in this report. Most relate to regular banking transactions and credit matters which the Board of Directors, either by law or by regulations issued by the BSP, is required to act upon. It includes, among others, approval of loans, investments, new products and services, amendment of bank policies and manuals, matters related to various bank-acquired assets and related party transactions. These actions are subjected to the annual review of the BSP and the Bank's external auditor.

Item 9. AMENDMENT OF THE BY-LAWS

The following amendment of Section 5.8, Article V, of the Bank's By-Laws will be presented for approval of the stockholders during the Annual Stockholders' Meeting:

Current Provision	Proposed Amendment
Article V Board of Directors	
Section 5.8. Compensation. Directors, as such, shall receive such compensation for their services as may from time to time be fixed by the stockholders subject to the limitations set forth in Section 30 of the Corporation Code. Each director shall also be entitled to a reasonable per diem, as may be determined by the Board.	Section 5.8. Per Diem. Each director, except for the President, shall be entitled to reasonable per diem pursuant to Section 29 of the Revised Corporation Code, which the President is authorized to fix and/or increase based on industry practice, performance of the Bank, or other analogous factors.

The amendment of Section 5.8, Article V of the Bank's By-Laws is proposed to comply with the requirement of the Bangko Sentral ng Pilipinas to make the aforementioned Section consistent, and in accordance, with Section 29 of the Revised Corporation Code of the Philippines and other applicable laws and regulations.

Item 10. OTHER ACTIONS

(a) Election of Directors

Fifteen (15) directors will be elected for the year 2025 – 2026.

(b) Appointment of External Auditor

The BACC has sole authority to select, evaluate, appoint, dismiss, replace and reappoint the Bank's external auditors, subject to the approval of the Board of Directors and ratification of the stockholders, based on fair and transparent criteria such as (i) core values, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence; (iv) effectiveness of the audit process; and (v) reliability and relevance of the external auditor's reports. The BACC has endorsed the reappointment of SGV as its external auditor for the year 2024 to the Board of Directors. The reappointment of SGV as external auditor of the Bank was approved by the Board of Directors on February 28, 2025 and will be presented for ratification of the stockholders at the Bank's Annual Stockholders' Meeting to be held on April 29, 2025.

SGV has the advantage of having historical knowledge of the business of the Bank and its subsidiaries and affiliates, having been the appointed external auditor of the Bank in 2024 and prior years.

Item 11. VOTING PROCEDURE

The affirmative vote of the stockholders present in person or by proxy representing at least a majority of the stockholders present at the meeting shall be sufficient to carry the vote for any of the matters submitted to a vote at the Annual Stockholders' Meeting, except for Items 6 and 8 of the Agenda on the amendment of the Bank's By-Laws and election of directors, respectively.

For Item 6 of the Agenda, on the amendment of the Bank's By-Laws, the favorable vote of the stockholders representing at least a majority of the outstanding capital stock of the Bank is required.

For the election of directors, the fifteen (15) nominees garnering the highest number of votes from the stockholders present or represented by proxy shall be elected directors for the ensuing year.

The manner of voting and counting of votes will be as follows:

a) Every stockholder entitled to vote shall have the right to vote the number of shares registered in his name on record as of the close of business hours on March 31, 2025. Only duly signed proxies and electronic votes submitted on or before 5:00 p.m. on April 24, 2025 shall be honored for purposes of voting.

   The requirements and procedure for voting through remote communication are reflected in Annex "B" of this Information Statement.

b) For purposes of electing directors, the system of cumulative voting shall be followed. Each stockholder is entitled to such number of votes equal to the number of shares he owns multiplied by the number of directors to be elected. Under this voting system, the stockholder has the option to (i) cast all his votes in favor of one (1) nominee, or (ii) distribute those votes under the same principle among as many nominees as he shall see fit. Only candidates duly nominated shall be voted upon by the stockholders entitled to vote or by their proxies.

c) The manner of election and the counting of the votes to be cast shall be under the supervision of the Corporate Secretary.

The foregoing address the requirement of Section 49 of the Revised Corporation Code to disclose to the stockholders material information on the current stockholders and their voting rights.

Item 12. CORPORATE GOVERNANCE

PNB subscribes to the highest standards of corporate governance as the Bank believes that good governance supports long-term value creation. A comprehensive discussion and report on the Bank's corporate governance framework and its implementation prepared in accordance with the BSP's Manual of Regulations for Banks (MORB), the Securities and Exchange Commission's (SEC) Code of Corporate Governance for Publicly Listed Companies, and prevailing best practices prescribed under the ASEAN Corporate Governance Scorecard (ACGS) is attached as Annex "C" of this Information Statement.

UNDERTAKING TO PROVIDE ANNUAL REPORT

The Registrant undertakes to provide without charge to each Stockholder a copy of the Bank's Annual Report or SEC Form 17-A upon written request to the Bank addressed to:

The Corporate Secretary
Philippine National Bank
9/F, PNB Financial Center
President Diosdado Macapagal Blvd.
Pasay City, Metro Manila

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Pasay City on March 26, 2025.

PHILIPPINE NATIONAL BANK

By:

RUTH PAMELA E. TANGHAL
Corporate Secretary

Annex "A"

AGENDA

DETAILS AND RATIONALE

1. **Call to Order**. The Chairman, Mr. Edgar A. Cua, will formally open the 2025 Annual Stockholders' Meeting of the Philippine National Bank ("PNB" or, the "Bank").

2. **Secretary's Proof of Notice and Quorum**. The Corporate Secretary, Atty. Ruth Pamela E. Tanghal, will certify that the Notice has been duly published and made available to stockholders of record as of March 31, 2025 pursuant to the existing regulations of the Securities and Exchange Commission. Thereafter, Atty. Tanghal will certify as to the existence of a quorum for the valid transaction of business at the Annual Stockholders' Meeting.

3. **Approval of the Minutes of the 2024 Annual Stockholders' Meeting held on April 30, 2024.** The Minutes of the 2024 Annual Stockholders' Meeting of the Bank will be presented to the Stockholders for approval. A copy of the said Minutes was uploaded to the Bank's website on May 6, 2024 and may be accessed at https://pnb-website.s3-ap-southeast-1.amazonaws.com/uploads/docs/2024_ASM_Minutes.pdf.

4. **Report of the President on the Results of Operations for the Year 2024.** The President, Mr. Florido P. Casuela, will present to the stockholders the highlights of the Bank's performance for the year 2024.

5. **Approval of the 2024 Annual Report.** The 2024 PNB Annual Report, as well as the Audited Financial Statements (AFS) as of December 31, 2024, will be presented to the stockholders for approval. A copy of the AFS is incorporated in the Information Statement.

6. **Amendment of Section 5.8, Article V, of the Bank's By-Laws.** The amendment of Section 5.8, Article V of the Bank's By-Laws to comply with the requirement of the Bangko Sentral ng Pilipinas to make Section 5.8, Article V of the Bank's By-Laws consistent, and in accordance, with Section 29 of the Revised Corporation Code of the Philippines and other applicable laws and regulations, as discussed under Item 9 of the Information Statement, will be submitted to the stockholders for approval.

7. **Ratification of All Legal Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since the 2024 Annual Stockholders' Meeting.** The acts, resolutions and proceedings of the Board of Directors and Corporate Officers since the 2024 Annual Stockholders' Meeting, most of which relate to regular banking transactions and credit matters which the Board of Directors, either by law or by regulations issued by the BSP, is required to act upon, will be presented to the stockholders for approval and ratification.

8. **Election of Directors.** The nominees for election as members of the PNB Board of Directors will be presented to the stockholders. The profiles of the nominees are included in the Information Statement.

9. **Appointment of External Auditor.** The appointment of SGV & Co. as the Bank's external auditor for the year 2025 will be presented to the stockholders for confirmation and ratification.

10. **Other Matters.** Other matters arising subsequent to the sending out of the Notice of the Meeting and the Agenda, and as may be relevant to the Annual Stockholders' Meeting, may be presented to the stockholders for consideration.

11. **Adjournment.** Upon consideration of all matters included in the Agenda, the Chairman shall declare the meeting adjourned.

Annex "B"

REQUIREMENTS AND PROCEDURE FOR PARTICIPATION AND VOTING THROUGH REMOTE COMMUNICATION

A. Registration for the 2025 ASM and Voting through Remote Communication

1. Stockholders of record as of March 31, 2025, who wish to attend the Annual Stockholders' Meeting (the "ASM") and vote in absentia should register through the PNB ASM Registration Portal at www.pnb.com.ph/asm2025 from April 7, 2025 to April 22, 2025 ("Registration Period").

2. Stockholders are required to provide the following for validation and verification:

a. For individual Stockholders

- Scanned copy of the front and back portions of the stockholder's valid government-issued **photo ID**. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB. Valid government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-Ibig ID, Senior Citizen ID, and Philippine National ID;
- Valid and active e-mail address;
- Valid and active contact number (landline or mobile number).

b. For Stockholders with Joint accounts

In addition to the above requirements, a scanned copy of an authorization letter signed by all stockholders jointly owning the shares designating who among them is authorized to cast the vote for the account. The authorization letter must also be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB.

c. For Corporate Stockholders

- Scanned copy of a Secretary's Certificate or a board resolution under oath regarding the authority of the representative to attend the meeting and vote for and on behalf of the Corporation. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB;
- Scanned copy of the front and back portions of the valid government-issued **photo ID** of the stockholder's representative. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB. Valid government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-Ibig ID, Senior Citizen ID, and Philippine National ID;
- Valid and active email address of the stockholder's representative;
- Valid and active contact number of the stockholder's representative (landline or mobile number).

d. For Stockholders represented by Proxy

- In addition to the above requirements for the stockholder, the same requirements shall be submitted by the Proxy or authorized representative;
- Scanned copy of the Proxy Form or an authorization letter signed by the stockholder, authorizing the Proxy to attend the meeting and cast the vote for the account. This must also be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB.

e. For Stockholders under Broker accounts

- Scanned copy of the broker's certificate signed by the authorized signatory/ies on the stockholder's number of shares. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB;
- In case of a corporate stockholder, also submit a scanned copy of the certification signed by a duly authorized officer of such corporate beneficial owner attesting to the authority of the representative to vote for and on behalf of the corporate beneficial stockholder. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB;
- Scanned copy of the front and back portions of the stockholder's valid government-issued **photo ID**. This must be in a digital (JPG, PDF, PNG, TIFF, HEIF) format with a file size no larger than 2MB. Valid government-issued photo IDs include the following: Driver's License, Passport, Unified Multi-Purpose ID, Professional Regulation Commission ID, SSS ID, Pag-Ibig ID, Senior Citizen ID, and Philippine National ID;
- Valid and active email address;
- Valid and active contact number (landline or mobile number).

3. Upon completion of the verification procedure, the stockholder will receive an email confirmation which includes the link which the stockholder may use to access the PNB 2025 ASM livestream. Stockholders who opted during the online registration to vote in absentia will likewise receive a link to PNB's secure online voting portal ("Voting Portal") with the stockholder's default username and password.

4. The validation and verification procedure may take up to three (3) days upon submission of the required documents. Stockholders are encouraged to register early within the Registration Period.

5. The Voting Portal contains the agenda items reflected on the Notice of the 2025 PNB ASM. Registered stockholders may vote as follows:

   (a) For items other than the election of directors, registered stockholders have the option to vote "For", "Against", or "Abstain";
   (b) For election of Directors, the system of cumulative voting shall be followed. Each stockholder is entitled to such number of votes equal to the number of shares he/she/it owns multiplied by the number of directors to be elected. Under this voting system, the stockholder has the option to (i) cast all his/her/its votes in favor of one (1) nominee, or (ii) distribute his/her/its votes among as many nominees as he/she/it may deem fit;
   (c) Once the registered stockholder has completed voting, he/she/it can submit his/her/its votes by clicking the "Submit" button. Upon submission, the registered stockholder may no longer change his/her/its votes.

6. The Office of the Corporate Secretary shall tabulate all valid votes cast in absentia and votes cast through proxies. An independent party will validate the voting results, which will be reported by the Corporate Secretary at the meeting. All votes should be submitted no later than 5:00 p.m. on April 24, 2025.

B. Other Information Regarding the 2025 PNB ASM

1. Only those stockholders who have completed the registration and verification procedure within the Registration Period shall be considered in determining the existence of a quorum.

2. The conduct of the ASM will be streamed live. Votes and queries cannot be submitted through the livestreaming link. Registered stockholders may send their queries or comments to pnb_asm@pnb.com.ph on or before April 25, 2025. Queries sent but not addressed during the ASM due to time constraints shall be addressed separately and responded to through email.

3. The proceedings will be recorded in video and audio format. The Minutes of the ASM will be uploaded to the PNB website within five (5) business days upon the adjournment of the ASM.

Annex "C"

CORPORATE GOVERNANCE

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

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

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

Our Governance Structure
CHAIRMAN EMERITUS
LUCIO C. TAN

BOARD OF DIRECTORS
15 Directors
9 Non–Executive
5 Independent
1 Executive

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

CHAIRPERSON
EDGAR A. CUA

Key Role
Responsible for providing leadership in the Board of Directors and ensuring effective function

Executive Committee

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

Corporate Governance and Sustainability Committee

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

Board Oversight RPT Committee

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

Board Audit and Compliance Committee

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

Risk Oversight Committee

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

Trust Committee

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

Board IT Governance Committee

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

Board Strategy and Policy Committee

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

Board Overseas Offices Oversight Committee

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

* Independent Directors

Board of Directors

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

Board Committees

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

The Chairman, Vice Chairman, and the President & CEO

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

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

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

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

strategic initiatives, driving sustainable growth and operational excellence. He also serves as the Chairman of the Executive Committee.

The complete profile of the Chairman, the Vice Chairman, and the President and CEO can be found under Item 5(a) of the Information Statement.

Board Composition

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

The President is the only member of the Board who has executive responsibility over day-to-day operations, while the remaining Board members are non-executive directors (NEDs) who do not perform any work related to the operations and daily management of the Bank. Five (5) members of the Board are independent directors, who are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors.

The Board ensures that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities, and respond to the needs of the Bank based on the evolving business environment and strategic direction. The directors are elected during the Bank's stockholders' meeting and hold office for the ensuing year until their successors are elected and qualified. Prior to such election, PNB's directors are thoroughly screened to ensure that they possess all the qualifications and none of the disqualifications under existing laws and BSP regulations.

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

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

- Mr. Wilfrido E. Sanchez was elected as a regular Director of the Bank; and
- Mr. Protacio T. Tacandong was elected as an Independent Director of the Bank.

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

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

Board Advisors

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

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

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

Corporate Secretary

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

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

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

Chief Compliance Officer

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

Chief Risk Officer (CRO)

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

Chief Audit Executive (CAE)

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

Management Committee

PNB's Management Committee is composed of top-tier professionals who are well-accomplished in their respective fields. The Management Committee executes the Bank's strategy and drives business performance. It is headed by the President, supported by the Chief of Staff, and is composed of:

Florido P. Casuela
Director / President & CEO

Francis B. Albalate
Executive Vice President & Chief Financial Officer
Head, Financial Management, Strategy, and Sustainability Sector

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

Jose German M. Licup
Executive Vice President & Head, Enterprise Services Sector
Officer-in-Charge (OIC), PNB-Mizuho Leading & Finance Corporation

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

Manuel C. Bahena, Jr.
First Senior Vice President & Chief Legal Counsel
Head, Legal Group

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

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

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

Celeste Marie V. Lim
First Senior Vice President & Head, Consumer Finance Sector

Maria Paz D. Lim
First Senior Vice President & Corporate Treasurer

Noel C. Malabag
First Senior Vice President & Head, Global Marketing Group

Michael M. Morallos
First Senior Vice President & Head, Information Technology Group

Roland V. Oscuro
First Senior Vice President & Chief Information Security Officer
Data Protection Officer

Humildad M. Santelices
First Senior Vice President & Deputy Head, Institutional Banking Sector for Commercial Banking

Nanette O. Vergara
First Vice President & Chief Credit Officer
Head, Credit Management Group

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

Emeline C. Centeno
Senior Vice President & Head, Corporate Planning & Analysis Division

Damasen Paul C. Cid
Senior Vice President & Head, Digital Innovations Group

Jennifer Y. Ng
Senior Vice President & Head, Marketing Group

Joy Jasmin R. Santos
Senior Vice President & Chief Trust Officer
Head, Trust Banking Group

Constantino T. Yap
Senior Vice President & Assistant to the President & CEO

Juliet S. Dytoc
First Vice President & Chief Risk Officer
Head, Enterprise Risk Management Group

Melissa K. Gabor
First Vice President & Acting Chief Compliance Officer
OIC Head, Global Compliance Group

Analisa I. San Pedro
First Vice President & Chief Audit Executive
Head, Internal Audit Group

Yolanda M. Albano
President
Allied Integrated Holdings, Inc.

Manuel Antonio G. Lisbona
President & CEO
PNB Securities, Inc.

Gerry B. Valenciano
President & CEO
PNB Capital & Investment Corp.

Joseph Kumar Gross
President & CEO
Allianz PNB Life Insurance, Inc.

Modette Ines V. Carino
Member/Secretariat
Assistant to the President & CEO

Legal Vehicles, Business, and Support Groups

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

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

Each major group is led by a Sector or Group Head who reports directly to the President and CEO, while certain group heads report to board committees. The Chief Compliance Officer (CCO) and Chief Audit Executive (CAE) report directly to the Board Audit and Compliance Committee (BACC), while the Chief Risk Officer (CRO) reports to the Risk Oversight Committee (ROC).

Skills, Competency, and Diversity

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

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

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

Guided by the ASEAN Corporate Governance Scorecard, the Bank continuously endeavors to meet the following standards:

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

As in the past years, the Bank has gone above and beyond mere compliance on the said diversity targets. As of December 31, 2024, PNB had four (4) female directors in the Board, two (2) of whom are independent directors. Further, three (3) of the nine (9) Board-level Committees are chaired by female directors.

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

Nomination and Election of Directors

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

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

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

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

Meetings and Attendance

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

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

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

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

In 2024, the Board held a total of eleven (11) meetings: eight (8) regular meetings, two (2) special meetings, and one (1) organizational meeting. The Board members who have been elected during the Annual Stockholders' Meeting (ASM) held on 30 April 2024 have complied with the SEC's 50% minimum attendance requirement. Further, the Board attended the 2024 ASM. The attendance report of the directors indicating the attendance of each director at each of the Board meetings and Stockholders' meeting in 2024 is shown below:

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

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

[2]Elected as member of the Board only on 11 October 2024 to fill the vacated seat of Mr. Protacio T. Tacandong and only attended the Board meetings for the period of October to December 2024.
[3]Elected as a Member of the Board of Directors on 30 April 2024 but resigned effective 30 August 2024.

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

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

Remuneration

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

The total per diem given to the members of the Board, the total compensation of the President, and of the four (4) most highly compensated executive officers were disclosed in the Bank's Information Statement sent to all shareholders.

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

Retirement and Term Limit

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

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

Board Performance Evaluation

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

The members of the Board of Directors participate in an annual self-assessment exercise to assess their individual and collective performance. This exercise is also designed to determine and measure the adherence of

Management to corporate governance practices and is also a platform to address and discuss specific areas/components that the Board and each director needs to improve on. The self-assessment questionnaire covers comprehensive evaluation criteria focused on matters such as the director's time commitment and independence, potential or actual conflicts of interest, governance landscape, ethical culture in the Bank, risk governance, fitness and propriety of Board and Management, and internal controls.

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

Pursuant to the SEC's Code of Corporate Governance for Publicly Listed Companies, the Bank engages an external entity every three (3) years to assess the structure, processes, dynamics, roles, and overall performance of the Board, and to further align PNB's governance framework with best practices. In 2024, the Bank engaged the services of R.G. Manabat & Company (KPMG in the Philippines) as a third-party assessor to assist in the evaluation of the performance and effectiveness of the Board, its individual members and Committees as well as the Chief Executive Officer for the year 2023.

Orientation and Continuing Education

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

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

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

As of December 31, 2024, all incumbent directors were compliant with the annual four (4)-hour continuing training requirement. Certificates of attendance have been submitted to SEC and disclosed to PSE.

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

Maria Almasara Cyd N. Tuaňo-Amador	Corporate Governance Seminar	October 1, 2024	SGV &Co.
Domingo H. Yap	Corporate Governance Seminar	October 1, 2024	SGV & Co.
Ruth Pamela E. Tanghal	Corporate Governance Seminar	October 1, 2024	SGV & Co.

The Bank's new director complied with the required eight (8)-hour seminar on corporate governance for first-time Bank directors conducted by the Institute of Corporate Directors. He also attended an in-house orientation on board matters like rights of shareholders, PSE disclosure rules, the Bank's vision and mission, core values and code of conduct, whistleblower policy, corporate governance, related party transactions, macroeconomic environment, sustainability, the Bank's risk management framework, enterprise risk heat map, branch banking operations, customer relations, and internal audit and control system.

Shareholdings

Directors are required to advise the Corporate Secretary of their shareholdings in the Bank within three (3) business days after their appointment or any subsequent acquisition, disposal, or change in their shareholdings. In this regard, all directors are advised to disclose and report to the Bank, thru the Corporate Secretary, any dealings in the Bank's shares within the said period so the Bank can make the necessary disclosures with the PSE, SEC, and the PDEx.

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

The shareholdings of the Bank's directors are under Item 4(c)(2) of the Bank's Information Statement.

Concurrent and Interlocking Directorships

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

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

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

To ensure that the interlocking positions do not pose any adverse impact on the business as well as to ensure that the director concerned can still efficiently discharge his/her duties and responsibilities as a director of the Bank, certain guidelines are observed. Non-executive directors may concurrently serve as director in a maximum of five (5) publicly listed companies. Each entity within a conglomerate where the non-executive director is concurrently serving as director shall be separately counted in assessing compliance with this requirement. As of December 31, 2024, all fifteen (15) directors have complied with the prescribed limit on concurrent and interlocking directorships.

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

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

BOARD COMMITTEES

The Board of Directors delegated certain functions to nine (9) Board Committees to enable a more focused discussion and specialized approach on key areas of the Bank. These Committees are the Executive Committee (EXCOM), Board Audit and Compliance Committee (BACC), Board Oversight RPT Committee (BORC), Corporate Governance and Sustainability Committee (CGSC), Board Strategy and Policy Committee (BSPC), Risk Oversight Committee (ROC), Board IT Governance Committee (BITGC), Trust Committee, and the Board Overseas Offices Oversight Committee (BOOOC).

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

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

C – Chairman
VC – Vice Chairman
M – Member

Board Audit and Compliance Committee

Mandate:

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

Structure and membership:

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

Meetings and Attendance:

- In 2024, the BACC held a total of thirty-three (33) meetings: twenty-three (23) regular meetings, five (5) special and five (5) joint meetings.
- The committee charter stipulates that meetings shall be held at least four (4) times a year. Special meetings may be convened, as necessary. Meetings can only be held if attended by majority of the members; but the vote of the majority of the quorum which in no case is less than two (2) members is required to approve any act in all the meetings of the committee. For matters requiring the Committee's approval and/or endorsement for Board approval, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast her vote to break the tie.

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

[1] Elected as a Member of the Board Audit and Compliance Committee on October 11, 2024.
[2] Elected as a Member of the Board Audit and Compliance Committee on April 30, 2024.

Board IT Governance Committee (BITGC)

Mandate:

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

Structure and membership:

- BITGC consists of eight (8) members: five (5) non-executive directors, two (2) independent directors, and one (1) executive director.

Meetings and Attendance:

- In 2024, the BITGC held a total of sixteen (16) meetings: twelve (12) regular meetings and four (4) special meeting.
- The committee charter stipulates that monthly meetings should be conducted or whenever necessary to properly discharge its functions. Meetings can only be held if attended by a majority of the members less one (1) member; but the vote of the majority of the quorum, which in no case is less than three (3) members is required to approve any act in all the meetings of the committee. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

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

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

Board Oversight RPT Committee (BORC)

Mandate:

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

Structure and membership:

- Composed of three (3) independent directors and one (1) non-executive director.
- Chaired by an independent director.
- Chairman of the BORC is not the Chairperson of the Board or of any other Board committee.
- The Chief Compliance Officer (CCO) and the Chief Audit Executive (CAE) also sit as non-voting members of the committee.

Meetings and Attendance:

- In 2024, the BORC held a total of twelve (12) regular meetings and one (1) special meeting.
- The committee charter stipulates that the BORC shall conduct monthly meetings or as may be necessary. Meetings can only be held if attended by a majority of the members; but the vote of the majority of the quorum which in no case is less than two (2) members is required to approve any act in all the meetings of the committee. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

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

Analisa I. San Pedro	Non-voting Member	13	100.00
Melissa K. Gabor	Non-voting Member	2[6]	100.00

[1] Elected as a Member of the BORC on April 25, 2023.
[2] Elected as a Member of the BORC on April 24, 2024.
[3] Currently a Non-Executive Director.
[4] Member of the BORC until April 30, 2024.
[5] Member of the BORC until October 31, 2024.
[6] Appointed as a Member of the BORC on November 4, 2024.

Board Strategy and Policy Committee (BSPC)

Mandate:

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

Structure and membership:

- The BSPC consists of thirteen (13) members: four (4) independent directors, eight (8) non-executive directors and one (1) executive director.

Meetings and Attendance:

- In 2024, the BSPC held a total of forty-five (45) meetings: twenty-three (23) regular meetings, five (5) special and seventeen (17) joint meetings.
- The committee charter stipulates that regular meetings shall be held at least every month. Meetings can only be held if attended by a majority of the members. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

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

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

Corporate Governance and Sustainability Committee

Mandate:

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

Structure and membership:

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

Meetings and Attendance:

- In 2024, the committee held a total of sixteen (16) meetings: twelve (12) regular meetings, two (2) special and two (2) joint meetings.
- The committee charter stipulates that meetings shall be held at least every month. Meetings can only be held if attended by a majority of the members; but the vote of the majority of the quorum, which in no case is less than two (2) members is required to approve any act in all the meetings of the committee. For acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

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

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

Executive Committee

Mandate:

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

Structure and membership:

- The membership and composition of the committee complies with the requirements of the Revised Corporation Code of the Philippines and other applicable laws.

- The committee consists of eleven (11) members: eight (8) non-executive directors, two (2) independent directors, and one (1) executive director.
- Independent directors may be appointed as non-voting members and may assume an advisory capacity to the committee. Non-voting members shall not vote with respect to any determination and proposal requiring the approval or notation of the committee and shall not count towards a quorum at any meeting.

Meetings and Attendance:

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

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

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

Risk Oversight Committee (ROC)

Mandate:

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

Structure and membership:

- Consists of nine (9) members: five (5) independent and four (4) non-executive directors
- Chaired by an independent director.
- Chairman of ROC is not the Chairperson of the Board or of any other Board-level committee.

Meetings and Attendance:

- In 2024, the ROC held a total of thirty-five (34) meetings: twenty-four (24) regular meetings and ten (10) joint meetings with BSPC.

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

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

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

Trust Committee

Mandate:

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

Structure and membership:

- The committee consists of six (6) members: four (4) non-executive directors, one (1) executive director (the President as ex-officio member), and the Chief Trust Officer (as ex-officio member).
- No member of the BACC is concurrently designated as a member of the Trust Committee.

Meetings and Attendance:

- In 2024, the Trust Committee held a total of thirteen (13) meetings: twelve (12) regular meetings and one (1) special meeting.
- As stipulated in its charter, the committee shall meet at least once every quarter. The presence of a majority of the members of the committee shall constitute a quorum; but the unanimous vote of the quorum, is required to approve any act in all the meetings of the committee. In case the unanimous vote is not attained, for acts or management recommendations that need urgent approval or endorsement, the Chairperson shall call the matter to a vote during the said meeting. Majority vote of the Committee members is required to approve/endorse an act. In the event the votes are tied, the Chairperson shall cast his or her vote to break the tie.

Name	Role	No. of meetings attended	% Present
Sheila T. Pascual	Chairman, Non-Executive Director	8	61.50
Wilfrido E. Sanchez	Member, Non-Executive Director	11[1]	84.60
Vivienne K. Tan	Member, Non-Executive Director	12	92.30
Felix Enrico R. Alfiler	Member, Non-Executive Director	11	84.60

Florido P. Casuela	Ex-officio, Executive Director	13	100.00
Joy Jasmin R. Santos	Ex-officio, Chief Trust Officer	13	100.00
Leonilo G. Coronel	Vice-Chairman, Non-executive Director	5[2]	100.00
Chester Y. Luy	Member, Non-Executive Director	6[3]	100.00

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

Board Overseas Offices Oversight Committee (BOOOC)

Mandate:

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

Structure and membership:

- Consists of four (4) members of the Board, three (3) of whom are independent directors.

Meetings and Attendance:

- In 2024, the Committee held eight (8) meetings.
- The presence of a majority of the BOOOC members will constitute a quorum, and the unanimous vote of all the members present constituting a quorum shall be required to approve/ endorse any act of Management recommendation in all the meetings of the Committee.
- In case the unanimous vote was not attained because of an objection from any of the Committee members, the following rules shall be observed:

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

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

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

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

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

MANAGEMENT COMMITTEES

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

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

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

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

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

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

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

BANK COMMITTEES
As of January 31, 2025

NO.	COMMITTEE
1	ACQUIRED ASSETS DISPOSAL COMMITTEE (AADC)
2	ANNUAL INSTITUTIONAL TOP PERFOMANCE AWARDS CO
3	ASSET AND LIABILITY COMMITTEE (ALCo)
4	ASSET DISPOSAL COMMITTEE (HEAD OFFICE)
5	CAPITAL MANAGEMENT SUB-COMMITTEE
6	COMMITTEE ON OVERSEAS-RELATED ENGAGEMENTS (CO
7	COMMITTEE ON DECORUM AND INVESTIGATION (CoDi)
8	CUSTOMER EXPERIENCE COMMITTEE (CX)
9	DOMESTIC BRANCH SITE SELECTION COMMITTEE (DBSSC)
10	ETHICAL STANDARDS COMMITTEE (ESC)
11	FINANCIAL CRIME RISK REVIEW COMMITTEE (FCRRC)
12	INSTITUTIONAL BANKING SECTOR CREDIT COMMITTEE (IE
14	IT EVALUATION COMMITTEE (ITEC)
15	IT PROJECT PRIORITIZATION COMMITTEE
16	MANAGEMENT COMMITTEE (ManCom)
17	MANAGEMENT RISK COMMITTEE (MRC)
18	METRO MANILA COMMERCIAL CREDIT COMMITTEE
19	OCCUPATIONAL SAFETY, HEALTH, AND FAMILY WELFARE
20	OPERATIONS COMMITTEE (OpCom)
21	PHILIPPINE FINANCIAL REPORTING STANDARD (PFRS) 9 C

COMPLIANCE

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

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

GCG is led by the CCO, who functionally reports to the BACC and administratively to the President and CEO. While independent from the Bank's business units, it has access to all operational areas as well as to any records or files necessary for the group to carry out its responsibilities and conduct review of possible breaches of the compliance policy. GCG is composed of five (5) divisions: Corporate Governance, Financial Crime Risk, Regulatory Compliance Risk, Compliance Assurance, and Compliance Operations.

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

Corporate Governance

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

Financial Crime Risk

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

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

The Financial Crime Risk Division (FCRD) encompasses five (5) key areas: anti-money laundering, counter terrorist financing, sanctions, anti-bribery and corruption, and tax transparency; and this was expanded to cover not only money laundering, but also other forms of financial crime. To mitigate the different risks, the FCRD ensures an end-to-end robust control framework is in place and is embedded enterprise wide. It also provides guidance to the Board, Management, and business units on the applicable regulatory requirements and risk mitigation to help safeguard the bank against financial crime threats, legal penalties, and reputational damage. The FCRD also provides trainings to upskill and retool employees and to keep them abreast in the changes in policies and procedures set forth by legislation, regulations, banking guidance, and global best practices.

Regulatory Compliance Risk

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

Compliance Assurance

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

Compliance Officer, Senior Management, the Board Audit and Compliance Committee and/or the Board of Directors.

Compliance Operations

The Compliance Operations Division (COD) is responsible for managing GCG's administrative requirements, budget, hiring, training, system access, equipment and furniture requirements, management information, BSP examination from logistics, support, submission, and monitoring of action plans for each BSP directive among others to allow the rest of the four (4) divisions to focus on their primary tasks.

INTERNAL AND EXTERNAL AUDIT

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

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

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

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

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

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

RIGHTS OF SHAREHOLDERS

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

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

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

Stockholders' Meeting

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

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

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

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

To safeguard the health and ensure the safety of the stockholders and stakeholders of the Bank, the ASM was held virtually on April 30, 2024.

Before the ASM

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

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

During the ASM

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

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

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

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

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

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

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

After the ASM

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

DISCLOSURE AND TRANSPARENCY

PNB Website

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

Annual and Quarterly Reports

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

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

Press Releases and Media Briefings

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

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

Investor Relations

Investor relations is the Bank's strategic responsibility to keep the communication and information open with investors and help to maintain the Bank's foothold in the financial market. During the year, the Bank continued its efforts in deepening its engagement with shareholders, investors, analysts, and the media through virtual conferences and briefings sponsored by investment bank, financial services companies, and PSE. The discussions focused on PNB's operating results and outlook on growth and asset quality, overall strategy amid the dynamically evolving business environment. In addition, PNB replied to various queries from

investors/analysts. Aside from these, PNB also met with institutional investors to respond to specific concerns of said investors and informed them of latest developments on the Bank, particularly the strategic initiatives to sustain growth and profitability.

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

The Investor Relations Program is anchored on three main principles:

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

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

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

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

GOVERNANCE POLICIES AND PRACTICES

Corporate Governance Manual

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

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

Corporate Governance Confirmation Statement

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

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

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

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

Code of Ethics for Directors

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

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

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

Code of Conduct for Employees

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

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

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

Whistleblowing Mechanism

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

Under the policy, a whistleblower may be an employee of the Bank or a third party who discloses, in good faith, any illegal, unethical, or improper behaviors or practices, and misconduct in the Bank. He/She can report any suspected or actual infraction thru (i) call or text to the whistleblower hotline , (ii) electronic mail dedicated for

whistleblower complaints, and (iii) verbal or written report or submission of a signed or unsigned Disclosure of Violation/Complaint Form to any of the members of the Ethical Standards Committee (ESC), President/CEO, Chief Compliance Officer (CCO), Chief Audit Executive (CAE), Chief Legal Counsel (CLC) or any member of the Board of Directors. For complaints / reports involving financial fraud, the same may be reported directly to the PNB President/CEO, CCO, CAE, CLC or any member of the Board of Directors either verbally or in writing or e-mail to ensure the anonymity of the whistleblower.

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

Anti-Bribery and Anti-Corruption

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

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

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

Consumer Welfare

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

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

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

cause assessment, formulation, implementation, and monitoring of long-term mitigation initiatives to limit the recurrence of system or process exceptions, and thereby improve customer experience and concerns.

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

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

Creditors' Rights

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

The Bank provides its depositors with ready access to information that accurately represents the fundamental benefits and risks, as well as the terms and conditions of a financial product or service. Moreover, PNB is one with the PDIC in promoting public confidence and stability in the economy. As such, the Bank advertises PDIC's deposit insurance protection in appropriate and accurate manner by including the official PDIC Insurance Statement (Deposits are insured by PDIC up to ₱500,000.00 per depositor) in general advertisements of the Bank and advertisements relating to deposit products and services appearing in print ads, TV, official website, and other forms of marketing communications.

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

Outsourcing and Vendor Management

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

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

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

Selection Process for Senior Management

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

For the appointment of senior officers (Vice President and above), candidates are sourced from various channels and undergo a rigorous selection process. In-depth interviews are conducted by the recommending Group/Sector Head, the Human Resource Group Head, the President and CEO, and Director of the Bank to assess overall

qualifications, capabilities, and other relevant factors. Once a candidate is selected, the appointment is subject to the approval of the Board of Directors, upon endorsement by the President and the Corporate Governance and Sustainability Committee. Following Board approval, all regulatory requirements must be fulfilled, ensuring full compliance with applicable guidelines and conditions set by regulatory bodies

Succession Management

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

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

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

1. Identification of key/critical positions;

2. Nomination of Candidates - based on the candidate's ability, engagement, and aspiration to assume higher role, subject to the initial evaluation of the Nominating Officer/Incumbents, the respective Sector or Group head nominates possible candidates who may be from within or outside of their respective Group/Sector;

3. Conduct of Talent Screening - the process of evaluating and assessing the shortlisted nominees' competencies based on Tenure, Rank, Past & Present Performance and Disciplinary Record, Competencies and Talent's Readiness, subject to the approval of the President;

4. Learning and Development – An Individual Development Plan (IDP) shall be crafted by conducting a career dialogue with the accepted Talent and the supervising Head of Office, to discuss the identified competency, behavioral, and leadership skills / requirements, mobility, and other requirements (e.g., certifications and licenses) of the position for which he/she is being considered as a possible successor. To address the development needs of each talent the Institute for Banking Excellence shall curate basic, core, advance and specific training programs intended for the Talents in the ETP;

5. Talent Review Process (TRP) – Talent's progress shall be monitored and evaluated based on the completed development plan, displayed competencies, and completed certifications/licenses and readiness;

6. Engagement – strategies are employed to sustain the desired level of performance as well as the Talent's commitment to the program; and

7. Placement – the TRP and the learning and development programs continue until the need or opportunity arises for the Talent to assume a key/critical position within the organization.

In-House and External Training Program for Senior Management

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

Through the Institute of Banking Excellence (IBE) of the Human Resource Group, PNB delivers a dynamic mix of Face-to-Face (F2F) sessions and Virtual Instructor-Led Trainings (VILTs) via MS Teams, complemented by external training programs for specialized topics.

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

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

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

Remuneration Policy

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

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

Officers' Compensation and Benefits

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

- Monetary emoluments consisting of monthly compensation, guaranteed bonuses equivalent to four (4) monthly basic salary, allowances for business-related expenses, official travel, annual clothing allowance, annual rice subsidy and other monetary allowances, and award upon reaching service milestones of at least ten (10) years and every five (5) years thereafter; and
- Non-monetary benefits consisting of healthcare plan for the officer and two (2) of qualified primary dependents, group life insurance, group accident insurance, leave privileges, telecommuting work arrangement for eligible officers, car plan, and loan facilities such as general-purpose loan, motor vehicle loan, and housing loan.

Performance-Based Remuneration

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

Retirement

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

There are three (3) modes of retirement, to wit:

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

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

PHILIPPINE NATIONAL BANK is **not soliciting proxies** and a stockholder is NOT required to submit a proxy to PNB. This Proxy form is being provided only for the convenience, and upon request, of a stockholder.

P R O X Y

The undersigned Stockholder of **PHILIPPINE NATIONAL BANK** ("PNB") does hereby nominate, constitute and appoint _____ with email address _____ as my/our/its proxy, to represent me/us/it and vote all shares registered in my/our/its name in the books of PNB at the Annual Stockholders' Meeting scheduled on April 29, 2025. I/we hereby confirm and ratify any and all acts lawfully done by my/our/its proxy pursuant hereto.

Any other proxy or proxies issued by me/us/it on or before this date is/are hereby considered revoked and declared null and void and will have no effect whatsoever.

	For	Against	Abstain
1. Approval of the Minutes of the 2024 Annual Stockholders' Meeting held on April 30, 2024	☐	☐	☐
2. Approval of the 2024 Annual Report	☐	☐	☐
3. Amendment of Section 5.8, Article V of the Bank's By-Laws	☐	☐	☐
4. Ratification of All Legal Acts, Resolutions and Proceedings of the Board of Directors and Corporate Officers since the 2024 Annual Stockholders' Meeting	☐	☐	☐
5. Appointment of External Auditor (SGV & Co.)	☐	☐	☐

	VOTE FOR	NUMBER OF VOTES
6. Election of Directors		
Edwin R. Bautista	☐	
Edgar A. Cua	☐	
Judith V. Lopez (Independent Director)	☐	
Chester Y. Luy	☐	
Geocel D. Olanday (Independent Director)	☐	
Isabelita M. Papa (Independent Director)	☐	
Sheila T. Pascual	☐	
Wilfrido E. Sanchez	☐	
Eusebio V. Tan	☐	
Lucio C. Tan III	☐	
Michael G. Tan	☐	
Vivienne K. Tan	☐	
Maria Almasara Cyd N. Tuaño-Amador (Independent Director)	☐	
Marcia T. Uy (Independent Director)	☐	
Cesar L. Villanueva	☐	

Name of Stockholder : _____ Email Address : _____

Signature : _____ Date : _____

Contact Number : _____

MANAGEMENT REPORT

Item 1. Business

A. Business Development

The Philippine National Bank ("PNB" or the "Bank"), the country's first universal bank, is one of the largest local private commercial banks in terms of assets, net loans and receivables, capital and deposits. As of December 31, 2024, the Bank has a distribution network of 631 domestic branches and offices and 1,715 automated teller machines ("ATM") in the Philippines. In addition, it has the widest international footprint among Philippine banks spanning Asia, Europe, the Middle East and North America with its overseas branches, representative offices, remittance centers and subsidiaries.

In July 2016, PNB celebrated its Centennial Year with the theme, "A Century of Excellence", signifying a meaningful milestone for an institution that has served generations of Filipinos here and abroad. For over 100 years, PNB stands proud as an institution of stability and security for many Filipinos. With its century of banking history and experience, PNB is poised to move forward to becoming a more dynamic, innovative and service-focused bank, providing service excellence to Filipinos all over the world.

The Bank was established as a government-owned banking institution on July 22, 1916. As an instrument of economic development, the Bank led the industry through the years with its agricultural modernization program and trade finance support for the country's agricultural exports, pioneering efforts in the Overseas Filipino Workers' ("OFW") remittance business, as well as the introduction of many innovations such as "Bank-on-Wheels", computerized banking, ATM banking, mobile money changing, domestic traveler's checks, and electronic filing and payment system for large taxpayers. PNB has the widest overseas office network and one of the largest domestic branch networks among local banks.

On February 9, 2013, the Bank concluded its merger with Allied Banking Corporation ("ABC") as approved and confirmed by the Board of Directors ("BOD") of PNB and ABC on January 22 and January 23, 2013, respectively. The respective shareholders of PNB and ABC, representing at least two-thirds of the outstanding capital stock of both banks, approved the terms of the Plan of Merger of the two banks on March 6, 2012.

In April 2018, PNB successfully issued in Singapore and Hong Kong its 5-year Fixed Rate Senior Notes worth USD300 million out of its USD1 billion Medium Term Note ("MTN") Program. This marked the first time that PNB tapped the international bond market for medium term dollar funding. Orders for the offering reached approximately USD1.2 billion at its peak, equivalent to 4x oversubscription. The high demand for the initial issue underscored the international investors' strong confidence in PNB. In May 2019, the PNB Board of Directors approved the increase in the amount of the Bank's MTN Program to USD2 billion. The following month, PNB issued USD750 million in 5.25-year Fixed Rate Senior Notes priced at 99.47% and carried a yield of 3.39% and a coupon of 3.28%. The transaction was oversubscribed with an order book of over USD3.25 billion. The proceeds of the Notes were used to support PNB's loan expansion as the Bank took advantage of the country's sustained economic growth. In October 2024, PNB also successfully tapped into the international market with a USD300 million 5-year Sustainability Bond offering under its USD2 billion MTN program. Moody's assigned an investment grade rating of Baa3 to the said bonds which was priced at T+102 basis points, with a fixed coupon rate of 4.85%. There was a strong demand for the bond offering as the final order book was more than 3.6x oversubscribed, reaching USD1 billion from global investors.

In July 2019, the Bank issued and listed 276,625,172 common shares priced at ₱43.38 per share from its stock rights offering. The net proceeds from the offering amounted to ₱11.7 billion. Proceeds from the offering were utilized to enhance PNB's presence in emerging growth areas.

PNB fully integrated its wholly owned thrift bank subsidiary, PNB Savings Bank ("PNBSB"), into the Bank through acquisition of its assets and assumption of its liabilities in exchange for cash on March 1, 2020. Consequently, the 68 PNBSB branches were converted into PNB branches while the systems

integration was completed on June 7, 2020. With the integration, PNB would be able to deliver a more efficient banking experience and serve a wider customer base, while the customers of PNBSB would have access to PNB's diverse portfolio of financial solutions. The consumer lending business, previously operated through PNBSB, would also benefit from PNB's ability to efficiently raise low cost of funds. Since the purpose of this company changed from banking to that of a holding company, PNBSB was renamed as Allied Integrated Holdings Inc. (AIHI) after the Securities and Exchange Commission ("SEC") approved the amendments to its Articles of Incorporation and By-Laws on February 23, 2021. The SEC also approved the end of the corporate life of AIHI on December 31, 2022, and the company is now proceeding towards liquidation.

On November 9, 2020, the BOD and Stockholders of PNB Holdings Corporation ("PHC") approved the sale of PHC's equity investment in PNB General Insurers Co., Inc. ("PNB Gen") to PNB or any suitable 3rd party buyer. Likewise, the BOD of PNB approved the sale of its 100% shares in PNB Gen to Alliedbankers Insurance Corporation ("ABIC") on December 11, 2020. Consequently, on December 29, 2020, a Share Purchase Agreement was entered into by PNB and PHC, collectively as "Sellers", and ABIC as "Buyer" for the sale of 100% PNB Gen shares. PNB received from ABIC on January 21 and March 19, 2021 the first two tranches representing 10% and 45%, respectively, of the selling price for the sale of PNB's shares in PNB Gen. On March 31, 2021, ABIC advanced 80% of the last tranche of the selling price. On April 30, 2021, PNB received from ABIC the remaining 20% of the last tranche of the selling price for the sale of PNB's shares in PNB Gen marking the Bank's exit from the nonlife insurance space.

In 2021, the Bank had undertaken a series of transactions to monetize its low-earning assets. On January 13, 2021, the SEC approved the increase in the authorized capital stock of PHC from ₱500.0 million to ₱50.5 billion. On the same date, PNB proceeded with the subscription of an additional 466,770,000 PHC shares in exchange for certain real estate properties with fair values of ₱46.7 billion. The Bank's BOD approved on April 23, 2021 the property dividend declaration of up to 239,353,710 common shares of PHC with a par value of ₱100.00 per share, to all stockholders of record as of May 18, 2021. On December 24, 2021, the SEC approved the Bank's property dividend declaration.

Last March 26, 2021, the Bank's BOD approved and confirmed the infusion of additional capital of up to ₱245.0 million to Allianz-PNB Life Insurance, Inc., an affiliate, subject to regulatory and other necessary approvals.

PNB continued to introduce new products for its customers to address their ever-evolving needs. In September 2021, PNB launched two new global feeder funds, namely: the PNB World Perspectives Equity Feeder Fund and the PNB US Equity Sustainability Leaders Feeder Fund. These feeder funds allow Filipino investors to invest in the US and other globally traded shares of stocks to further diversify their investments. Likewise, in support of the government's Personal Equity Retirement Account ("PERA") program, PNB, as a product provider, launched its first digital PERA fund, the PNB PERA Bond Fund. In October 2021, the PNB Singapore Mobile App was launched for Filipinos in Singapore to make remittance easier and more convenient for them. The app enables a fully automated remittance process for all registered clients and potential clients (subject to one-time onsite Know-Your-Customer) based in Singapore. In March 2022, PNB and CIS Bayad Center, Inc., or Bayad, the country's biggest and widest multi-channel payment platform, have partnered to make it easier for Filipinos to settle payments electronically. This strategic partnership offers a one-stop-shop solution for the best customer experience. PNB also introduced the PNB CashNet Plus mobile app for corporate clients in April 2022. Clients have the option to log in via biometrics for added security and convenience in accessing their company accounts.

In September 2023, PNB introduced the PNB World Elite Mastercard ("WEM") to its high net-worth customers. The PNB WEM, dubbed as the Bank's most premium card, is a by-invitation only credit card in partnership with Mastercard and PAL. It is designed to appeal to a segment of high net-worth customers and geared to connect with PNB's high-end and affluent cardholders. The product offers exclusive and top-tier benefits and services suitable to its target market's status.

To provide convenient financial services to OFWs, PNB opened a branch at the Department of Migrant Workers (DMW) Building in November 2023. The establishment of this branch reflects the Bank's commitment to serve OFWs seeking reliable banking solutions as PNB offers a range of services tailored to their requirements. OFWs transacting in this branch are assured to receive personalized assistance and guidance in navigating their financial matters. This customer-centric approach is consistent with the Bank's strategy of being a supportive financial partner for the OFWs.

In May and August 2024, PNB participated in the Paleng-QR Ph Plus spearheaded by the Bangko Sentral ng Pilipinas ("BSP") in partnership with the local government units of Pampanga at San Fernando City and Cebu at Carbon Market, respectively. The events promoted cashless payments through QR code acceptance (QR Ph), raised awareness about cashless payments and enabled participants to understand the benefits of using QR codes for easy and seamless transactions.

The Bank's Consumer Finance Sector, in collaboration with Philippine Airlines, Inc. ("PAL") and Mastercard, held an exclusive media launch in September 2024, unveiling the PNB-PAL Mabuhay Miles World Elite Mastercard, the first full metal contactless card in the Philippines co-branded with an airline. This breakthrough allows PNB to redefine luxury by offering bespoke services, exceptional benefits, and global privileges that provide seamless convenience and exclusive perks, ensuring cardholders experience the finest the world has to offer.

In November 2024, the Bank launched the PNB Private Wealth Portal, a powerful tool for clients of Wealth Management Group (WMG) to confidently manage their wealth. Through the portal, clients can view all their current investment holdings, download their Statement of Accounts ("SOA") as well as easily connect with their Wealth Relationship Managers for queries, requests for product presentations and for their investment orders/reservations.

In December 2024, the Philippine Army Finance Center Producers Integrated Cooperative ("PAFCPIC") marked a significant milestone with the signing of a Memorandum of Agreement ("MOA") with both the Retail Banking Sector and Trust Banking Group of PNB. The partnership gives PAFCPIC employees and members access to PNB's comprehensive suite of financial services and structured retirement program.

In affirmation of its well-managed operations, PNB also received awards from various organizations and other international award-giving bodies. For instance, PNB was a recipient of two awards from the Philippine Dealing System Holdings Corp ("PDS Group") during the 17th PDS Annual Awards held last March 2022, viz: (1) the Top Fixed-Income Brokering Participant and (2) one of the Top Five Fixed-Income Cash Settlement Banks. In addition, in September 2022, PNB was awarded by the Social Security System ("SSS") as "Best Disbursement Partner" in the Commercial Bank category in its "2022 Balikat ng Bayan Awards" during its 65th founding anniversary celebration. The SSS Balikat ng Bayan Awards acknowledge the valuable contributions of individuals and organizations in helping SSS deliver quality service and programs to its members. In November 2022, PNB was awarded for the second year in a row by a joint program of the European Union and the UN Women as Runner Up for Transparency and Reporting during the UN Women 2022 Philippines Women's Empowerment Principles (WEPs) event. PNB was also cited for its commitment to transparency and reporting pertaining to gender data and indicators as well as report on performance and impact of gender on its adaptive policies and programs, tracking performance in progress towards gender equality, and women's economic empowerment. In December 2022, PNB was awarded by Asia Corporate Excellence and Sustainability Awards ("ACES") as one of Asia's Most Influential Companies during the recent ACES Awards 2022 Ceremony and Gala Dinner held in Kuala Lumpur, Malaysia. The award is given to companies that show genuine interest in the well-being of its stakeholders through corporate social responsibility initiatives that are integrated into policies and operations, with a high level of employee and top management involvement on community engagement, environment, and social empowerment programs.

In March 2023, PNB received recognition again during the 18th Philippine Dealing System (PDS) Annual Awards Night held in Makati for its strong contribution to the growth and stability of local financial markets. The Bank was cited as: a) the Top 2 Fixed-Income Brokering Participant that garnered the highest total volume turnover of securities transacted by face amount; and b) the Top 5 Fixed-Income Cash Settlement Bank for generating the highest volume for the year as measured by the total number of fixed-income transactions settled for PDEx Trading Participants who are non-demand deposit account holders at the Central Bank.

Forbes media ranked PNB as 2nd Best Bank in the Philippines in its list of 2023 World's Best Banks in April 2023. Furthermore, in April 2024, PNB was ranked first in the Philippines in Forbes' list of World's Best Banks for 2024. The ranking was based on a worldwide survey of more than 49,000 banking customers in 33 countries. PNB was among the 403 leading and best banks to be included in the global magazine giant's ranking. The banks were rated in five key areas – trustworthiness, terms and conditions

(such as fees and rates), customer service (wait times and helpfulness of employees), digital services (ease of using the website and app), and quality of financial advice.

In June 2023, PNB was recognized twice in the Asia Responsible Enterprise Awards ("AREA") 2023 for the following categories: Corporate Governance category as PNB adheres and maintains the quality and completeness of disclosure and reporting of governance practices in annual reports of business entities in the public and private sectors; and Corporate Sustainability Reporting category for the Bank's comprehensive sustainable reporting in disclosure, transparency, and credibility while bridging the social, environmental, and economic issues affiliated to the business.

PNB's High Dividend Fund was recognized in August 2023 as one of the Best Managed Funds for 2023 under the Peso Equity Fund category by the Chartered Financial Analyst ("CFA") Society of the Philippines, an association of local investment professionals that annually gives recognition to funds that stand out among peers. The PNB High Dividend Fund was among the seven funds that delivered the highest risk-adjusted returns to investors. Launched in June 2012, the PNB High Dividend Fund is a domestic equity fund in the Philippines that seeks dividend income and capital appreciation by investing in listed companies with high dividend yields and established history of paying dividends.

In September 2023, the SSS gave PNB two awards as Best Collection Partner for the Overseas Bank category and Best Disbursement Partner for the Universal Bank category during the Balikat ng Bayan Awards 2023. The 'Best Collection Partner' distinction is given to financial institutions that are consistently among the top with the highest collections, biggest volume of transactions, and widest coverage. The 'Best Disbursement Partner' award is given to PESONet-member financial institutions that have the highest number of transactions and highest amount of disbursements to pensioners, employers, and individual accounts.

In September 2023, PNB received the prestigious Gawad Maestro Learning and Development Organization of the Year Award for the Private Sector category from the Philippine Society for Talent Development ("PSTD") during the 6th Gawad Maestro Awards 2023. PNB was recognized for fostering a strong learning culture in the workplace and continuously implementing learning and development programs that help employees cope with the changing times and ways of working. PSTD likewise noted that the Bank has demonstrated outstanding leadership and creativity in improving organizational performance through learning and development.

PNB won the Philippines Digital Experience of the Year - Banking accolade at the Asian Experience Awards 2023 held in October 2023. The PNB Digital App was cited for offering clients a superior banking experience with its fresh look, intuitive design, and quick access to frequent banking transactions via a customizable dashboard. The PNB Digital App was designed to meet the growing demand for reliable and secure online banking solutions and offers an array of features tailored to enhance the banking experience for PNB customers.

In December 2023, PNB was declared as the Best Bank for Corporate Social Responsibility in the Philippines by the International Business Magazine Awards 2023. The award manifests PNB's sincerity and commitment to implement a culture of creating a meaningful impact by respecting and supporting communities and the environment.

In March 2024, PNB has been awarded by Euromoney as the Best Bank for Investment Research in the Philippines during its Private Banking Awards. This is PNB's fourth consecutive win since 2021. According to Euromoney, PNB won the award "in recognition of the breadth, depth and quality of its investment research, which helps clients navigate economic and financial market turbulence." The Euromoney Private Banking Awards is a prestigious worldwide annual awards program, recognizing the private banks of distinction across key categories. This year marks the first year Euromoney merged with Asiamoney for their Private Banking Awards.

PNB was named as the Most Admired Financial Services Provider in the Philippines in August 2024 by the International Business Magazine Awards ("IBMA"). The IBMA gives the most coveted awards to the most outstanding nominations across various industries with a pool of subject matter experts and strong research analyst wing who carefully inspect, verify, and scrutinize all nominations. This is the second time the IBMA has recognized PNB since the Bank was declared by IBMA as Best Bank for Corporate Social Responsibility in 2023.

In August 2024, PNB's mobile banking app, PNB Digital, was awarded the highly acclaimed Excellence in Customer Service Innovation Award during The Digital Banker's Digital CX Awards 2024 in Singapore. The Digital Banker's Digital CX Awards is an awards program that recognizes pioneering innovation in digital customer experience across the financial services ecosystem. The program assesses the ever-changing needs of customers in the digital economy.

PNB was hailed as Learning Champion for 2024 during the LinkedIn Talent Awards in August 2024. PNB was recognized in the Learning Champion category for companies with 5,000 to 10,000 employees, highlighting the Bank's commitment to employee learning and development. The LinkedIn Talent Awards celebrate companies that excel in talent engagement, adaptability, and innovation with the use of LinkedIn Talent Solutions, connecting them to programs that let them develop relevant and applicable skills.

In September 2024, PNB was awarded for the third straight year with the prestigious Four Golden Arrows by the Institute of Corporate Directors (ICD) at the 2024 ASEAN Corporate Governance Scorecard Golden Arrow Awards Night. The award recognized the Bank's consistency and commitment to uphold good corporate governance in its business practices. The award also affirmed that the Bank is on the right path in living its corporate values of trust and integrity while sustaining profitability and delivering service excellence. The Golden Arrow Recognition, given by the ICD is the highest corporate governance award given to the country's top publicly listed companies based on the ASEAN Corporate Governance Scorecard assessment results.

In December 2024, PNBs "Every Step Together" advertising campaign was the winner of "Best Branded Digital Ad" at the 46th Catholic Mass Media Awards (CMMA). The digital ad launched in 2023 was intended to create an emotional bond between the Bank and its customers by communicating the Bank's mission of paving the way to financial prosperity for Filipinos.

B. Business Description

1. Product and Services

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

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

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

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

Retail Banking Sector
The core business of the Retail Banking Sector ("RBS") focuses primarily on the Bank's deposit-taking activities by offering a wide range of deposit products and services such as peso accounts and its variants like interest-bearing savings and time deposit, current accounts, and US dollar and other third currency

accounts. The RBS also provides its broad customer base with other retail products such as credit cards, consumer loans, remittance services, and other banking services. While the primary objective is to generate lower cost funding for the Bank's operations, RBS as a sales-focused sector also cross-sells trust, treasury and bancassurance products (life and non-life) to existing as well as referred customers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Competition

In the Philippines, the Bank faces competition in all its principal areas of business, from both Philippine (private and government-owned) and foreign banks, as well as finance companies, mutual funds and investment banks. The competition that the Bank faces from both domestic and foreign banks was in part a result of the liberalization of the banking industry with the entry of foreign banks under Republic Act (R.A.) 7721 in 1994 and R.A. 10641 in 2014, as well as the mergers and consolidations in the banking industry. As of 31 December 2024, based on data from the BSP, there were 44 universal and commercial banks, of which 15 are private domestic banks, 3 are government banks and 26 are branches or subsidiaries of foreign banks. Some competitor banks have greater financial resources, wider networks and greater market share than PNB. Said banks also offer a wider range of commercial banking services and products; have larger lending limits; and stronger balance sheets than PNB. To maintain its market position in the industry, the Bank offers diverse products and services, invests in technology, leverages on the synergies within the Lucio Tan Group of Companies and builds on relationships with the Bank's other key customers.

The Bank also faces competition in its operations overseas. In particular, the Bank's stronghold in the remittance business in 17 countries in North America, Europe, the Middle East and Asia is being challenged by competitor banks and non-banks. As of December 31, 2024, the Bank has a distribution network of 631 domestic branches and offices and 1,715 ATMs nationwide. The Bank is one of the largest local private commercial banks in the Philippines in terms of consolidated total assets, net loans and receivables, capital and deposits as well as with regard to branch network. In addition, it has the widest international footprint among Philippine banks spanning Asia, Europe, the Middle East and North America with its overseas branches, representative offices, remittance centers and subsidiaries.

3. Revenue Derived from Foreign Operations

The percentage contributions of the Group's offices in Asia, Canada and USA, and United Kingdom to the Group's revenue, for the years 2024, 2023, 2022 are as follows:

	2024	2023	2022
Asia (excluding the Philippines)	**3.7%**	3.6%	2.0%
Canada and USA	**1.2%**	1.4%	1.4%
United Kingdom	**0.2%**	0.2%	0.2%

4. New Products and Services

In 2024 and 2023, PNB introduced the following new products and promotions, among others, to its customers:

1. **Save and Soar Promo (launched in 2023)**
   This promo is a deposit campaign open to all new-to-bank and existing clients. This promo provides PAL Mabuhay Miles points for every ₱100,000.00 incremental YTD-ADB for six months, a free one-year ATMSafe Plus insurance, and a chance to win a business class e-gift card to New York, USA via Philippine Airlines.

2. **PNB Easy Open, Easy Ipon Online Account Application (launched in 2023, extended until 2024)**
   The promo is an Online Account Application campaign open to all Filipino applicants residing in the Philippines – whether new-to-bank or existing clients – who wish to open a Savings Account via the PNB website. Qualified clients can enjoy zero initial deposit and zero maintaining balance requirement.

3. **PNB Global Hong Kong Pangarap Loan System (launched in 2023)**
   The new system enables the quick evaluation of loan applications and allows the borrower to claim the loan amount within one hour from time of application.

4. **RCI Instant Padala Instant Rewards Promo**
   This ran until December 31, 2023. Remitters with qualifying transactions (at least USD500 or USD1000) received either a USD5 or USD10 gift vouchers.

5. **APAS Conversion Incentive Program**
   Top domestic PNB branches who convert APAS beneficiaries to PNB OFW Savings accountholders stand to earn cash incentives. The Program shall run until April 2024.

6. **GHK Instant Padala Instant Saya Promo**
   Remitters who transact at least two times totaling ₱10,000 in a month will receive a HKD10 Jollibee voucher.

7. **Digital campaign promoting PNB's remittance service**
   This runs until February 2024 in Facebook and Instagram, in all corridors where PNB is present.

8. **Wealth Management System (launched in 2022 and until 2024)**
   The Wealth Management System is a unified wealth and investment management platform that handles Reservation Management Module (implemented July 2022), the Customer Relationship Module (implemented July 2023), and the Customer Portal (implemented January 2024).

9. **Fast Lane Approval Process for Home and Auto Loans (launched in 2023)**
   This program aimed to improve the Turnaround Time (TAT) for qualified depositors applying for home or auto loan by considering clients' average daily balance and the length of banking relationship with PNB.

10. **Flexi Loan Program (reintroduced in 2023)**
    This program offers loans to individuals for personal use. Loans are secured by residential real estate properties and/or holdout on deposits to finance the assets and other personal-related and household expenditures of a borrower.

11. **10/90 Home Loan Program (relaunched in 2023)**
    This program offers a low equity of 10% to PNB's accredited Tier 1 Developers.

12. **Mastercard Travel Rewards (launched in 2023)**
    This program provides exclusive cash back offers to Platinum and World credit cardholders from merchants around the globe whenever they travel or shop online or instore.

13. **Mastercard Travel Pass (launched in 2023)**
    This program is a branded airport experience powered by DragonPass made available to PNB-PAL Mabuhay Miles World Mastercard cardholders. Through this program, PNB-PAL Mabuhay Miles World Mastercard cardholders get four (4) free complimentary lounge access for lounges within the DragonPass network worldwide.

14. **New Credit Card Functionalities in the PNB Digital App (launched in 2023)**
    New features were introduced to further enhance banking experience of credit cardholders. These were the credit card PIN viewing and the credit card rewards points viewing.

15. **Credit Card Promotions (2023 and 2024)**
    Various promotional tie-ups in the dining (up to 50% off), shopping and entertainment categories were implemented. Some notable partners were Bistro Group, Dusit, New World, Century, Admiral Club Manila Bay, Mugen Group, Spiral Restaurant, Flavors- Holiday Inn, Lazada and Shopee.

16. **Personal Loans (launched in 2023)**
    Personal Loan is an unsecured product for new and existing clients that can provide lumpsum upfront cash to be paid back in installment. This loan can be used for the following personal needs: Medical Expenses, Education Fees, Home Renovation, Purchase of Appliances or Gadgets, Vacation/Travel or Other Expenses.

17. **Multi-Proxy Service (MPS) (launched in 2023)**
    MPS revolutionizes InstaPay fund transfers by introducing a real-time proxy look-up system. This innovative service allows the use of easily remembered proxies, such as an email address or mobile number, to facilitate the sending and receiving of funds, eliminating the need for traditional account numbers. Initially rolling out for PNB clients, MPS enables receiving of funds directly through proxies once they are successfully linked via the PNB Digital App. This seamless integration ensures a more convenient banking experience.

18. **Viewing of Credit Card PIN (launched in 2023)**
    PNB credit cardholders can easily access their PIN for electronic transactions such as ATM cash advance.

19. **Request money via mobile number or email address (launched in 2023)**
    Customers can receive funds by sharing their registered email or mobile number to the sender – no need for them to share their PNB account number anymore.

20. **Happy Holidays Promo (launched 2023)**
    Client Incentive Campaign encouraging PNB clients and PNB Digital users to enroll and/or perform eligible financial transactions to earn raffle entries for a chance to win cash prizes worth ₱20,000, ₱10,000 or a grand prize of Samsung Galaxy Z Flip4, 128GB.

21. **Bank Easy, Fly Easy Promo (launched in 2023)**
    Travel Incentive Campaign for clients to enroll in the PNB Digital and/or perform eligible financial transactions to earn raffle entries for a chance to win PAL e-vouchers worth ₱10,000 and ₱50,000.

22. **InstaPay Bills Pay PH (launched in 2024)**
An interoperable bills payment facility that enables billers to collect and consolidate subscriber payments made through various participating mobile banking/e-wallet applications.

23. **InstaPay QRPh (launched in 2024)**
Through its partnership with GHL Systems, Inc., the Bank was able to deploy payment acceptance via digital QR codes programmed into GHL point-of-sale terminals.

24. **PNB Private Wealth Portal (launched in 2024)**
Accessible via the PNB Digital mobile banking app, this channel provides clients the tools and insights to manage their wealth better.

25. **PNB Mabuhay Miles World Elite Mastercard (launched in 2024)**
A by-invitation only credit card from PNB in partnership with Philippine Airlines (PAL) and Mastercard. This card unlocks global privileges and elite experiences. From earning exclusive travel rewards to accessing bespoke lifestyle services, this first full metal contactless card in the Philippines - co-branded with an airline - embodies the pinnacle of luxury and sophistication.

26. **Debit Account Lite (PC-417) (launched in 2024)**
Designed to address BSP's requirement for a basic deposit account to promote financial inclusions. This account will enable Filipinos, especially the unserved and underserved, to receive and make payments, as well as have a facility for store of value. This account follows a simplified Know – Your – Customer (KYC) process for low-risk clients. It has basic functionalities that enable ease, accessibility, convenience, and reasonable cost for both banks and customers.

27. **Digital Savings Account (PC-419) (launched in 2024)**
Designed to address the Bank's directive to offer an end-to-end account via the PNB Digital platform with minimal to no physical touch points. This also drives greater efficiency in the delivery of financial products and services as the Bank expands reach into the digital market segments.

28. **PNB GHK Back to Back to Back (launched in 2024)**
The Pangarap Loan Promo invites clients to take advantage of an exciting opportunity to avail or re-avail the loan, requiring a minimum term of six (6) months and a minimum loan amount of HKD10,000. Eligible clients can enjoy rewards that increase based on their loan tenure, making this a compelling chance to achieve financial goals while reaping valuable benefits.

29. **12 Stickers of Christmas (launched in 2024)**
The promo is designed to retain OTC remitters and convert first-time remitters by allowing clients to redeem exciting rewards based on the number of stickers they earn. This initiative encourages continued engagement and rewards loyal customers, making it an enticing opportunity for both new and returning clients to maximize their remittance experience.

30. **2024 UITF Online Electric Raffle Promo (launched in 2024)**
A promo campaign to promote awareness and to entice PNB Digital users to try and experience investing in the PNB UITF Online facility. Every ₱2,000 investment in any of the PNB UITFs shall entitle the client to one (1) electronic raffle coupon.

31. **Employee Referral Promo (launched in 2024)**
An internal campaign which aims to encourage non-branch PNB employees to exercise their role as Brand Ambassadors by promoting enrollment to PNB Digital through referral activities.

32. **Pick, Pair and Prizes Promo (launched in 2024)**
An external campaign which aims to increase enrollment to PNB Digital and sustain momentum of app usage, particularly financial transactions, and inherently, app income.

33. **PNB Paskong PanaLoan for Auto Loan**
Given the Holiday Season, the Consumer Finance Sector aimed to provide the customers an affordable, less stressful, and more rewarding PNB Auto Loan. The promo ran from October 31,

2024, to January 31, 2025. It was inclusive of the following benefits: waived fees of up to ₱100,000 and hassle-free PNB Credit Card Application

34. **PNB Paskong PanaLoan for Home Loan**
CFS kicked-off the Holiday Season with the Year End PNB Home Loan Promo for an affordable, less stressful, and more rewarding upgrade in their lifestyle before the year 2024 ended. The promo ran from October 31, 2024 to January 31, 2025. It was inclusive of the following benefits: waived fees of up to ₱100,000, low interest rates and a hassle-free PNB Credit Card Application

5. Related Party Transactions

Please refer to Item 5(e) of the Information Statement.

6. Patents, Trademarks, Licenses, Franchises, Concessions and Royalty Agreements

The Bank's operations are not dependent on any patents, trademarks, copyrights, franchises, concessions, and royalty agreements.

7. Government Approval of Principal Products or Services

Generally, e-banking products and services require BSP approval. New deposit products require notification to the BSP. The Bank has complied with the aforementioned BSP requirements.

8. Estimate of Amount Spent for Research and Development Activities

The Bank provides adequate budget for the development of new products and services which includes hardware and system development, continuous education and market research. Estimated amount spent for 2024, 2023 and 2022 totaled ₱683.6 million, ₱733.3 million and ₱707.6 million, respectively.

9. Number of Employees

The total employees of the Bank as of December 31, 2024, was 8,816, of which 4,797 are classified as Bank Officers and 4,019 as rank-and-file employees, broken down as follows:

	Total
Officers:	
Vice President and up	169
Assistant Manager up to Senior Assistant Vice President	4,628
Rank and file	4.019
Total	8.816

The Bank shall continue to pursue selective and purposive hiring strictly based on business requirements. The Bank has embarked on a number of initiatives to improve operational efficiency.

With regard to the Collective Bargaining Agreement (CBA), the Bank's regular rank and file employees are represented by a Union. Total union membership is 2,917 out of 4,019 rank and file employees or 73% of the total rank and file population. The CBA has been renewed for a three-year period from July 1, 2022 to June 30, 2025.

The Bank has not suffered any strikes or lock out, and the Management of the Bank considers its relations with its employees and the Union as harmonious and mutually beneficial. Through the amicable effort of the organized Union and Management to discuss issues, industrial peace is continuously being enjoyed by both parties.

10. Risk Management

As a financial institution with various allied undertakings with an international footprint, PNB continues to comply with an evolving and regulatory and legislative framework in each of the

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

Effective risk management is essential to consistent and sustainable performance for all the Bank's stakeholders and is therefore a central part of the financial and operational management of the Group. PNB adds value to clients and therefore the communities in which it operates, generating returns for stockholders by taking and managing risk.

Through its Enterprise Risk Management Framework, the Bank manages enterprise-wide risks, with the objective of maximizing risk-adjusted returns while remaining within its risk appetite. The BOD of the Bank plays a pivotal role and has the ultimate responsibility in bank governance through their focus on two factors that will ultimately determine the success of the Bank, viz.: (1) responsibility for the Bank's strategic objectives; and (2) assurance that such will be executed by choice of talents.

Strong independent oversight has been established at all levels within the Bank. The Bank's BOD has delegated specific responsibilities to various Board Committees, which are integral to PNB's risk governance framework and allow executive management, through management committees, to evaluate the risks inherent in the business and to manage them effectively.

There are nine (9) Board Committees:
1. Board Audit & Compliance Committee (BACC);
2. Board Information Technology Governance Committee (BITGC);
3. Board Oversight Related Party Transaction Committee (BORC);
4. Board Strategy & Policy Committee (BSPC);
5. Corporate Governance and Sustainability Committee (CorGov);
6. Executive Committee (EXCOM);
7. Risk Oversight Committee (ROC);
8. Trust Committee (TrustCom); and
9. Board Overseas Offices Oversight Committee (BOOOC).

A sound, robust and effective Enterprise Risk Management (ERM) coupled with global best practices were recognized as a necessity and are the prime responsibility of the BOD and senior management. The approach to risk is founded on strong corporate governance practices that are intended to strengthen the enterprise risk management of PNB, while positioning the Group to manage the changing regulatory environment in an effective and efficient manner.

PNB's ROC is mandated to advise on the risk appetite; approve frameworks, policies, plans, programs, and processes for managing risk; and accept risks beyond the approval discretion provided to Management. The ROC advises on the overall current and future risk appetite and strategy and assists in overseeing the implementation of those strategies and business plans by senior management.

The risk management policy includes:

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

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

The members shall possess a range of expertise as well as adequate knowledge of the Bank's risk exposures. They should also meet the requirements of the SEC, the BSP, and other applicable laws, rules, and regulations.

Approved by the BOD in 2020, the Management Risk Committee (MRC) was created as a forum to ensure that the Bank's Enterprise Risk Management Framework (ERMF) is operationalized and that senior management has an enterprise-level view and awareness of all key risks that the Bank is facing and must deal with. It will be a forum for dialogue amongst the businesses, operations and control functions with respect to risk issues that arise from the conduct of business, changes to laws and regulations, and the general business environment.

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

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

PNB's ERMF, with regular reviews and updates, has served the Bank well and has been resilient through economic cycles. The organization has placed a strong reliance on this risk governance framework with the three lines model of The Institute of Internal Auditors (IIA).

The first line roles are the lines of business who are directly involved in managing risks. This entails the proactive self-identification of risks as well as the design and implementation of appropriate controls. Within the business lines, a culture of open communication is key to sustainable risk-return thinking. Discussions about new products, existing and new positions, and other issues must be broad and not just limited to meeting financial targets. Data and information availability are a must to ensure that front office and top management undertake relevant and timely decisions with respect to risk taking. Finally, limits and other basic controls must be respected. For example, limit setting and limit monitoring shall be done within prescribed policies and procedures, front-liners who managed 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 the 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 the Bank and its stakeholders. Alignment of activities is achieved through communication, cooperation, and collaboration. This ensures the reliability, coherence, and transparency of information needed for risk-based decision making.

The ERMF of the Bank is under the direct oversight of the Chief Risk Officer ("CRO") who reports directly to the ROC. The CRO is supported by the Office of the Chief Information Security Officer ("CISO") and Data Protection Officer ("DPO") and the Division Heads with specialized risk management functions to ensure that a robust organization is maintained. The ERMG is independent from the business lines and is organized into the following: Credit Risk Management, Operational and

Fraud Risk Management, Market, Liquidity and Interest Rate Risk Management, Integrated Risk Management, 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 the organization. These board approved policies clearly establish the types of risks to be managed, defined 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 functions as the Secretariat to both the ROC and the MRC 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 risk management and monitoring are embedded at origination.

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

In line with the integration of the BSP required ICAAP and risk management processes, PNB currently monitors 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; and
3. Operational Risk.

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

Pillar 1 Risk Weighted Assets are computed based on the guidelines set forth in BSP Circular No. 538, Series of 2006 using the Standardized 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:

Risk Categories and Definitions

Under the ERMF, all risk-taking business units, including domestic and foreign subsidiaries, shall perform comprehensive assessment of all material risks. This is accomplished annually, and/or more often, as needed. The 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 2024 program:

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
Credit Risk (including Credit Concentration Risks and Counterparty	Credit risk is the risk that a Bank's borrower/ obligor/ customer or counterparty, will fail to meet its obligations in accordance with agreed terms thus subjecting the	▪ Loan Portfolio Analysis ▪ Credit Dashboards ▪ Credit Review ▪ Credit Model	▪ Trend Analysis (Portfolio / Past Due and Non-Performing Loan (NPL) Levels ▪ Regulatory and Internal

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
Risks)	Bank to financial loss. Credit risk is found in all activities where success depends on counterparty, issuer, or borrower performance. (BSP Circ. 510, Series of 2006) Credit concentration risk arises from excessive exposures to individual counterparties, groups of related counterparties and groups of 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)	Validation	Limits ▪ Stress Testing ▪ Rapid Portfolio Review ▪ Credit Risk Rating (CRR) Migration ▪ Movement of Portfolio ▪ Concentrations and Demographics Review ▪ Large Exposure Report ▪ Country Limits Monitoring ▪ Counterparty Limits Monitoring ▪ Adequacy of Loan Loss Reserves Review ▪ Specialized Credit Monitoring (Real Estate Stress Test/Expanded Report on Real Estate Exposure for Real Estate and Industry Limits) ▪ Post Credit Review
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 markets. (BSP Cir. No. 544, Series of 2006)	▪ Value at Risk ("VaR") Utilization ▪ Results of Marking to Market ▪ Risks Sensitivity/ Duration Report ▪ Exposure to Derivative/ Structured Products ▪ Monthly validation/ preparation of the Market Risk Weighted Exposures in the Capital Adequacy Ratio (CAR) Report	▪ VaR Limits ▪ Stop Loss Limits ▪ Management Triggers ▪ Duration Report ▪ Republic of the Philippines (ROP) Exposure Limit ▪ Limit to Structured Products ▪ Exception Report on Traders' Limit ▪ Exception Report on Rate Tolerance ▪ Stress Testing ▪ BSP Uniform Stress Testing
Liquidity Risk	Liquidity risk is the current and prospective risk to earnings or capital arising from a financial institution's ("FI") 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).	▪ Funding Liquidity Plan ▪ Liquidity Ratios ▪ Large Fund Providers ▪ Maximum Cumulative Outflow ("MCO") ▪ Liquid Gap Analysis	▪ MCO Limits ▪ Liquid Assets Monitoring ▪ Stress testing ▪ Large Fund Provider Analysis ▪ Funding Liquidity/Contingency Planning

Risk Category	Risk Definition	Risk Monitoring Process	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 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 Circ 1044, Series of 2019)	▪ Interest Rate Gap Analysis ▪ Earnings at Risk ("EAR") Measurement ▪ Cashflow based Economic Value of Equity	▪ EAR Limits ▪ Balance Sheet Profiling ▪ Interest Repricing Gap Analysis ▪ Cashflow based Economic Value of Equity (EVE) ▪ Stress testing ▪ BSP Uniform Stress Testing
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 FI and across the different entities in a banking group or conglomerate where the financial institution belongs. *(BSP Circular 900, dated 18 January 2016)*	▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation (i.e. Analysis of Risk) ▪ Risk Management (i.e. Monitor, Control or Mitigate Risk) ▪ Risk Maps	▪ Internal Control ▪ Board Approved Operating Policies and Procedures Manuals ▪ Board Approved Product Manuals ▪ Loss Events Report ("LER") ▪ Risk and Control Self-Assessment ("RCSA") ▪ Key Risk Indicators ("KRI") ▪ Fraud Management Program ▪ Business Impact Analysis ("BIA") ▪ Business Continuity Risk Assessment ("BCRA") ▪ Business Continuity Plan ("BCP") ▪ Disaster Recovery Plan ("DRP") ▪ Crisis Management Plan ("CMP") ▪ BCP Drills/Testing ▪ Incident Monitoring ▪ Vendor Risk Assessment ▪ Vendor Performance Evaluation ("VPE") ▪ Materiality Determination Form ▪ Statistical Analysis ▪ Risk Awareness
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	▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation (i.e. Analysis of Risk)	▪ Customer Engagement and Consolidated Complaints Report ▪ After Call and After Email Survey

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	employees, market analysts, the media, and other stakeholders such as regulators and other government agencies, that can adversely affect the Bank's ability to maintain existing business relationships, establish new businesses or partnerships, or continuously access varied sources of funding. (BSP Circ 1114, Series of 2011)	▪ Risk Management (i.e. Monitor, Control or Mitigate Risk) ▪ Risk Maps	▪ Security measures for Digital Banking ▪ Market research on digital trends and profiling of digital users, statistics on usage, and transactions to anticipate and respond to changes in overall trends related to demands of customers and clients in relation to digital services platforms ▪ Fraud Management Program ▪ Social Media Management Framework ▪ Social Media Risk Management ▪ Use of Social Media metrics/ Social Media Analytics ▪ Website Management / Analytics ▪ Public Relations Campaign ▪ Mainstream media monitoring tool ▪ Products and Marketing Promotions review
Strategic Business Risks	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 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).	▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation (i.e. Analysis of Risk) ▪ Risk Management (i.e. Monitor, Control or Mitigate Risk) ▪ Risk Maps	▪ Regular Asset Liability Committee (ALCO) reports ▪ Economic briefings ▪ Banking, industry reports and research studies ▪ Research Division's regular economic reports and forecasting and equities reports ▪ Budget Performance Report ("BPR") ▪ Annual Strategic Planning activities ▪ Performance and monitoring reports and surveys on bank products and services

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
Information Security/ Cyber Security/ Data Privacy Risk	Information Security ("Infosec") / Cyber Security risk is the risk to organizational operations (including mission, functions, image, and reputation), organizational assets, and individuals due to the potential for unauthorized access, use, disclosure, disruption, modification or destruction of information or information assets that will compromise the Confidentiality, Integrity, and Availability ("CIA"). This covers data or information being processed, in storage or in transit. Cyber Risk is the risk associated with financial loss, disruption or damage to the reputation of an organization from failure, unauthorized or erroneous use of its information systems. (NIST IR 7298 Revision 2, Glossary of Key Information Security Terms, Page Numbers 98 & 100) Data Privacy Risks 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 (i.e., transparency, legitimate purpose, proportionality). Consequently, the data privacy risks may negatively impact the Bank's reputation and may result to financial losses. (Data Privacy Act of 2012 or RA 10173).	▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation (i.e. Analysis of Risk) ▪ Risk Management (i.e. Monitor, Control or Mitigate Risk) ▪ Risk Maps	▪ Incident Reporting Management ▪ Information Security Policy Formulation ▪ Risk Assessment ▪ Information Security Management System Implementation ▪ Continuous InfoSec / cyber risk awareness campaigns ▪ Network Security Protection ▪ Limits on Access Privileges ▪ Scanning of outbound and inbound digital traffic ▪ Installation of firewalls, IPS/IDS, enterprise security solution (anti-virus for endpoint, email and internet). ▪ Enterprise–wide Implementation of the Information Security Management Systems ▪ Education / InfoSec Awareness ▪ Conduct of internal and 3rd party vulnerability assessments and penetration testing (to include social engineering tests) and follow through on remediation of threats and risks ▪ Enterprise-wide data privacy risk management framework which complies with both domestic and global requirements ▪ Institutionalization of data protection culture within the group through regular awareness programs ▪ Data Privacy Management System ▪ Conduct of Privacy Impact Assessment (PIA) as required by The Data Privacy Act of 2012
Information Technology Risk	Information Technology Risk is any potential adverse outcome, damage, loss, violation, failure or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks. (BSP Circular 808) It is also a business risk that is associated with the use, ownership, operation,	▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation (i.e. Analysis of Risk) ▪ Risk Management (i.e. Monitor, Control or Mitigate Risk)	▪ Risk Awareness Campaigns ▪ IT Risk Assessments ▪ Formal Project Management Program adoption ▪ Vulnerability Assessment and Penetration Testing ▪ Maintenance and upgrades of disaster recovery sites

Risk Category	Risk Definition	Risk Monitoring Process	Risk Management Tools
	involvement, influence and adoption of IT within the Bank. 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).	▪ Risk Maps	▪ Business Users / IT joint engagement for problem resolution ▪ Technology Operations Management Policies & Guidelines ▪ IT Risk Monitoring ▪ IT Risk Assessment ▪ Project Risk Assessment
Human Resource Risk	Human Resource Risk covers the Bank's risk of financial loss due to the inadequate training and 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.	▪ Risk Identification ▪ Risk Measurement ▪ Risk Evaluation (i.e. Analysis of Risk) ▪ Risk Management (i.e. Monitor, Control or Mitigate Risk) ▪ Risk Maps	▪ Institutionalize policies covering 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 ▪ 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

Regulatory Capital Requirements under BASEL III – PILLAR 1 Capital Adequacy Ratio

The Bank's Capital Adequacy Ratio as of December 31, 2024 stood at 19.93% on a consolidated basis while the Risk Weighted Assets (RWA) as of the end of 2024 amounted to ₱826.765 billion composed of ₱732.005 billion (Credit Risk Weighted Assets – CRWA), ₱5.862 billion (Market Risk Weighted Assets – MRWA) and ₱88.898 billion (Operations Risk Weighted Assets – ORWA).

The Bank's total regulatory requirements for the four (4) quarters for 2024 are as follows:

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

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

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

Credit Risk-Weighted Assets as of December 31, 2024

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

In ₱ Millions	**Exposure, Net of Specific Provision**	**Exposures covered by Credit Risk Mitigants***	**Net Exposure**	**0%**	**20%**	**50%**	**75%**	**100%**	**150%**
Cash & Cash Items	20,586	-	20,586	20,586	-	-	-	-	-
Due from BSP	55,136	-	55,136	55,136	-	-	-	-	-
Due from Other Banks	21,781	-	21,781	-	10,820	8,923	-	2,038	-
Financial Asset at FVPL	-	-	-	-	-	-	-	-	-

In ₱ Millions	Exposure, Net of Specific Provision	Exposures covered by Credit Risk Mitigants*	Net Exposure	0%	20%	50%	75%	100%	150%
Available for Sale	186,890	3,407	183,483	159,098	5,435	4,450	-	14,500	-
Held to Maturity (HTM)	114,361	4,154	110,207	84,226	7,582	10,430	-	7,970	-
Unquoted Debt Securities	-	-	-	-	-	-	-	-	-
Loans & Receivables	657,853	5,677	652,176	-	90,484	34,683	7,845	505,979	13,184
Loans and Receivables Arising from Repurchase Agreements, Securities Lending and Borrowing Transactions	103,868	67,144	36,724	35,528	-	1,197	-	-	-
Sales Contracts Receivable	859	-	859	-	-	-	-	707	152
Real & Other Properties Acquired	10,409	-	10,409	-	-	-	-	-	10,409
Other Assets	23,232	-	23,232	1,095	-	-	-	22,138	-
Total On-Balance Sheet Asset	1,194,975	80,382	1,114,593	355,668	114,321	59,682	7,845	553,331	23,745
Total Risk Weighted Asset - On-Balance Sheet	-	-	-	-	22,864	47,303	5,884	553,331	35,618
Total Risk Weighted Asset - Off-Balance Sheet Asset	-	-	-	-	-	-	324	62,995	-
Counterparty Risk Weighted Asset in Banking Book	-	-	-	-	2,046	870	-	-	-
Counterparty Risk Weighted Asset in Trading Book	-	-	-	-	14	1,303	-	590	-

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

Market Risk-Weighted Assets as of December 31, 2024

The Bank's regulatory capital requirements for market risks of the trading portfolio are determined using the standardized approach ("TSA"). Under this approach, interest rate exposures are charged both for specific risks and general market risk. The general market risk charge for trading portfolio is calculated based on the instrument's coupon and remaining maturity with risk weights ranging from 0% for items with very low market risk (i.e., tenor of less than 30 days) to a high of 12.5% for high risk-items (i.e., tenor greater than 20 years) while capital requirements for specific risk are also calculated for exposures with risk weights ranging from 0% to 8% depending on the issuer's credit rating. On the other hand, equities portfolio is charged 8% for both specific and general market risk while foreign exchange (FX) exposures are charged 8% for general market risks only.

Capital Requirements by Market Risk Type under the Standardized Approach

(Amounts in P Million)	Capital Charge (a)	Adjusted Capital Charge (b) b= a*125% 1/	Market Risk Weighted Exposures (c) c= b*10 2/
Interest Rate Exposures	324.178	405.223	4,052.231
Specific Risk	4.759	5.949	59.492
General Market Risk	319.419	399.274	3,992.739
Equity Exposures	0.459	0.573	5.733
Foreign Exchange Exposures	144.324	180.405	1,804.047
Total	468.961	586.201	5,862.010

Notes:

1/ Capital charge is multiplied by 125% to be consistent with BSP required minimum Capital Adequacy Ratio (CAR) of 10%, which is 25% higher than the Basel minimum of 8%.

2/ Adjusted capital charge is multiplied by 10 (i.e. the reciprocal of the minimum capital ratio of 10%)

The following are the Bank's exposure with assigned market risk capital charge.

Interest Rate Exposures consist of specific risk and general market risk.

Specific Risk

Specific Risk which reflects the type of issuer of the combined portfolio of financial assets designated at Fair Value through Profit or Loss (FVPL) is ₱4.759 million and is composed of securities with various tenors that are subjected to risk weight ranging from 0% to 8%. One percent (1%) of these securities is issued by Republic of the Philippines (ROP) while 3% is attributable to debt securities rated AAA to BBB- issued by other entities. The remaining portfolio consists of all other debt securities that are issued by other entities. One percent (1%) of this combined portfolio is composed of USD-denominated debt securities issued by the Philippines with applicable risk weight of 1.00% to 1.6%. On the other hand, the Bank's holding in peso denominated securities which are estimated at ninety-six percent (96%) of the portfolio have zero risk weight.

Part IV.1a INTEREST RATE EXPOSURES – SPECIFIC RISK (Amounts in ₱ million)							
	Positions	Risk Weight					
		0.00%	0.25%	1.00%	1.60%	8.00%	Total
PHP-denominated debt securities issued by the Philippine National Government (NG) and BSP	Long	15,952.886	–	–	–	–	–
	Short	–	–	–	–	–	–
FCY-denominated debt securities issued by the Philippine NG/BSP	Long	–	–	60.192	179.613	–	–
	Short	–	–	–	–	–	–
Debt securities/derivatives with credit rating BBB- and above issued by other sovereigns	Long	–	–	–	–	–	–
	Short	–	–	–	–	–	–
Debt securities/derivatives with credit rating of AAA to BBB-issued by other entities	Long	–	499.537	–	2.172	–	–
	Short	–	–	–	–	–	–
All other debt securities/derivatives that are below BBB- and unrated	Long					–	–
	Short	–	–	–	–	–	–

Subtotal	Long	15,952.886	499.537	60.192	181.786	–	–
	Short	–	–	–	–	–	–
Risk Weighted Exposures [Sum of long and short positions times the risk weight]		–	1.249	0.602	2.909		4.759
Specific Risk Capital Charge for Credit-Linked Notes and Similar Products		–	–	–	–	–	–
Specific Risk Capital Charge for Credit Default Swaps and Total Return Swaps							
SPECIFIC RISK CAPITAL CHARGE FOR DEBT SECURITIES AND DEBT DERIVATIVES		-					4.759

General Market Risk – Peso

The Bank's total General Market Risk of its Peso debt securities and interest rate derivative exposure is ₱36,301.634 million. In terms of weighted positions, the greater portion (51%) of the Bank's capital charge comes from the 15 to 20 years bucket at ₱111.683 million as well as Over 5 year to 7 years bucket (29%) at ₱64.577 million or a combined capital charge of ₱176.215 million. The remaining weighted positions (20%) are distributed over the remaining buckets.

Currency: PESO							
PART IV.1d GENERAL MARKET RISK (Amounts in ₱ million)							
Zone	**Time Bands**		**Debt Securities & Debt Derivatives/Interest Rate Derivatives**		**Risk Weight**	**Weighted Positions**	
			Total Individual Positions				
	Coupon 3% or more	**Coupon less than 3%**	**Long**	**Short**		**Long**	**Short**
1	1 month or less	1 month or less	47,578.813	12,122.016	0.00%	0.000	0.000
	Over 1M to 3M	Over 1M to 3M	12,776.234	18,045.435	0.20%	25.552	36.091
	Over 3M to 6M	Over 3M to 6M	4,119.399	5,241.004	0.40%	16.478	20.964
	Over 6M to 12M	Over 6M to 12M	3,450.463	2,213.707	0.70%	24.153	15.496
2	Over 1Y to 2Y	Over 1.0Y to 1.9Y	5.168	43.377	1.25%	0.065	0.542
	Over 2Y to 3Y	Over 1.9Y to 2.8Y	5.254	0.000	1.75%	0.092	0.000
	Over 3Y to 4Y	Over 2.8Y to 3.6Y	107.588	0.000	2.25%	2.421	0.000
3	Over 4Y to 5Y	Over 3.6Y to 4.3Y	2,430.917	418.991	2.75%	66.850	11.522
	Over 5Y to 7Y	Over 4.3Y to 5.7Y	1,986.969	0.000	3.25%	64.577	0.000
	Over 7Y to 10Y	Over 5.7Y to 7.3Y	14.072	217.826	3.75%	0.528	8.168
	Over 10Y to 15Y	Over 7.3Y to 9.3Y	2.672	0.000	4.50%	0.120	0.000
	Over 15Y to 20Y	Over 9.3Y to 10.6Y	2,126.440	0.000	5.25%	111.638	0.000
	Over 20Y	Over 10.6Y to 12Y	0.000	0.000	6.00%	0.000	0.000
		Over 12Y to 20Y	0.000	0.000	8.00%	0.000	0.000
		Over 20Y	0.000	0.000	12.50%	0.000	0.000
Total			74,603.991	38,302.357		312.473	92.784
Overall Net Open Position							219.690
Vertical Disallowance							6.964
Horizontal Disallowance							13.080
TOTAL GENERAL MARKET RISK CAPITAL CHARGE							239.734

General Market Risk – US Dollar

The capital charge on the Bank's General Market Risk from dollar-denominated exposures is ₱43.180 million. The exposure is concentrated under the Over 1 month to 3 months' time bucket with risk weight of 0.20% resulting in a capital charge of ₱38.124 million. The balance is distributed across other time buckets up to over 20 years with capital charge ranging from ₱0.166 million to ₱23.246 million.

Currency: USD							
PART IV.1d GENERAL MARKET RISK (Amounts in ₱0.000 million)							
Zone	**Time Bands**		**Debt Securities & Debt Derivatives/Interest Rate Derivatives**		**Risk Weight**	**Weighted Positions**	
			Total Individual Positions				
	Coupon 3% or more	**Coupon less than 3%**	**Long**	**Short**		**Long**	**Short**
1	1 month or less	1 month or less	14,806.000	41,702.695	0.00%	0.000	0.000
	Over 1M to 3M	Over 1M to 3M	19,062.099	13,159.101	0.20%	38.124	26.318
	Over 3M to 6M	Over 3M to 6M	5,811.535	11,985.484	0.40%	23.246	47.942
	Over 6M to 12M	Over 6M to 12M	2,216.099	289.225	0.70%	15.513	2.025
2	Over 1Y to 2Y	Over 1.0Y to 1.9Y	105.601	0.000	1.25%	1.320	0.000
	Over 2Y to 3Y	Over 1.9Y to 2.8Y	55.848	0.000	1.75%	0.977	0.000
	Over 3Y to 4Y	Over 2.8Y to 3.6Y	0.000	0.000	2.25%	0.000	0.000
3	Over 4Y to 5Y	Over 3.6Y to 4.3Y	431.398	0.000	2.75%	11.863	0.000
	Over 5Y to 7Y	Over 4.3Y to 5.7Y	5.102	0.000	3.25%	0.166	0.000
	Over 7Y to 10Y	Over 5.7Y to 7.3Y	282.421	0.000	3.75%	10.591	0.000
	Over 10Y to 15Y	Over 7.3Y to 9.3Y	29.502	0.000	4.50%	1.328	0.000
	Over 15Y to 20Y	Over 9.3Y to 10.6Y	24.756	0.000	5.25%	1.300	0.000
	Over 20Y	Over 10.6Y to 12Y	0.000	0.000	6.00%	0.000	0.000
		Over 12Y to 20Y	0.000	0.000	8.00%	0.000	0.000
		Over 20Y	0.000	0.000	12.50%	0.000	0.000
Total			42,830.361	67,136.505		104.428	76.285
Overall Net Open Position							28.143
Vertical Disallowance							5.159
Horizontal Disallowance							9.878
TOTAL GENERAL MARKET RISK CAPITAL CHARGE							43.180

General Market Risk – Third currencies

The Bank is likewise exposed to various third currencies contracts most of them are in less than 30 days thus carries a 0% risk weight. The combined general market risk charge for contracts in Australian Dollar (AUD), Singaporean Dollar (SGD), Japanese Yen (JPY), Hong Kong Dollar (HKD), Korean Won (KRW), New Zealand Dollar (NZD), Euro (EUR), Pound Sterling (GBP) and Canadian Dollar (CAD), is ₱36.505 million with risk weight of 0.20% to 0.40%.

PART IV.1d GENERAL MARKET RISK (Amounts in ₱ million)										
Currency	**Time Bands**	**Total Debt Securities & Debt Derivatives/Interest Rate Derivatives**		**Risk Weight**	**Weighted Positions**		**Overall Net Open Position**	**Vertical dis allowance**	**Horizontal dis allowance within**	**Total General Market Risk Capital Charge**
		Long	**Short**		**Long**	**Short**				
AUD	1 month or less	0.000	17.989	0.00%	0.000	0.000				
	Over 1M to 3M	0.000	0.000	0.20%	0.000	0.000				
TOTAL		0.000	17.989		0.000	0.000	0.000	–	–	0.000
CAD	1 month or less	0.000	40.150	0.00%	0.000	0.000				
TOTAL		0.000	40.150		0.000	0.000	0.000	–	–	0.000
SGD	1 month or less	0.000	419.055	0.00%	0.000	0.000				
TOTAL		0.000	419.055		0.000	0.000	0.000	–	–	0.000
JPY	1 month or less	585.155	19.529	0.00%	0.000	0.000	0.000			0.000
	Over 1 months to 3 months	926.743	5.560	0.20%	1.853	11.121				
	Over 6 months to 12 months	7,454.861	0.000	0.40%	29.819					
TOTAL		8,966.760	25.090		31.672	11.121	31.672	11.121	–	31.663
HKD	1 month or less	115.252	1,225.20	0.00%	0.000	0.000				
	Over 1M to	0.000	1,089.716	0.20%	0.000	2.179				

	3M									
	Over 3M to 6M	0.000	568.844	0.40%	0.000	2.276				
TOTAL		0115.252	2,883.758		0.000	4.455	4.455	0.00	–	4.455
NZD	1 month or less	0.000	16.263	0.00%	0.000	0.000				
	Over 1M to 3M	0.000	0.000	0.20%	0.000	0.000				
TOTAL		0.000	16.236		–	0.000	–	–	–	–
EUR	1 month or less	0.000	241.190	0.00%	0.000	0.000				
	Over 1 months to 3 months	1,937.571	1,937.571	0.20%	3.875	3.875				
TOTAL		1,937.571	2,178.762		0.000	0.000	0.387	0.387	0.000	0.387
GBP	1 month or less	–	72.468	0.00%	0.000	0.000				
TOTAL		0.000	72.468		0.000	0.000	–	–	–	–
KRW	1 month or less	–	16.263	0.00%	0.000	0.000				
TOTAL		0.000	16.263		0.000	0.000	–	–	–	–
TOTAL THIRD CURRENCIES										36.505

Equity Exposures

The Bank's holdings are in the form of preferred stocks traded in the PSE, with 8% risk weight both for specific and general market risk. The Bank's capital charge for equity weighted positions is ₱0.458 million or total risk-weighted equity exposures of ₱5.732 million.

Item	Nature of Item	Positions	Stock Markets
			Philippines
A.1	Common Stocks	Long	–
		Short	–
A.9	Others	Long	2.866
		Short	–
A.10	TOTAL	Long	2.866
		Short	–
B.	Gross (long plus short) positions (A.10)		2.866
C.	Risk Weights		8%
D.	Specific risk capital (B. times C.)		0.229
E.	Net long or short positions		2.866
F.	Risk Weights		8%
G.	General market risk capital charges (E. times F.)		0.229
H.	Total Capital Charge For Equity Exposures (sum of D. and G.)		0.458
I.	Adjusted Capital Charge For Equity Exposures (H. times 125%)		0.573
J.	TOTAL RISK-WEIGHTED EQUITY EXPOSURES (I. X 10)		5.732

Foreign Exchange Exposures

The Bank's exposure to FX Risk carries a capital charge of ₱144.323 million. This includes ₱92.552 million arising from exposure in Non-Deliverable Forwards (NDFs) which carries a 4% risk weight while ₱51.772 million is from FX Exposures with 8% risk weight in FX assets and FX liabilities in USD, and third currencies not limited to Swiss Franc (CHF), GBP, JPY, EUR, CAD, AUD, SGD and other minor currencies.

Part IV. 3 FOREIGN EXCHANGE EXPOSURES (as of December 31, 2021)						
	Closing Rate USD/₱:					50.999
Nature of Item	Currency	In Million USD Equivalent				In Million Pesos
		Net Long/(Short) Position (excluding options)		Net Delta-Weighted Positions of FX Options	Total Net Long/(Short) Positions	Total Net Long/(Short) Position
		Banks	Subsidiaries /Affiliates			
		1	2	3	4=1+2+3	5
Currency						
A.1 U.S. Dollar	USD	10.106	2.673		(6.203)	(358.867)
A.2 Japanese Yen	JPY	0.774	0.870		0.096	5.574
A.3 Swiss Franc	CHF	1.270	0.00		1.270	73.513
A.4 Pound Sterling	GBP	0.923	0.00		0.410	23.743
A.5 Euro	EUR	5.177	0.00		5.190	300.243
A.6 Canadian Dollar	CAD	0.325	0.00		0.301	18.843
A.7 Australian Dollar	AUD	0.310	0.00		0.310	17.424
A.8 Singapore Dollar	SGD	0.554	2.565		3.119	180.459
A.9 Foreign currencies not separately specified above						
Arab Emirates Dirham	AED	0.018	0.00		0.018	1.057
Bahrain Dinar	BHD	0.001	0.00		0.003	0.195
Brunei Dollar	BND	0.006	0.00		0.006	0.357
Yuan Renminbi	CNY	(0.494)	0.00		(0.494)	(28.591)
Hongkong Dollar	HKD	(0.950)	1.504		0.227	13.147
Korean Won	KRW	0.046	0.00		0.046	2.679
Malaysian Ringgit	MYR	0.00	0.00		0.00	0.00
Norwegian Krone	NOK	0.00	0.00		0.00	0.00
New Zealand Dollar	NZD	0.002	0.00		0.002	0.171
Saudi Riyal	SAR	0.153	0.00		0.153	8.893
Thai Baht	THB	0.006	0.00		0.006	0.378
Taiwan Dollar	TWD	0.008	0.00		0.008	0.464
Indo Rupiah	INR	0.00	0.00		0.00	0.00
A.10 Sum of net long positions						647.147
A.11 Sum of net short positions						(387.458)
B. Overall net open positions 1/						647.147
C. Risk Weight						8%
D. Total Capital Charge for Foreign Exchange Exposures (B. times C.)						51.771
E. Adjusted Capital Charge for Foreign Exchange Exposures (D. times 125%)						64.147
F. Total Risk-Weighted Foreign Exchange Exposures, Excluding Incremental Risk-Weighted Foreign Exchange Exposures Arising From NDF Transactions (E. times 10)						647.147
G. INCREMENTAL RISK-WEIGHTED FOREIGN EXCHANGE EXPOSURES ARISING FROM NDF TRANSACTIONS (Part IV.3A, Item F.)						1,156.900
H. TOTAL RISK WEIGHTED FOREIGN EXCHANGE EXPOSURES (Sum of F. and G.)						1,804.047

Operational Risk – Weighted Assets as of December 31, 2024

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

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

C. Subsidiaries

The following represent the Bank's significant subsidiaries:

Domestic Subsidiaries:

Allied Integrated Holdings Inc. (AIHI) is a wholly-owned subsidiary of PNB. It was formerly PNB Savings Bank, which had been converted into a holding company on October 28, 2020 after PNB substantially acquired its assets and assumed its liabilities on March 1, 2020 and following the surrender of its thrift bank license to BSP on March 5, 2020. The SEC subsequently approved on February 23, 2021 its conversion from a savings bank to a holding company, the change in its corporate name, and the shortening of the company's corporate life up to December 31, 2022.

As a holding company, AIHI had been mainly tasked to manage the remaining real estate assets acquired by the former PNB Savings Bank. AIHI is now in the process of winding down its operations following the end of its corporate life by yearend 2022.

PNB Capital and Investment Corporation (PNB Capital), a wholly-owned subsidiary of the Bank, is licensed by the SEC to operate as an investment house with a non-quasi-banking license. It was incorporated on July 30, 1997 and commenced operations on October 8, 1997.

Its principal business is to provide investment banking services which include debt and equity underwriting, private placement, loan arrangement, loan syndication, project financing and general financial advisory services, among others. PNB Capital is authorized to buy and sell, for its own account, securities issued by private corporations and the Philippine Government. PNB Capital distributes its structured and packaged debt and equity securities by tapping banks, trust companies, insurance companies, retail investors, brokerage houses, funds and other entities that invest in such securities.

PNB Capital has arranged some of the largest loan syndications and award-winning deals in the Philippines. Likewise, it is very active in the capital market transactions in the country. PNB Capital has been recognized multiple times by local and foreign award giving bodies for the successful execution of landmark transactions, reaffirming its commitment to excellence in the financial transactions. Some of the prestigious accolades include: "Syndicated Loan of the Year" by the Asian Banking and Finance, Corporate and Investment Banking Awards 2023; and "Green Project of the Year", "Best Initial Public Offering", "Best New Bond", and "Best Transition Bond" by The Asset Triple A Awards.

PNB Securities, Inc. (PNB SI), is a wholly-owned subsidiary which engages in the brokerage and dealership of the various common and preferred equities, REITs, ETFs and other equity-related securities listed in the Philippine Stock Exchange.

PNB SI performs other equity related services including, but not limited to, the distribution of Initial Public Offerings in collaboration with PNB Capital, PNB branches, and the Bank's Trust Banking Group and Wealth Management Group, block sales, private placements, tender offer agency and price stabilization agency as well as processing of dividend and pre-emptive rights entitlements in behalf of its clients.

The company also collaborates with PNB Research in arranging corporate access for PNB SI's foreign institutional clients.

PNB SI also offers technical research studies as well as distributes PNB Research studies to inform and guide clients in making decisions with regard to their investments in the equities market.

PNB-Mizuho Leasing and Finance Corporation (PMLFC) (formerly PNB-IBJL Leasing and Finance Corporation), a joint venture between the Bank (75%) and Mizuho Leasing Company (25%), was incorporated on April 24, 1996 as a financing company under Republic Act No. 8556 (the amended Finance Company Act). Its major activities are financial lease (direct lease, sale-leaseback, lease-sublease and foreign currency leasing), operating lease (through wholly-owned subsidiary, PNB-Mizuho Equipment Rentals Corporation), term loans (for productive capital expenditures secured by chattel mortgage), receivable discounting (purchase of short-term trade receivables and installment papers) and floor stock financing (short-term loan against assignment of inventories, e.g., motor vehicles).

On March 3, 2020, the SEC approved the change of its corporate name.

On June 24, 2022, the BOD of the Bank approved the proposal to amend the Articles of Incorporation of PMLFC, shortening its corporate term to March 31, 2024, subject to necessary approvals. On December 23, 2022, the SEC approved the above amendment. PMLFC is now in the process of winding down its operations following the end of its corporate life on March 31, 2024.

PNB-Mizuho Equipment Rentals Corporation (PMERC) (formerly PNB-IBJL Equipment Rentals Corporation), a wholly-owned subsidiary of PMLFC, was incorporated on July 3, 2008 as a rental company and started commercial operations on the same date. It is engaged in the business of renting all kinds of real and personal properties. On November 22, 2023, the SEC approved the amendment to the Articles of Incorporation of PMERC, shortening its corporate term to December 31, 2024. PMERC is now in the process of winding down its operations following the end of its corporate life on December 31, 2024.

Foreign Subsidiaries:

Allied Banking Corporation (Hong Kong) Limited (ABCHKL) Incorporated in 1978, ABCHKL is a private limited company and restricted-licensed bank under the Hong Kong Banking Ordinance. ABCHKL became a majority-owned (51%) subsidiary of PNB as a result of the merger of PNB and Allied Banking Corporation in 2013. ABCHKL provides a full range of commercial banking services such as deposit taking, lending and trade financing, documentary credits, participation in loan syndications and other risks, money market and foreign exchange operations. ABCHKL has a wholly-owned subsidiary, ACR Nominees Limited, which is a private limited company incorporated in Hong Kong that provides non-banking general services to its customers. It is a Trust or Company Service Provider ("TCSP") licensee in Hong Kong.

Allied Commercial Bank (ACB) is a majority-owned (99.04%) subsidiary of PNB. Originally established in 1993 as Xiamen Commercial Bank, ACB maintains its head office in Xiamen, Fujian, China and has a branch in Chongqing which was established in 2003.

ACB was previously allowed to deal only in foreign currency-denominated products and services, until 2017, when local currency or CNY denominated products and services were allowed except for local residents. In 2020, ACB finally obtained a banking license that allows offering services to all market segments with all traditional banking products, denominated in local or foreign currencies.

ACB is a full-service commercial bank specializing in international trade finance and loans to micro, small and medium-sized industries/enterprises. Its deposit products are also varied and competitive. Last 2020, the Bank launched its enterprise internet banking system which adds much sought-after convenience to its corporate depositors. In 2022, the Bank enhanced its system to automate its credit management. It continues to innovate to deliver financial products and services to cater to the evolving needs of the banking public.

PNB Global Remittance and Financial Company (HK) Limited (PNB Global HK), a wholly-owned subsidiary of PNB, was established in Hong Kong on July 20, 1976. The company is engaged in providing remittance services bound to the Philippines. It also grants consumer loans to Filipinos and foreign nationals working in Hong Kong who are interested to purchase real estate properties in the Philippines.

PNB Global HK's Main Office is in Wanchai District while its six branches are strategically situated in Shatin, Yuen Long, Tsuen Wan, North Point, and two in Worldwide House in Central District of Hong Kong.

PNB International Investments Corporation (PNB IIC) is a non-bank holding company and the parent company of PNB Remittance Centers, Incorporated (PNB RCI). PNB RCl has a network of 18 branches engaging in money transmission in six states of the United States of America.

PNB RCI owns PNB RCI Holding Company, Ltd., the parent company of PNB Remittance Company Canada (PNB RCC). PNB RCC has five branches and one sub-branch servicing the remittance requirements of Filipinos in Canada.

Philippine National Bank (Europe) PLC (PNBE) is a wholly-owned subsidiary of PNB. It started in 1976 as PNB London Branch and was incorporated in June 1994. It was granted a deposit taking license by the Bank of England in July 1997.

Following the merger of PNB and ABC in 2013, PNBE merged with Allied Bank Philippines (UK) Plc in 2014, with the former as the surviving entity. PNBE is an authorized institution under the Financial Services Act 2012 and is regulated by the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA).

Following the conclusion of the Brexit transition period in 2020, PNBE continues to provide services to Filipinos in the region through its UK office as well as its web and phone remittance platforms.

Item 2. Directors and Executive Officers

Please refer to pages 9 to 43 of the Information Statement.

Item 3. Audited Consolidated Financial Statements

The Audited Financial Statements ("AFS") of the Bank and its Subsidiaries (collectively, the "Group"), which comprise the Statements of Financial Position as of December 31, 2024 and 2023, and the Statements of Income, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for each of the three (3) years in the period ended December 31, 2024, and Notes to the Financial Statements, including a Summary of Significant Accounting Policies and other explanatory information, Independent Auditor's Report and the Statement of Management's Responsibility are filed as part of the Bank's SEC 17-A report for the year ended December 31, 2024.

Item 4. Information on Independent Accountant, Changes in Accounting Principles and Other Related Matters

A. Audit and Other Related Fees

The following are the engagement fees for each of the last two fiscal years for the professional services rendered by the Bank's external auditor, SyCip Gorres Velayo and Co., (inclusive of out-of-pocket expenses and value-added tax):

		Professional fees (in ₱ millions)	
Nature of Service	**Description**	**2024**	**2023**
Audit Fees	Audit of the consolidated financial statements of the Bank; audit of the combined financial statements and managed funds of the Trust Banking Group; audit of domestic and foreign subsidiaries of the Bank	**38.093**	39.788
Other Assurance Services	Other assurance and related services charged by the external auditor related to special purpose audits or financial statement reviews	**10.253**	2.791
Tax-Related Services	Business tax advisory services	**2.328**	2.809
All Other Services	Accounting advisory and other consultancy services	**2.909**	.717
TOTAL		**53.583**	**46.105**

There were no fees billed and paid for the last three (3) years for tax accounting performed by the Bank's external auditor.

The approval of the above audit engagement fees is based on the Bank's existing Manual of Signing Authority. All engagements of the external auditor and the corresponding engagement fees are subject to the approval of the BOD as endorsed by the BACC.

The BACC has primary authority to select, evaluate, appoint, dismiss, replace and reappoint the Bank's external auditors, subject to the approval of the BOD and ratification of stockholders, based on fair and transparent criteria such as (i) core values, culture and high regard for excellence in audit quality; (ii) technical competence and expertise of auditing staff; (iii) independence; (iv) effectiveness of the audit process; and (v) reliability and relevance of the external auditor's reports.

B. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the amendments and improvements to Philippine Financial Reporting Standards (PFRS) which are effective beginning on or after January 1, 2024. The changes in the accounting policies that have or did not have any significant impact on the financial position or performance of the Group are discussed under Note 2 (Summary of Material Accounting Policies) of the audited financial statements of the Group.

C. Disagreements with Accountants

The Bank and its subsidiaries had no disagreement with its auditors on any matter of accounting principles or practices, financial statements disclosure, or auditing scope procedure.

Item 5. Management's Discussion and Analysis of Financial Condition and Results of Operations

The financial statements have been prepared in accordance with PFRS.

2024 vs 2023

The Group's consolidated total assets stood at ₱1,257.6 billion as of December 31, 2024, 3.9% or ₱47.1 billion higher compared to the ₱1,210.5 billion reported as of December 31, 2023. Major changes (+/–5% variance) in assets were registered in the following accounts:

- **Cash and Cash Equivalents**

	December 31,		Increase/	
(In Thousands)	**2024**	2023	(Decrease)	%
Cash and Other Cash Items	**₱20,638,033**	₱21,151,391	(₱513,358)	(2.4)
Due from Bangko Sentral ng Pilipinas	**55,128,316**	95,410,350	(40,282,034)	(42.2)
Due from Other Banks	**20,183,894**	21,243,856	(1,059,962)	(5.0)
Interbank Loans Receivable	**19,861,641**	30,955,766	(11,094,125)	(35.8)
Securities Held under Agreements to Resell	**103,480,119**	69,694,538	33,785,581	48.5
	₱219,292,003	₱238,455,901	(₱19,163,898)	(8.0)

Total Cash and Cash Equivalents as of December 31, 2024 stood at ₱219.3 billion, representing a decrease of ₱19.2 billion or 8.0% lower than the ₱238.5 billion reported on December 31, 2023.

Available liquid funds were placed in short term secured facility of the BSP, booked under Securities Held under Agreements to Resell.

- **Trading and Investment Securities**

	December 31,		Increase/	
(In Thousands)	**2024**	2023	(Decrease)	%
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	**₱17,920,985**	₱10,516,864	₱7,404,121	70.4
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	**211,742,783**	164,531,492	47,211,291	28.7
Investment Securities at Amortized Cost	**112,422,382**	123,200,427	(10,778,045)	(8.7)
	₱342,086,150	₱298,248,783	₱43,837,367	14.7

Trading and Investment Securities, which accounted for 27.2% of the Group's total assets as of December 31, 2024 versus 24.6% as of December 31, 2023, increased by ₱43.8 billion or 14.7%. This growth was primarily due to net purchases of financial assets at FVTPL and at FVOCI.

- **Property and Equipment**

	December 31,		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Property and Equipment	**₱10,195,539**	₱10,754,018	(₱558,479)	(5.2)

Property and Equipment decreased by ₱0.6 billion or 5.2%, to ₱10.2 billion as of December 31, 2024, from ₱10.8 billion as of December 31, 2023, mainly due to depreciation and amortization during the period.

- **Investment in an Associate**

	December 31,		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Investment in an Associate	**₱3,446,613**	₱3,199,124	₱247,489	7.7

Investment in an Associate rose by ₱0.2 billion or 7.7% to ₱3.4 billion as of December 31, 2024 compared to ₱3.2 billion as of December 31, 2023. This increase resulted from the Bank's equity share in the net comprehensive income of the associate for the period.

- **Investment Properties**

	December 31,		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Investment Properties	**₱15,964,267**	₱14,579,558	₱1,384,709	9.5

Investment Properties increased by ₱1.4 billion or 9.5% to ₱16.0 billion as of December 31, 2024, up from ₱14.6 billion as of December 31, 2023. This growth was mainly attributed to the new foreclosures of real and other properties, offset by disposals during the period.

- **Deferred Tax Assets**

	December 31,		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Deferred Tax Assets	**₱7,460,676**	₱6,981,726	₱478,950	6.9

Deferred Tax Assets increased by ₱0.5 billion or 6.9% to ₱7.5 billion as of December 31, 2024, from ₱7.0 billion as of December 31, 2023, mainly due to the recognition of additional deferred tax assets on allowance for credit losses.

- **Intangible Assets**

	December 31,		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Intangible Assets	**₱1,084,955**	₱1,301,726	(₱216,771)	(16.7)

Intangible Assets decreased by ₱0.2 billion or 16.7% to ₱1.1 billion as of December 31, 2024, from ₱1.3 billion as of December 31, 2023 mainly due to amortization during the period.

- **Other Assets**

	December		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Other Assets	**₱8,150,629**	₱5,454,301	₱2,696,328	49.4

Other Assets grew by ₱2.7 billion or 49.4% to ₱8.2 billion as of December 31, 2024, from ₱5.5 billion as of December 31, 2023 mainly due to increases in systems under development, creditable withholding taxes and prepaid expenses.

The Group's consolidated total liabilities were at ₱1,041.0 billion as of December 31, 2024, 2.1% or ₱21.6 billion higher than the ₱1,019.4 billion as of December 31, 2023. Major changes (+/–5% variance) in liability accounts were as follows:

- **Deposit Liabilities**

	December		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Demand	**₱244,369,119**	₱228,405,865	₱15,963,254	7.0
Savings	**575,335,527**	541,009,449	34,326,078	6.3
Time	**147,368,732**	145,752,061	1,616,671	1.1
Long Term Negotiable Certificates of Deposit	**4,598,770**	12,803,543	(8,204,773)	(64.1)
	₱971,672,148	₱927,970,918	₱43,701,230	4.7

Deposit Liabilities at ₱971.7 billion and ₱928.0 billion, which represent 93.3% and 91.0% of the Group's total liabilities as of December 31, 2024 and December 31, 2023, respectively, were higher by ₱43.7 billion or 4.7% mainly due to increases in Savings Deposits by ₱34.3 billion or 6.3%, Demand Deposits by ₱16.0 billion or 7.0%, and Time Deposits by ₱1.6 billion or 1.1%. Long Term Negotiable Certificates of Deposit amounting to ₱8.2 billion matured on August 27, 2024.

- **Financial Liabilities at FVTPL**

	December		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Financial Liabilities at FVTPL	**₱924,053**	₱555,811	₱368,242	66.3

Financial Liabilities at FVTPL of ₱0.9 billion as at December 31, 2024 was ₱0.4 billion higher than the 2023 year-end balance of ₱0.6 billion mainly from increase in the position and fair values of stand-alone forwards.

- **Bonds Payable**

	December 31		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Bonds Payable	**₱17,304,421**	₱41,490,871	(₱24,186,450)	(58.3)

On September 27, 2024, the bonds payable was fully settled following the maturity of the USD750,000 3.28% Medium Term Note. Subsequently, on October 14, 2024, the Bank issued USD300 million benchmark-sized Sustainability Regulation S offering of 5-year senior notes under its USD2 billion Euro Medium Term Note programme. The 5-year bond was priced at T+102 basis points, with a fixed coupon rate of 4.85%.

- **Other Liabilities**

	December		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Accrued Taxes, Interest and Other Expenses	**₱8,798,553**	₱10,465,373	(₱1,666,820)	(15.9)
Income Tax Payable	**₱159,233**	₱180,364	(₱21,131)	(11.7)
Other Liabilities	**₱18,106,056**	₱14,741,922	₱3,364,134	22.8

Accrued Taxes, Interest, and Other Expenses declined by ₱1.7 billion, dropping from ₱10.5 billion as of December 31, 2023 to ₱8.8 billion as of December 31, 2024 mainly due to lower accruals for promotional expenses, information technology-related expenses, repairs and maintenance, professional fees and taxes and licenses during the period.

Income Tax Payable decreased by ₱21.1 million or 11.7% from ₱180.4 million as of December 31, 2023 to ₱159.2 million as of December 31, 2024, mainly due to application of creditable withholding taxes and quarterly income tax payments.

Other Liabilities at ₱18.1 billion as of December 31, 2024 increased from ₱14.7 billion as of December 31, 2023, mainly due to increases in accounts payable, bills purchased – contra and due to other banks.

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

	December		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Capital Stock	**₱61,030,594**	₱61,030,594	₱–	–
Capital Paid in Excess of Par Value	**32,116,560**	32,116,560	–	–
Surplus Reserves	**4,967,037**	4,677,930	289,107	6.2
Surplus	**113,663,851**	91,979,317	21,684,534	23.6
Net Unrealized Gains (Losses) on Financial Assets at FVOCI	**142,134**	(1,722,653)	1,864,787	108.3
Remeasurement Losses on Retirement Plan	**(2,655,218)**	(2,728,542)	73,324	2.7
Accumulated Translation Adjustment	**2,357,844**	1,999,668	358,176	17.9
Other Equity Reserves	**1,189,003**	248,830	940,173	377.8
Share in Aggregate Reserves on Life Insurance Policies	**21,209**	24,246	(3,037)	(12.5)
Other Equity Adjustment	**13,959**	13,959	–	–
	212,846,973	187,639,909	25,207,064	13.4
Non-Controlling Interests	**3,781,968**	3,508,745	273,223	7.8
	₱216,628,941	₱191,148,654	₱25,480,287	13.3

Total Equity stood at ₱216.6 billion as of December 31, 2024 from ₱191.1 billion as of December 31, 2023, or an increase of ₱25.5 billion or 13.3% attributed mainly to the consolidated net income reported for the period of ₱21.2 billion, increase in Accumulated Translation adjustment, reversal of Net Unrealized Losses into Net Unrealized Gains on Financial Assets at FVOCI, and increase in Other Equity Reserves amounting to ₱0.94 billion from share swap transactions.

2023 vs 2022

The Group's consolidated total assets stood at ₱1,210.5 billion as of December 31, 2023, 5.7% or ₱65.4 billion higher compared to ₱1,145.2 billion reported as of December 31, 2022. Major changes (+/– 5% variance) in assets were registered in the following accounts:

- **Cash and Cash Equivalents**

	December 31		Increase/	
(in thousands)	**2023**	2022	(Decrease)	%
Cash and Other Cash Items	**₱21,151,391**	₱22,217,915	(₱1,066,524)	(4.8)
Due from Bangko Sentral ng Pilipinas	**95,410,350**	94,701,360	708,990	0.7
Due from Other Banks	**21,243,856**	26,010,183	(4,766,327)	(18.3)
Interbank Loans Receivable	**30,955,766**	9,782,452	21,173,314	216.4
Securities Held under Agreements to Resell	**69,694,538**	64,523,863	5,170,675	8.0
	₱238,455,901	₱217,235,773	₱21,220,128	9.8

Total Cash and Cash Equivalents as of December 31, 2023 increased by ₱21.2 billion or 9.8%. Available liquid funds were either placed in loans to other banks which were booked under Interbank Loans Receivable or deployed to Loans and Receivables.

Please refer to the consolidated statements of cash flows of the Audited Financial Statements of the Group for more information relating to cash and cash equivalents.

- **Trading and Investment Securities**

(in thousands)	**December 31** **2023**	2022	Increase/ (Decrease)	%
Financial Assets at Fair Value Through Profit or Loss (FVTPL)	**₱10,516,864**	₱7,347,201	₱3,169,663	43.1
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)	**164,531,492**	158,183,525	6,347,967	4.0
Investment Securities at Amortized Cost	**123,200,427**	110,467,960	12,732,467	11.5
	₱298,248,783	₱275,998,686	₱22,250,097	8.1

Trading and Investment Securities, representing 24.6% and 24.1% of the Group's total assets as of December 31, 2023 and 2022, respectively, increased by ₱22.3 billion or 8.1%, mainly due to net purchases of financial assets at FVTPL, financial assets at FVOCI, and investment securities at amortized cost during the year.

- **Property and Equipment, Investment Properties and Intangible Assets (including Goodwill)**

(in thousands)	**December 31** **2023**	2022	Increase/ (Decrease)	%
Property and Equipment	**₱10,754,018**	₱11,973,547	(₱1,219,529)	(10.2)
Investment Properties	**₱14,579,558**	₱13,794,986	₱784,572	5.7
Intangible Assets	**₱1,301,726**	₱1,863,922	(₱562,196)	(30.2)

(in thousands)	**December 31** **2023**	2022	Increase/ (Decrease)	%
Goodwill	**₱10,184,843**	₱11,221,410	(₱1,036,567)	(9.2)

Property and Equipment and Intangible Assets as of December 31, 2023 at ₱10.8 billion and ₱1.3 billion, respectively, decreased by ₱1.2 billion and ₱0.6 billion, respectively, compared to ₱12.0 billion and ₱1.9 billion, respectively, as of December 31, 2022, mainly due to depreciation and amortization during the year.

Investment Properties amounted to ₱14.6 billion as of December 31, 2023, an increase by ₱0.8 billion or 5.7% compared to ₱13.8 billion as of December 31, 2022, due to new foreclosures of real and other properties, offset by disposals during the year.

Goodwill amounted to ₱10.2 billion as of December 31, 2023, a decrease of P1.0 billion, or 9.2% from the previous year as a result of impairment in value.

- **Investment in an Associate**

(in thousands)	**December 31** **2023**	2022	Increase/ (Decrease)	%
Investment in an Associate	**₱3,199,124**	₱2,688,764	₱510,360	19.0

Investment in an Associate increased by ₱0.5 billion or 19.0% from ₱2.7 billion as of December 31, 2022 to ₱3.2 billion as of December 31, 2023, as a result of the equity share in the net comprehensive income of the associate for the year.

- **Deferred Tax Assets**

(in thousands)	**December 31 2023**	2022	Increase/ (Decrease)	%
Deferred Tax Assets	**₱6,981,726**	₱6,616,902	₱364,824	5.5

Deferred Tax Assets increased by ₱0.4 billion or 5.5%, at ₱7.0 billion as of December 31, 2023 from ₱6.6 billion as of December 31, 2022 mainly due to the recognition of additional deferred tax assets on allowance for credit losses.

- **Other Assets**

(in thousands)	**December 31 2023**	2022	Increase/ (Decrease)	%
Other Assets	**₱5,454,301**	₱4,155,522	₱1,298,779	31.3

Other Assets as of December 31, 2023 at ₱5.5 billion, grew by ₱1.3 billion or 31.3% from ₱4.2 billion as of December 31, 2022, mainly due to increases in deferred charges, creditable withholding taxes, fund for electronic money products and documentary stamps on hand.

The Group's consolidated total liabilities were at ₱1,019.4 billion as of December 31, 2023, 4.5% or ₱44.1 billion higher from ₱975.3 billion as of December 31, 2022. Major changes (+/–5% variance) in liability accounts were as follows:

- **Deposit Liabilities**

(in thousands)	**December 31 2023**	2022	Increase/ (Decrease)	%
Demand	**₱228,405,865**	₱220,043,866	₱8,361,999	3.8
Savings	**541,009,449**	519,940,535	21,068,914	4.1
Time	**145,752,061**	112,113,308	33,638,753	30.0
Long Term Negotiable Certificates	**12,803,543**	19,130,012	(6,326,469)	(33.1)
	₱927,970,918	₱871,227,721	₱56,743,197	2.4

Deposit Liabilities at ₱928.0 billion and ₱871.2 billion, which represent 91.0% and 89.3% of the Group's total liabilities as of December 31, 2023 and 2022, respectively, were higher by ₱56.7 billion or 6.5% mainly due to the increase in Time Deposits by ₱33.6 billion or 30.0%, Savings Deposits by ₱21.1 billion or 4.1%, and Demand Deposits by ₱8.4 billion or 3.8%. The increase was offset by maturity of a Long Term Negotiable Certificate of Deposit amounting to ₱6.3 billion.

- **Financial Liabilities at FVTPL**

(in thousands)	**December 31 2023**	2022	Increase/ (Decrease)	%
Financial Liabilities at FVTPL	**₱555,811**	₱1,039,776	(₱483,965)	(46.5)

Financial Liabilities at FVTPL as at December 31, 2023 was ₱0.5 billion lower than the 2022 year-end balance of ₱1.0 billion mainly from decreases in position and fair values of stand-alone forwards.

- **Bills and Acceptances Payable and Bonds Payable**

(in thousands)	**December 31 2023**	2022	Increase/ (Decrease)	%
Bills and Acceptances Payable	**₱20,162,603**	₱14,980,373	₱5,182,230	34.6
Bonds Payable	**₱41,490,871**	₱58,439,097	(₱16,948,226)	(29.0)

Bills and Acceptances Payable increased by ₱5.2 billion or 34.6% from ₱15.0 billion as of December 31, 2022 to ₱20.2 billion as of December 31, 2023, mainly from borrowings from foreign banks.

Bonds Payable decreased by ₱17.0 billion or 29.0% from ₱58.4 billion as of December 31, 2022 to ₱41.5 billion as of December 31, 2023, mainly due to the maturity of the US$300 million, 4.25% fixed rate bonds in April 2023.

- **Other Liabilities**

(in thousands)	**December 31 2023**	2022	Increase/ (Decrease)	%
Lease Liabilities	**₱3,832,884**	₱3,636,391	₱196,493	5.4

(in thousands)	**December 31 2023**	2022	Increase/ (Decrease)	%
Accrued Taxes, Interest and Other Expenses	**₱10,465,373**	₱9,117,393	₱1,347,980	14.8
Income Tax Payable	**₱180,364**	₱983,051	(₱802,687)	(81.7)
Other Liabilities	**₱14,741,922**	₱15,827,640	(₱1,085,718)	(6.9)

Lease Liabilities increased by ₱0.2 billion or 5.4% from ₱3.6 billion as of December 31, 2022 to ₱3.8 billion as of December 31, 2023, due to certain lease contract renewals entered into by the Group, partly offset by payments for the year.

Accrued Taxes, Interest and Other Expenses was higher by ₱1.3 billion, from ₱9.1 billion as of December 31, 2022 to ₱10.5 billion as of December 31, 2023, mainly due to the increase in accrued interest from deposits.

Income Tax Payable decreased by ₱0.8 billion or 81.7% from ₱1.0 billion as of December 31, 2022 to ₱0.2 billion as of December 31, 2023 mainly due to application of available creditable withholding taxes against income tax liability during the year.

Other Liabilities at ₱14.7 billion as of December 31, 2023 declined from ₱15.8 billion as of December 31, 2022 mainly due to decreases in accounts payable, manager's checks and demand drafts outstanding and dormant credits.

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

(in thousands)	**December 31 2023**	2022	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	**4,677,930**	4,929,242	(251,312)	(5.1)
Surplus	**91,979,317**	73,748,748	18,230,569	24.7
Net Unrealized Losses on Financial Assets at FVOCI	**(1,722,653)**	(5,959,275)	4,236,622	71.1
Remeasurement Losses on Retirement Plan	**(2,728,542)**	(2,222,945)	(505,597)	(22.7)
Accumulated Translation Adjustment	**1,999,668**	2,314,447	(314,779)	(13.6)
Other Equity Reserves	**248,830**	248,830	–	–
Share in Aggregate Reserves on Life Insurance Policies	**24,246**	136,096	(111,850)	(82.2)
Other Equity Adjustment	**13,959**	13,959	–	–
	187,639,909	166,356,256	21,283,653	12.8
Non-Controlling Interests	**3,508,745**	3,549,378	(40,633)	1.1
	₱191,148,654	₱169,905,634	₱21,243,020	12.5

Total Equity stood at ₱191.1 billion as of December 31, 2023 from ₱169.9 billion as of December 31, 2022, or an increase of ₱21.2 billion or 12.5% attributed mainly to the ₱18.0 billion consolidated net income reported for the year and ₱4.2 billion decrease in Net Unrealized Losses on Financial Assets at FVOCI.

Results of Operations

2024 vs 2023

For the year ended December 31, 2024, the Group recorded a consolidated net income of ₱21.2 billion against the ₱18.0 billion net income of the preceding year, reflecting a 17.9% year-on-year growth, supported by strong net interest income. The higher net income in 2024 was primarily due to the following:

- **Net Interest Income**

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Interest income	**67,458,590**	59,594,529	7,864,061	13.2
Interest expense	**18,118,120**	15,001,686	3,116,434	20.8
	₱49,340,470	₱44,592,843	₱4,747,627	10.6

Net interest income reached ₱49.3 billion for the year ended December 31, 2024, marking an increase of 10.6% or ₱4.7 billion compared to the same period last year. Gross interest income rose by 13.2% or ₱7.9 billion to ₱67.5 billion, driven primarily by higher yields and volume of loans, investment securities and interbank receivables. Gross interest expense went up by ₱3.1 billion or 20.8% at ₱18.1 billion, up from ₱15.0 billion for the same period last year, largely due to the increase in interest cost of deposit liabilities, reflecting both higher rates and an increased volume of deposits.

- **Net Services Fees and Commission Income**

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Services fees and commission income	**₱6,961,870**	₱6,591,256	₱370,614	5.6
Services fees and commission expense	**1,447,236**	1,266,613	180,623	14.3
	₱5,514,634	₱5,324,643	₱189,991	3.6

Net service fees and commission income increased by ₱0.2 billion or by 3.6% to ₱5.5 billion compared to the previous year. The increase was mainly due to the increases in credit card and deposit-related fees, partially offset by lower income from underwriting activities. Additionally, fees and commission expenses increased during the period, further contributing to the reduction in the net service fees and commission income.

- **Other Operating Income**

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Net gains on sale or exchange of assets	**₱1,995,042**	₱4,541,567	(₱2,546,525)	(56.1)
Foreign exchange gains - net	**1,169,286**	1,367,409	(198,123)	(14.5)
Trading and investment securities gains (losses) - net	**647,580**	394,103	253,477	64.3
Equity in net earnings of an associate	**419,505**	268,093	151,412	56.5
Miscellaneous	**688,971**	871,394	(182,423)	(20.9)
	₱4,920,384	₱7,442,566	(₱2,522,182)	(33.9)

Other operating income decreased by ₱2.5 billion, or by 33.9%, to ₱4.9 billion for the year ended December 31, 2024, compared to ₱7.4 billion in the previous year. The decline was mainly due to lower gains from sale of investment properties and a decrease in foreign exchange gains in 2024. Meanwhile, net trading gains and equity in net earnings of an associate increased by ₱0.3 billion and ₱0.2 billion, respectively.

- **Operating Expenses**

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Compensation and fringe benefits	**₱10,668,601**	₱10,464,071	₱204,530	2.0
Taxes and licenses	**5,230,401**	4,852,190	378,211	7.8
Depreciation and amortization	**3,659,014**	3,976,069	(317,055)	(8.0)
Occupancy and equipment-related costs	**1,117,892**	916,735	201,157	21.9
Miscellaneous	**8,953,772**	8,218,171	735,601	9.0
	₱29,629,680	₱28,427,236	₱1,202,444	4.2

Total operating expenses for the year ended December 31, 2024 totaled ₱29.6 billion, reflecting an increase of ₱1.2 billion or 4.2% compared to the prior year. The increase was primarily attributed to higher taxes and licenses, compensation and fringe benefits, occupancy and equipment-related costs, and miscellaneous expenses from higher marketing fees. These increases were partially offset by lower depreciation and amortization expenses.

- **Provision for Impairment, Credit and Other Losses and Impairment in Value of Goodwill**

	December 31		Increase/	
(in thousands)	**2024**	2023	(Decrease)	%
Provision for impairment, credit and other losses	**₱3,868,111**	₱5,923,054	(₱2,054,943)	(34.7)
Impairment in value of goodwill	**₱–**	₱1,036,567	(₱1,036,567)	(100.0)

Provisions for impairment, credit and other losses decreased to ₱3.9 billion for the year ended December 31, 2024, significantly lower than the ₱5.9 billion booked in the previous year. This reduction reflects the improvement in the Group's loan portfolio as the economy continues to grow. In 2023, the goodwill impairment test performed by the Group resulted in an impairment in value of ₱1.0 billion.

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

(in thousands)	**2024**	2023	Increase/ (Decrease)	%
Net income	**₱21,177,965**	₱17,965,820	₱3,212,145	17.9
Other comprehensive income, net of tax	**3,365,695**	3,280,769	84,926	2.6
	₱24,543,660	₱21,246,589	₱3,297,071	15.5

Total comprehensive income for the year ended December 31, 2024 amounted to ₱24.5 billion, registering an increase of ₱3.3 billion compared to the previous year. This growth was primarily driven by a higher net income during the period by ₱3.2 billion, ₱0.9 billion increase in accumulated translation adjustment, ₱0.6 billion net change in remeasurement gains (losses) on retirement plan, and ₱0.1 billion share in changes in aggregate reserves (losses) on life insurance policies. The increases were offset by lower net change in unrealized gains (losses) on Financial Assets at FVOCI by ₱1.5 billion.

2023 vs 2022

For the year ended December 31, 2023, the Group recorded a consolidated net income of ₱18.0 billion, growing by 55.1% year-on-year on the back of robust net interest income and lower credit provisions, compared to the ₱11.6 billion net income for the year ended December 31, 2022. The higher net income in 2023 was primarily due to the following:

- **Net Interest Income**

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Interest income	**59,594,529**	45,244,402	14,350,127	31.7
Interest expense	**15,001,686**	7,916,832	7,084,854	89.5
	₱44,592,843	₱37,327,570	₱7,265,273	19.5

Net Interest Income amounted to ₱44.6 billion, higher by 19.5% or ₱7.3 billion compared to the previous year. Total gross interest income increased by 31.7% or ₱14.4 billion to ₱59.6 billion for the year ended December 31, 2023, mainly due to higher yields on loans, investment securities, deposits with banks and interbank receivables. Total gross interest expense likewise increased by ₱7.1 billion or 89.5% to ₱15.0 billion from ₱7.9 billion in the previous year primarily due to increase in interest cost of deposit liabilities.

- **Net Services Fees and Commission Income**

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Services fees and commission income	**₱6,591,256**	₱6,997,609	(₱406,353)	(5.8)
Services fees and commission expense	**1,266,613**	1,429,195	(162,582)	(11.4)
	₱5,324,643	₱5,568,414	(₱243,771)	(4.4)

Net service fees and commission income slightly decreased by ₱0.2 billion or 4.4% compared to the previous year to ₱5.3 billion for the year ended December 31, 2023, mainly due to lower underwriting and bancassurance revenues, partly offset by increases in deposit and credit card related, interchange, and trust fees.

- **Other Operating Income**

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Net gains on sale or exchange of assets	**₱4,541,567**	₱7,775,154	(₱3,233,587)	(41.6)
Foreign exchange gains - net	**1,367,409**	1,608,281	(240,872)	(15.0)
Trading and investment securities gains (losses) - net	**394,103**	(1,280,783)	1,674,886	130.8
Equity in net earnings (losses) of subsidiaries and an associate	**268,093**	(56,060)	324,153	578.2
Miscellaneous	**871,394**	1,136,692	(265,298)	(23.3)
	₱7,442,566	₱9,183,284	(₱1,740,718)	(19.5)

Other operating income decreased by ₱1.7 billion or 19.5% at ₱7.4 billion for the year ended December 31, 2023, compared to ₱9.2 billion in the previous year mainly due to a lower net gain on sale or exchange of assets. The decline in other income was offset by the improvements in net trading and foreign exchange gains by ₱1.4 billion and equity in net earnings of an associate by ₱0.3 billion.

- **Operating Expenses**

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Compensation and fringe benefits	**₱10,464,071**	₱9,762,776	₱701,295	7.2
Taxes and licenses	**4,852,190**	5,225,595	(373,405)	(7.1)
Depreciation and amortization	**3,976,069**	4,225,746	(249,677)	(5.9)
Occupancy and equipment-related costs	**916,735**	1,099,876	(183,141)	(16.7)
Miscellaneous	**8,218,171**	8,051,942	166,229	2.1
	₱28,427,236	₱28,365,935	₱61,301	0.2

Total operating expenses was flat at ₱28.4 billion for the years ended December 31, 2023 and 2022.

- **Provision for Impairment, Credit and Other Losses and Impairment in Value of Goodwill**

(in thousands)	**December 31** **2023**	2022	Increase/ (Decrease)	%
Provision for impairment, credit and other losses	**₱5,923,054**	₱7,198,117	(₱1,275,063)	(17.7)
Impairment in value of goodwill	**₱1,036,567**	₱–	₱1,036,567	100.0

Provisions for impairment, credit and other losses was lower at ₱5.9 billion for the year ended December 31, 2023 compared to the ₱7.2 billion provisions booked in the previous year. In 2023, the goodwill impairment test performed by the Group resulted in an impairment in value of goodwill by ₱1.0 billion.

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

(in thousands)	**2023**	2022	Increase/ (Decrease)	%
Net income	**₱17,965,820**	₱11,583,988	₱6,381,832	55.1
Other comprehensive income (loss), net of tax	**3,280,769**	(2,887,965)	6,168,734	(213.6)
	₱21,246,589	₱8,696,023	₱12,550,566	144.3

Total comprehensive income for the year ended December 31, 2023 amounted to ₱21.2 billion, registering an increase of ₱12.6 billion compared to the previous year mainly due to the higher net income during the period by ₱6.4 billion and reduction in unrealized losses on financial assets at FVOCI by ₱2.9 billion from a (₱5.7 billion) net change in 2022.

2022 vs 2021

For the year ended December 31, 2022, the Group posted a net income of ₱11.6 billion, ₱20.1 billion lower than the ₱31.7 billion net income last year due to one-off gains in 2021 as discussed below. Movements in net income were primarily due to the following:

- **Net Interest Income**

(in thousands)	**2022**	2021	Increase/ (Decrease)	%
Interest income	**₱45,244,402**	₱42,402,377	₱2,842,025	6.7
Interest expense	**7,916,832**	7,557,550	359,282	4.8
	₱37,327,570	₱34,844,827	₱2,482,743	7.1

Net interest income amounted to ₱37.3 billion, higher by 7.1% or ₱2.5 billion compared to last year. Total gross interest income increased by 6.7% or ₱2.8 billion to ₱45.2 billion for the year ended December 31, 2022, reflective of the rising interest rate environment in 2022. Total gross interest expense slightly increased by ₱0.4 billion to ₱7.9 billion in 2022 from ₱7.5 billion in 2021 primarily due to higher interest cost of deposit liabilities as compared to last year.

- **Net Services Fees and Commission Income**

(in thousands)	**2022**	2021	Increase/ (Decrease)	%
Services fees and commission income	**₱6,997,609**	₱6,340,326	₱657,283	(5.8)
Services fees and commission expense	**1,429,195**	1,051,376	377,819	(11.4)
	₱5,568,414	₱5,288,950	₱279,464	5.3

Net service fees and commission income increased by ₱0.3 billion or 5.3% at ₱5.6 billion for the year ended December 31, 2022, mainly due to increases in deposit-related, bancassurance, underwriting,

remittance fees and interchange fees, partly offset by decreases in loan and credit card-related and trust fees and increases in banking fees and commission.

- **Other Operating Income**

(in thousands)	**2022**	2021	Increase/ (Decrease)	%
Net gains on sale or exchange of assets	**₱7,775,154**	₱981,462	₱6,793,692	692.2
Foreign exchange gains - net	**1,608,281**	743,549	864,732	116.3
Trading and investment securities gains (losses) - net	**(1,280,783)**	731,572	(2,012,355)	(275.1)
Equity in net earnings (losses) of subsidiaries and an associate	**(56,060)**	50,789	(106,849)	(210.4)
Miscellaneous	**1,136,692**	1,070,047	66,645	6.2
	₱9,183,284	₱3,577,419	₱5,605,865	156.7

Other operating income increased by ₱5.6 billion in 2022 or 156.7%, mainly coming from the sale of major investment properties as part of the Group's strategy to monetize the value of its low-earning assets. This was, however, offset by the increase in trading and investment securities losses of ₱2.0 billion brought about by the continued hike in benchmark interest rates in 2022 affecting both the Bank and its associates.

- **Other Income**

(in thousands)	**2022**	2021	Increase/ (Decrease)	%
Gain on loss of control of subsidiaries - net	**₱–**	₱16,807,275	(₱16,807,275)	(100.0)
Gain on remeasurement of retained interest	–	16,477,968	(16,477,968)	(100.0)
	₱–	₱33,285,243	(₱33,285,243)	(100.0)

In 2021, the Group recognized one-off gains: gain on remeasurement of the retained interest in PNB Holdings Corporation of ₱16.5 billion; and gain on loss of control over PNB Holdings Corporation as a subsidiary of ₱16.8 billion in accordance with PFRS 10, *Consolidated Financial Statements*.

- **Operating Expenses**

(in thousands)	**2022**	2021	Increase/ (Decrease)	%
Compensation and fringe benefits	**₱9,762,776**	₱9,985,822	(₱223,046)	(2.2)
Taxes and licenses	**5,225,595**	3,988,371	1,237,224	31.0
Depreciation and amortization	**4,225,746**	2,845,717	1,380,029	48.5
Occupancy and equipment-related costs	**1,099,876**	1,124,166	(24,290)	(2.2)
Miscellaneous	**8,051,942**	8,202,755	(150,813)	(1.8)
	₱28,365,935	₱26,146,831	₱2,219,104	8.5

Total operating expenses amounted to ₱28.4 billion for the year ended December 31, 2022, ₱2.2 billion or 8.5% higher compared to previous year, mainly due to the increase of ₱1.4 billion in Depreciation and amortization, and ₱1.2 billion in Taxes and licenses, offset by decreases in Compensation and fringe benefits by ₱0.2 billion.

- **Provision for Impairment, Credit and Other Losses and Impairment in Value of Goodwill**

	December 31		Increase/	
(in thousands)	**2022**	2021	(Decrease)	%
Provision for Impairment, Credit and Other Losses	**₱7,198,117**	₱10,725,014	(₱3,526,897)	(32.9)
Impairment in Value of Goodwill	**₱–**	₱2,153,997	(₱2,153,997)	(100.0)

The Group recorded lower provisions for impairment, credit and other losses at ₱7.2 billion for the year ended December 31, 2022 compared to the ₱10.7 billion provisions recorded in 2021 when the Group was still continuing to build its loan loss reserves in anticipation of the rise in nonperforming COVID-impacted accounts of the Group. In 2021, the goodwill impairment test performed by the Group resulted in an impairment in value of goodwill by ₱2.2 billion.

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

(in thousands)	**2022**	2021	Increase/ (Decrease)	%
Net income	**₱11,583,988**	₱31,690,038	(₱20,106,050)	(63.4)
Other comprehensive loss, net of tax	**(2,887,965)**	(2,052,906)	(835,059)	40.7
	₱8,696,023	₱29,637,132	(₱20,941,109)	(70.7)

Total comprehensive income for the year ended December 31, 2022 amounted to ₱8.7 billion, registering a decrease of ₱20.9 billion compared to previous year mainly due to the lower net income during the year brought about by one-off gains totaling ₱33.3 billion recognized in 2021, and increase in net changes in other comprehensive loss by ₱0.8 billion or 40.7%.

Key Performance Indicators

- **Capital Adequacy/Capital Management**

The Bank's Capital Management Sub-Committee ("CMSC") of the Asset Liability Committee ("ALCO") was created to specifically handle policies and procedures pertaining to the capital planning and assessment as well as possible equity investments of the Bank.

The CMSC is responsible for the following:

- Determine the appropriate level of capital that will support the attainment of the Bank's strategic objectives, meet the minimum regulatory requirements and cover all material risks that the Bank may encounter in the course of its business;

- Periodically monitor and assess the capital ratios of the Bank. Monitoring shall include capital ratios with and without the regulatory stress test prescribed by the regulators, based on both the consolidated and solo financial statements of the Bank;

- Report to the ALCO the Bank's capital ratio and position based the consolidated and solo financial statements on a monthly basis and to the Board ICAAP Steering Committee on a quarterly basis; and

- Inform the ALCO/Board ICAAP Steering Committee on possible breach of ICAAP capital thresholds, particularly during period of stress and activating the Bank's capital contingency plan, if needed.

  - The CMSC will evaluate and endorse to the Board the options to improve the Bank's capital adequacy as provided for in the Capital Contingency Plan.
  - In case of capital sourcing, the CMSC shall endorse to the Board ICAAP Steering Committee/Board the manner, the amount and time period for capital raising.

- Ensure that the capital ratios resulting from the three-year strategic business plan under the Bank's ICAAP shall meet the minimum regulatory requirement as well as the Bank's internal thresholds.

  - The CMSC shall determine the Bank's internal thresholds and shall endorse the same to the Board ICAAP Steering Committee/Board.

- Undertake the optimal allocation of the capital to the different business groups in accordance with the portfolio diversification policy and subject to the sustainability of earnings, risk weights of assets, among others.

The Bank and its individual regulatory operations have complied with all externally imposed capital requirements throughout the year.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's "unimpaired capital" (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies, which differ from PFRS in some respects. The risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (parent bank and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Other minimum ratios include Common Equity Tier (CET) 1 ratio and Tier 1 capital ratios of 6.0% and 7.5%, respectively. A conservation buffer of 2.5%, comprised of CET 1 capital is likewise imposed.

Banks and their subsidiaries are subject to the following risk-based capital adequacy ratios ("CAR"):

a. Common Equity Tier 1 – must be at least 6.0% of risk weighted assets at all time;
b. Tier 1 capital must be at least 7.5% of risk weighted assets at all times; and
c. Qualifying capital (Tier 1 Capital plus Tier 2 Capital) must be at least 10.0% of risk weighted assets at all times.

Qualifying capital consists of the sum of the following elements, net of required deductions:

a. Common equity Tier 1 capital consists of 1) paid up common stock that meet the eligibility criteria, 2) common stock dividends distributable, additional paid in capital resulting from the issuance of common stock included in CET1 capital, 3) deposits for common stock subscription, 4) retained earnings, 5) undivided profits, 6) other comprehensive income (net unrealized gains or losses on available-for-sale securities and cumulative foreign currency translation) and minority interest on subsidiary banks which are less than wholly-owned
b. Additional Tier 1 (AT1) capital consists of instruments issued by the Bank that are not included in CET 1 capital that meet the criteria for inclusion in additional tier 1 capital, meet the required loss absorbency features for instrument classified as liabilities and loss absorbency feature at point of non-viability as defined in the BSP guidelines.
c. Tier 2 (T2) capital is composed of 1) instruments issued by the Bank (and are not included in AT1 capital) that meet criteria for inclusion in Tier 2 and meet the required loss absorbency feature at point of non-viability as defined in the guidelines, 2) deposits for subscription of T2 capital, 3) appraisal increment reserves on Bank premises as authorized by the Monetary Board, 4) general loan loss provision, limited to a maximum of 1.00% of credit risk weighted asset, and minority interest in subsidiaries which are less than wholly owned as defined in the guidelines.

A capital conservation buffer of 2.5% of risk weighted assets, comprised of CET 1 capital, shall be required. This buffer is meant to promote the conservation of capital and build-up of adequate cushion that can be drawn down to absorb losses during period of financial and economic stress.

The Group's consolidated capital adequacy ratio were 20.10%, 17.70%, and 15.38%, as of December 31, 2024, 2023, and 2022, respectively, above the minimum 10% required by the BSP. For the detailed calculation and discussion kindly refer to Item 1, No. 10 – Risk Management.

- **Asset Quality**

The NPL ratio of the Group, net of valuation reserves, was at 1.81% as of December 31, 2024, compared to 2.46% at end of 2023. Gross NPL ratio was at 5.68% at end of 2024 compared to 6.26% at the end of 2023.

- **Profitability**

	Years Ended	
	12/31/24	12/31/23
Return on equity (ROE)[1/]	10.39%	9.95%
Return on assets (ROA)[2/]	1.72%	1.53%
Net interest margin (NIM)[3/]	4.50%	4.23%

[1/]Net income divided by average total equity for the period indicated
[2/]Net income divided by average total assets for the period indicated
[3/]Net interest income divided by average interest-earning assets

- **Liquidity**

  As of December 31, 2024 and 2023, the Liquidity Coverage Ratio reported to the BSP was at 254.46% and 271.54%, well-above the minimum regulatory requirement of 100.00% at all times. The ratio of current assets to current liabilities was at 71.45% as of December 31, 2024 compared to 70.57% as of December 31, 2023.

- **Cost Efficiency**

  The ratio of total operating expenses to total operating income resulted to 49.57% for the year ended December 31, 2024 compared to 49.56% in the previous year.

Known trends, demands, commitments, events, and uncertainties

The Bank presently has more than adequate liquid assets to meet known funding requirements, and there are no known trends, demands, commitments, events, or uncertainties that will have a material impact on the Bank's liquidity.

Events that will trigger direct or contingent financial obligation

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

Material off-balance sheet transactions, arrangement or obligation

The summary of material off-balance sheet transactions, arrangement, or obligations (including contingent obligations) is discussed in Note 40.7 (Contingencies and Commitments Arising from Off-Balance Sheet Items) of the accompanying audited financial statements of the Group.

Capital Expenditures

In line with the Bank's digital transformation initiatives and enhancing customer banking experience strategy, and technology upgrades account for the bulk of the Bank's capital expenditures for 2024. Capital expenditures are funded from the proceeds of the sale of acquired assets and funds generated from the Bank's regular operations.

Significant Elements of Income or Loss

Significant elements of the Bank's revenues consist mainly of net interest income, service fees, net trading gains and gains from disposal of reacquired properties while the Bank's expenses consist mainly of staff cost, depreciation and amortization of assets and provisions for probable losses. Please refer to the discussions on the results of operations for further details.

Seasonal Aspects

There was no seasonal aspect that had material effect on the Bank's financial condition or results of operations.

Item 6. Market Price, Holders and Dividends

A. Market Price of and Dividends on Registrant's Common Equity and Related Stockholders

1. Market Price

PNB's common shares are listed and traded at the PSE. The high and low sales prices of PNB shares for each quarter for the last two fiscal years are as follows:

	2023		2024	
	High	Low	High	Low
Jan – Mar	20.10	18.20	20.80	18.46
Apr – Jun	18.96	18.24	23.95	19.12
Jul – Sep	18.70	18.10	28.90	21.75
Oct – Dec	18.88	18.16	28.25	25.25

The trading price of each PNB common share as of February 28, 2025 was ₱32.40.

2. Holders

There were 35,877 stockholders as of February 28, 2025, all of whom have the same voting rights. Material information on the voting rights of the stockholders is described in Items 4 and 11 of the Information Statement. As there are 35,877 stockholders, it will be too voluminous to reflect the nationality, number of shares and percentage to total outstanding capital stock of each stockholder. Should any stockholder wish to secure information regarding the nationality, number of shares and percentage of ownership of the stockholders of the Corporation, please advise the Office of the Corporate Secretary and/or the Bank's stock transfer agent. The requested information will be sent personally to the stockholder at their cost.

For the guidance of any stockholder, hereunder are the top twenty (20) holders of common shares, the number of shares held by the same, the percentage to total shares outstanding which constitutes approximately 75.42% of the total outstanding capital stock, and the voting right held by each stockholder:

Name of Stockholder	Nationality	No. of Shares	Percentage of Ownership	Voting Status
1. PCD Nominee Corporation (Filipino)	Filipino	198,058,318	12.9809202250	*
2. Key Landmark Investments, Ltd.	Filipino	133,277,924	8.7351549618	*
3. True Success Profits Limited	Filipino	82,017,184	5.3754799765	*
Caravan Holdings Corporation	Filipino	82,017,184	5.3754799765	*
Solar Holdings Corporation	Filipino	82,017,184	5.3754799765	*
4. Prima Equities & Investments Corp.	Filipino	71,765,036	4.7035449794	*
5. Leadway Holdings, Inc.	Filipino	65,310,444	4.2805052168	*
6. Infinity Equities, Inc.	Filipino	61,512,888	4.0316099824	*
7. Pioneer Holdings Equities, Inc.	Filipino	34,254,212	2.2450518506	*
8. Multiple Star Holdings Corp.	Filipino	30,798,151	2.0185385055	*
9. Donfar Management Limited	Filipino	30,747,898	2.0152448787	*
10. Uttermost Success, Limited	Filipino	30,233,288	1.9815168766	*
11. Mavelstone International Limited	Filipino	29,575,168	1.9383831001	*
12. Pan Asia Securities Corporation	Filipino	29,442,159	1.9296655707	*
13. Kenrock Holdings Corp.	Filipino	26,018,279	1.7052613973	*
14. Fil-Care Holdings, Inc.	Filipino	25,450,962	1.6680789310	*

15. Fairlink Holdings Corp.	Filipino	25,207,795	1.6521415472	*
16. Purple Crystal Holdings, Inc.	Filipino	24,404,724	1.5995075519	*
17. Kentron Holdings & Equities Corp.	Filipino	24,361,225	1.5966565883	*
18. Fragile Touch Investments, Ltd.	Filipino	22,696,137	1.4875252238	*
19. PCD Nominee Corporation (Non-Filipino)	Non-Filipino	20,839,372	1.3658311764	*
20. Ivory Holdings, Inc.	Filipino	20,761,731	1.3607425155	*

* Pursuant to Article IV, Section 4.9 of the Bank's By-Laws, every stockholder shall be entitled to one (1) vote for each share of common stock in his name in the books of the Bank. The right to vote or direct the voting of the Bank's shares held by the foregoing stockholders is lodged in their respective Boards of Directors.

The foregoing information address the requirement of Section 49 of the Revised Corporation Code to present to the stockholders the material information on the current stockholders and their voting rights.

3. Dividends

The Bank's ability to pay dividends is contingent on its ability to set aside unrestricted retained earnings for dividend distribution. In addition, the Bank's declaration of dividends, including computation of unrestricted retained earnings, is subject to compliance with certain rules and regulations prescribed by the *Bangko Sentral ng Pilipinas* as provided under the Manual of Regulations for Banks and subject to compliance with such financial regulatory requirements as may be applicable to the Bank at the time of such declaration.

PNB has adopted the following general policy on the declaration of dividends:

> *"Dividends shall be declared and paid out of the surplus profits of the Bank at such times and in such amounts as the Board of Directors may determine in accordance with the provisions of law and the regulations of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission, subject to compliance with such financial regulatory requirements as may be applicable to the Bank."*

On April 23, 2021, the Board of Directors approved and confirmed the property dividend declaration of up to 239,353,710 common shares of PNB Holdings Corporation (PHC), with a par value of ₱100 per share, to all stockholders of record as of May 18, 2021 (Record Date), subject to regulatory and other necessary approvals.

The property dividend shall be paid at a ratio of 0.156886919 shares of PHC for one (1) share of PNB. The ratio for property dividend was determined by dividing the total number of outstanding shares declared as property dividends of PHC, which is 239,353,710 common shares, by the total number of outstanding shares of the Bank of 1,525,764,850. In case a stockholder is entitled to a fractional PHC share, the Bank shall pay for such fraction in cash based on par value on the payment or settlement date.

On December 27, 2021, the Bank received the Certificate of Filing the Notice of Property Dividend Declaration issued by the Securities and Exchange Commission on December 24, 2021.

On September 27, 2024, the Board of Directors approved and confirmed October 25, 2024 as the Distribution Date of the property dividends declared on April 23, 2021. This is for stockholders who were issued electronic Certificates Authorizing Registration (eCAR) by the Bureau of Internal Revenue (BIR) as of August 29, 2024 and have fully settled their obligations. The dividend distribution will continue as and when eCARs are released by the BIR and all obligations are settled.

The Bank did not declare dividends on its Common Shares for the fiscal years 2023 and 2024.

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, 2005	October 1, 2025

The foregoing information addresses the requirement of Section 49 of the Revised Corporation Code to present to the stockholders the dividend policy of the Bank.

4. Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

There were no sales of unregistered securities within the past three (3) years.

5. Computation of Public Ownership

As of December 31, 2024, PNB's public ownership level was 22.22%, which more than complies with the minimum percentage of 12% for listed companies, in compliance with the public ownership requirement of the PSE.

B. Description of PNB's Securities

- As of February 28, 2025, PNB's authorized capital stock amounted to ₱70,000,000,040.00 divided into 1,750,000,001 Common Shares with a par value of ₱40.00 per share.

- The total number of Common Shares outstanding as of February 28, 2025 was 1,525,764,850. This includes the 423,962,500 Common Shares issued relative to the merger of PNB and ABC.

- As of February 28, 2025, a total of 1,504,674,502 Common Shares (or 98.62%) were held by Filipino-Private Stockholders while the remaining 21,090,348 Common Shares (or 1.38%) were held by Foreign-Private Stockholders. PNB has an outstanding capital of ₱61,030,594,000.00.

- The Bank's stockholders have no pre-emptive right to subscribe to any new or additional issuance of shares by the Bank, regardless of the class of shares, whether the same are issued from the Bank's unissued capital stock or in support of an increase in capital (*Article Seven of PNB's Amended Articles of Incorporation*).

- At each meeting of the stockholders, every stockholder entitled to vote shall be entitled to one (1) vote for each share of stock standing in his name in the books of the Bank at the time of the closing of the transfer books for such meeting or on the record date fixed by the Board of Directors (*Section 4.9, Article IV of PNB's Amended By-Laws*).

- Section 23 of the Revised Corporation Code of the Philippines provides that " *x x x stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or distribute them on the same principle among as many candidates as may be seen fit x x x"*

Item 7. Discussion on Compliance with Leading Practices on Corporate Governance

Please refer to Annex C of the Information Statement.

Item 8. Undertaking

The Bank shall, on written request and without charge, provide stockholders with a copy of the Annual Report on SEC Form 17-A. Such requests should be directed to the Office of the Corporate Secretary, Philippine National Bank, 9/F PNB Financial Center, President Diosdado Macapagal Blvd., Pasay City, Metro Manila, Philippines.

PNB

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Philippine National Bank (the Bank) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

EDGAR A. CUA
Chairman of the Board

FLORIDO P. CASUELA
President and Chief Executive Officer

FRANCIS B. ALBALATE
Executive Vice President and Chief Financial Officer

SUBSCRIBED AND SWORN to before me this MAR 0 5 2025 day of Pasay City 2025 affiants exhibiting to me their Passport / SSS Identification Nos.

Doc. No. 478
Page No. 97
Book No. IV
Series of 2025

ATTY. EDGARDO V. SATUR
Notary Public for and in Pasay City
9th Floor, Legal Group, PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
Commission No. 24-49 until 12-31-2025
PTR No. PC 8838576 / 01-04-2025 / Pasay City
Roll No. 34783, IBP OR No.486971 / 12-24-2024
MCLE Compliance No. VIII-0011373

Names	Passport No. / SSS ID No.	Date of Issue	Place of Issue
Edgar A. Cua	P3875616B	November 18, 2019	DFA Manila
Florido P. Casuela	P9479033B	April 2, 2022	DFA NCR South
Francis B. Albalate	33-1489981-0	N/A	N/A

Christine N. Oli

From: ICTD Submission <ictdsubmission+canned.response@sec.gov.ph>
Sent: Wednesday, February 26, 2025 5:07 AM
To: Christine N. Oli
Subject: Re: CGFD_Philippine National Bank_SEC Form 17-C_25Feb2025

Thank you for reaching out to ictdsubmission@sec.gov.ph!

Your submission is subject for Verification and Review of the Quality of the Attached Document only for Secondary Reports. The Official Copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order through the SEC Express at https://secexpress.ph/. For further clarifications, please call (02) 8737-8888.

---------- NOTICE TO COMPANIES ----------

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

Further, notice is hereby given that effective 1 January 2025, the **Manual on Corporate Governance (MCG)** and **Mutual Fund Sales Report (ICASR)** must be submitted through eFAST. The submission of MCG and ICASR through the ictdsubmission@sec.gov.ph shall no longer be accepted. For guidance on the filing of reports, please access the "Notice" as published in the SEC website dated 6 November 2024 – *Submission of Manual on Corporate Governance (MCG) and Mutual Fund Sales Report (ICASR).*

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://efast.sec.gov.ph/user/login :

1. AFS 12. IHFS 24. SSF
2. GIS 13. LCFS 25. AFS with Affidavit of No Operation
3. BDFS 14. LCIF 26. AFS with NSPO Form 1,2, and 3
4. FCFS 15. OPC_AO 27. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 16. PHFS 28. FS - Parent
6. GFFS 17. SFFS 29. FS – Consolidated
7. FORM 1 - MC 19 18. Certificate-SEC Form MCG- 2009
8. FORM 2- MC 19 19. Certificate-SEC Form MCG- 2002, 2020 ETC.
9. ACGR 20. Certification of Attendance in Corporate Governance
10. I-ACGR 21. Secretary's Certificate Meeting of Board Directors (Appointment) 22. Completion Report
11. MRPT 23. FORM MC 18

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – https://apps010.sec.gov.ph/

For your information and guidance.

Thank you.

Christine N. Oli

From: MSRD Submission <msrdsubmission@sec.gov.ph>
Sent: Wednesday, February 26, 2025 12:39 PM
To: Christine N. Oli
Subject: Re: MSRD_Philippine National Bank_SEC Form 17-C_25Feb2025

Dear Sir/Madam,

Acknowledging receipt of your email below with its attachments. Please send the same to ictdsubmission@sec.gov.ph pursuant to SEC-MC No. 18, Series of 2023.
Visit the link below for more information and guidance.

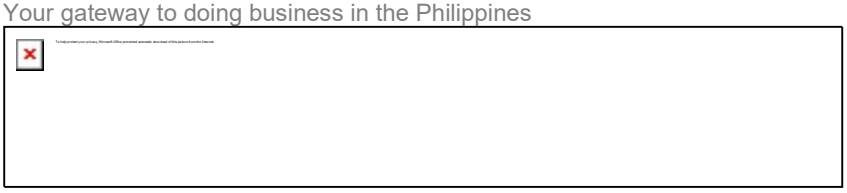
https://www.sec.gov.ph/foundation-issuance-mc/sec-mc-no-18-series-of-2023/#gsc.tab=0

Thank you.

Regards,

Markets and Securities Regulation Department
Telephone: +63 2 8818 8178 | +63 2 8818 5703 |+63 2 8818 2016 |+63 2 8818 6080

Securities and Exchange Commission
Your gateway to doing business in the Philippines



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On Wed, Feb 26, 2025 at 12:21 PM Christine N. Oli <olicn@pnb.com.ph> wrote:

> **ATTY. RACHEL ESTHER J. GUMTANG-REMALANTE**
>
> **Director, Corporate Governance and Finance Department**
>
> Securities and Exchange Commission
>
> 8/F SEC Headquarters
>
> 7907 Makati Avenue, Barangay Bel-Air
>
> Makati City

Dear Atty. Gumtang-Remalante:

We submit a copy of the Audited Financial Statements of Philippine National Bank and Subsidiaries as of December 31, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022.

Regards,

Oli

CHRISTINE N. OLI

Financial Accounting Department

Controllership Division

Philippine National Bank

www.pnb.com.ph

Regards,

Oli

CHRISTINE N. OLI

Financial Accounting Department | Controllership Division

Philippine National Bank | www.pnb.com.ph

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COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	6	-	0	0	5	5	5	5

COMPANY NAME

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

PNB Financial Center, President Diosdado Macapagal Boulevard, Pasay City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
pantallonms@pnb.com.ph		

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
35,918	04/29	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Mark S. Pantallon		8891-6040 to 70	

CONTACT PERSON's ADDRESS

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Philippine National Bank
PNB Financial Center
President Diosdado Macapagal Boulevard
Pasay City

Report on the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of Philippine National Bank and its Subsidiaries (the Group) and the parent company financial statements of Philippine National Bank (the Parent Company), which comprise the consolidated and parent company statements of financial position as at December 31, 2024 and 2023, and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2024 and 2023, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Applicable to the audit of the consolidated and parent company financial statements

Adequacy of Allowance for Credit Losses on Loans and Receivables
The Group and the Parent Company's application of the expected credit losses (ECL) model in calculating the allowance for credit losses on loans and receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's and the Parent Company's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts, and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information in calculating ECL.

Allowance for credit losses on loans and receivables as of December 31, 2024 amounted to ₱42.2 billion for the Group and the Parent Company. Provision for credit losses in 2024 amounted to ₱3.8 billion and ₱3.7 billion for the Group and the Parent Company, respectively.

The disclosures related to the allowance for credit losses on loans and receivables are included in Note 16 of the financial statements.

Audit response
We obtained an understanding of the board approved methodologies and models used for the Group's and the Parent Company's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, and to consider time value of money and the best available forward-looking information.

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place; (c) tested the Group's and the Parent Company's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's and the Parent Company's records

and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) evaluated the forward-looking information used for overlay through corroboration of publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.

Further, we compared the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis. We involved our internal specialist in the performance of the above procedures.

We reviewed the completeness of the disclosures made in the financial statements.

Impairment Testing of Goodwill
As of December 31, 2024, the goodwill of the Group and the Parent Company amounted to ₱10.2 billion and ₱10.3 billion, respectively, as a result of the acquisition of Allied Banking Corporation in 2013. Under PFRS Accounting Standards, the Group and the Parent Company are required to test the amount of goodwill for impairment annually. Goodwill has been allocated to three cash generating units (CGUs) namely Retail Banking, Corporate Banking, and Treasury. The Group and the Parent Company performed the impairment testing using the value in use calculation. The annual impairment test is significant to our audit because it involves significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically estimates of loan and deposit growth rates, interest margin, discount rates, and long-term growth rate.

The disclosures related to goodwill impairment are included in Note 14 to the financial statements.

Audit response
We involved our internal specialist in evaluating the methodology and the assumptions used by the Group and the Parent Company. We compared the key assumptions used, such as loan and deposit growth rates, interest margin and long-term growth rate to the historical performance of the CGUs and to economic and industry forecasts. We tested the parameters used in the derivation of the discount rate against market data. We also reviewed the disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

The other information consists of the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and parent company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and parent company financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010 and Section 174 of the Manual of Regulations for Banks (MORB)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 39 and with Section 174 of the MORB in Note 40 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and Bangko Sentral ng Pilipinas, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Philippine National Bank. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Ray Francis C. Balagtas.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
Tax Identification No. 216-950-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465263, January 2, 2025, Makati City

February 25, 2025

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(In Thousands)

	Consolidated		Parent Company	
	December 31		December 31	
	2024	2023	**2024**	2023
ASSETS				
Cash and Other Cash Items	**₱20,638,033**	₱21,151,391	**₱20,522,258**	₱21,052,526
Due from Bangko Sentral ng Pilipinas (Notes 7 and 17)	**55,128,316**	95,410,350	**55,128,316**	95,410,350
Due from Other Banks (Note 33)	**20,183,894**	21,243,856	**11,478,178**	13,626,624
Interbank Loans Receivable (Notes 8 and 33)	**22,787,194**	35,634,440	**21,282,167**	33,437,319
Securities Held Under Agreements to Resell (Notes 8 and 35)	**103,480,119**	69,694,538	**103,480,119**	69,694,538
Trading and Investment Securities				
Financial Assets at Fair Value Through Profit or Loss (FVTPL) (Note 9)	**17,920,985**	10,516,864	**17,770,142**	10,363,259
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Note 9)	**211,742,783**	164,531,492	**211,270,334**	164,136,971
Investment Securities at Amortized Cost (Note 9)	**112,422,382**	123,200,427	**112,040,395**	122,730,465
Loans and Receivables (Notes 10 and 33)	**636,819,625**	616,710,746	**622,392,170**	602,158,763
Property and Equipment (Note 11)	**10,195,539**	10,754,018	**9,372,895**	9,862,219
Investments in Subsidiaries and an Associate (Note 12)	**3,446,613**	3,199,124	**21,630,204**	20,567,070
Investment Properties (Note 13)	**15,964,267**	14,579,558	**15,544,917**	14,111,607
Deferred Tax Assets (Note 30)	**7,460,676**	6,981,726	**7,478,726**	6,929,669
Intangible Assets (Note 14)	**1,084,955**	1,301,726	**1,007,460**	1,214,890
Goodwill (Note 14)	**10,184,843**	10,184,843	**10,325,201**	10,325,201
Other Assets (Note 15)	**8,150,629**	5,454,301	**7,533,619**	4,752,685
TOTAL ASSETS	**₱1,257,610,853**	₱1,210,549,400	**₱1,248,257,101**	₱1,200,374,156
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 17 and 33)				
Demand	**₱244,369,119**	₱228,405,865	**₱244,265,215**	₱228,144,045
Savings	**575,335,527**	541,009,449	**574,238,560**	540,063,571
Time	**147,368,732**	145,752,061	**144,142,631**	141,770,924
Long Term Negotiable Certificates	**4,598,770**	12,803,543	**4,598,770**	12,803,543
	971,672,148	927,970,918	**967,245,176**	922,782,083
Financial Liabilities at FVTPL (Notes 18, 23 and 35)	**924,053**	555,811	**921,693**	555,811
Bills and Acceptances Payable (Notes 19, 33 and 35)	**20,208,451**	20,162,603	**20,208,451**	20,162,603
Lease Liabilities (Notes 29 and 33)	**3,808,997**	3,832,884	**3,722,719**	3,723,316
Accrued Taxes, Interest and Other Expenses (Note 20)	**8,798,553**	10,465,373	**8,582,094**	10,049,650
Bonds Payable (Note 21)	**17,304,421**	41,490,871	**17,304,421**	41,490,871
Income Tax Payable	**159,233**	180,364	**76,516**	103,470
Other Liabilities (Note 22)	**18,106,056**	14,741,922	**17,071,589**	13,553,863
	1,040,981,912	1,019,400,746	**1,035,132,659**	1,012,421,667
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Capital Stock (Note 25)	**61,030,594**	61,030,594	**61,030,594**	61,030,594
Capital Paid in Excess of Par Value (Note 25)	**32,116,560**	32,116,560	**32,106,560**	32,106,560
Surplus Reserves (Notes 10, 25 and 32)	**4,967,037**	4,677,930	**4,967,037**	4,677,930
Surplus (Note 25)	**113,663,851**	91,979,317	**113,823,592**	92,174,169
Net Unrealized Gains (Losses) on Financial Assets at FVOCI (Notes 9 and 33)	**142,134**	(1,722,653)	**142,134**	(1,722,653)
Remeasurement Losses on Retirement Plan (Note 28)	**(2,655,218)**	(2,728,542)	**(2,655,218)**	(2,728,542)
Accumulated Translation Adjustment (Note 25)	**2,357,844**	1,999,668	**2,357,844**	1,999,668
Other Equity Reserves (Notes 12 and 25)	**1,189,003**	248,830	**1,330,690**	390,517
Share in Aggregate Reserves on Life Insurance Policies (Note 12)	**21,209**	24,246	**21,209**	24,246
Other Equity Adjustment	**13,959**	13,959	**–**	–
	212,846,973	187,639,909	**213,124,442**	187,952,489
NON-CONTROLLING INTERESTS (Note 12)	**3,781,968**	3,508,745	**–**	–
	216,628,941	191,148,654	**213,124,442**	187,952,489
TOTAL LIABILITIES AND EQUITY	**₱1,257,610,853**	₱1,210,549,400	**₱1,248,257,101**	₱1,200,374,156

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF INCOME

(In Thousands, Except Earnings per Share)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	**2024**	2023	2022
INTEREST INCOME ON						
Loans and receivables (Notes 10 and 33)	**₱43,803,454**	₱40,757,927	₱34,424,531	**₱43,035,508**	₱40,119,733	₱33,794,036
Investment securities at amortized cost and FVOCI (Note 9)	**16,777,707**	12,608,170	8,154,922	**16,733,356**	12,560,530	8,143,092
Interbank loans receivable and securities held under agreements to resell (Note 8)	**4,644,161**	3,368,565	954,603	**4,564,414**	3,360,981	896,683
Deposits with banks and others (Notes 7, 12 and 33)	**1,637,256**	2,607,973	1,417,661	**1,335,615**	2,252,437	1,330,052
Financial assets at FVTPL (Note 9)	**596,012**	251,894	292,685	**587,577**	243,483	284,251
	67,458,590	59,594,529	45,244,402	**66,256,470**	58,537,164	44,448,114
INTEREST EXPENSE ON						
Deposit liabilities (Notes 17 and 33)	**16,429,535**	13,005,646	5,371,667	**16,400,951**	12,971,817	5,383,153
Bonds payable (Note 21)	**1,237,647**	1,660,193	2,111,192	**1,237,647**	1,660,193	2,111,192
Bills payable and other borrowings (Notes 19, 29 and 33)	**450,938**	335,847	433,973	**447,107**	319,588	363,544
	18,118,120	15,001,686	7,916,832	**18,085,705**	14,951,598	7,857,889
NET INTEREST INCOME	**49,340,470**	44,592,843	37,327,570	**48,170,765**	43,585,566	36,590,225
Service fees and commission income (Notes 26 and 33)	**6,961,870**	6,591,256	6,997,609	**6,238,388**	5,754,883	5,563,369
Service fees and commission expense	**1,447,236**	1,266,613	1,429,195	**1,336,278**	1,150,389	935,945
NET SERVICE FEES AND COMMISSION INCOME	**5,514,634**	5,324,643	5,568,414	**4,902,110**	4,604,494	4,627,424
OTHER OPERATING INCOME						
Net gains on sale or exchange of assets (Note 26)	**1,995,042**	4,541,567	7,775,154	**1,991,310**	4,621,894	7,770,001
Foreign exchange gains - net (Note 23)	**1,169,286**	1,367,409	1,608,281	**961,949**	1,149,699	1,149,444
Trading and investment securities gains (losses) - net (Notes 9 and 33)	**647,580**	394,103	(1,280,783)	**646,118**	394,755	(1,277,759)
Equity in net earnings (losses) of subsidiaries and an associate (Note 12)	**419,505**	268,093	(56,060)	**831,256**	560,393	747,341
Miscellaneous (Note 27)	**688,971**	871,394	1,136,692	**500,029**	624,907	721,433
TOTAL OTHER OPERATING INCOME	**4,920,384**	7,442,566	9,183,284	**4,930,662**	7,351,648	9,110,460
TOTAL OPERATING INCOME	**59,775,488**	57,360,052	52,079,268	**58,003,537**	55,541,708	50,328,109
PROVISION FOR IMPAIRMENT, CREDIT AND OTHER LOSSES (Note 16)	**3,868,111**	5,923,054	7,198,117	**3,782,256**	5,700,264	7,305,653
IMPAIRMENT IN VALUE OF GOODWILL (Note 14)	**–**	1,036,567	–	**–**	1,036,567	–
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 25, 28 and 33)	**10,668,601**	10,464,071	9,762,776	**9,902,026**	9,709,419	9,012,641
Taxes and licenses (Note 30)	**5,230,401**	4,852,190	5,225,595	**5,186,919**	4,778,102	5,120,690
Depreciation and amortization (Note 11)	**3,659,014**	3,976,069	4,225,746	**3,548,348**	3,720,234	3,909,420
Occupancy and equipment-related costs (Note 29)	**1,117,892**	916,735	1,099,876	**973,739**	797,259	952,932
Miscellaneous (Note 27)	**8,953,772**	8,218,171	8,051,942	**8,677,415**	7,948,947	7,810,430
TOTAL OPERATING EXPENSES	**29,629,680**	28,427,236	28,365,935	**28,288,447**	26,953,961	26,806,113
INCOME BEFORE INCOME TAX	**26,277,697**	21,973,195	16,515,216	**25,932,834**	21,850,916	16,216,343
PROVISION FOR INCOME TAX (Note 30)	**5,099,732**	4,007,375	4,931,228	**4,896,173**	3,847,968	4,684,025
NET INCOME	**₱21,177,965**	₱17,965,820	₱11,583,988	**₱21,036,661**	₱18,002,948	₱11,532,318
ATTRIBUTABLE TO:						
Equity Holders of the Parent Company (Note 31)	**₱21,052,896**	₱17,979,257	₱11,532,318			
Non-controlling Interests	**125,069**	(13,437)	51,670			
	₱21,177,965	₱17,965,820	₱11,583,988			
Basic/Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 31)	**₱13.80**	₱11.78	₱7.56	**₱13.79**	₱11.80	₱7.56

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	**2024**	2023	2022
NET INCOME	**₱21,177,965**	₱17,965,820	₱11,583,988	**₱21,036,661**	₱18,002,948	₱11,532,318
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that recycle to profit or loss in subsequent periods:						
Net change in unrealized gains (losses) on debt securities at FVOCI, net of tax (Note 9)	**1,479,784**	2,505,660	(4,764,711)	**1,479,801**	2,485,994	(4,754,670)
Share in changes in net unrealized gains (losses) on financial assets at FVOCI of subsidiaries and an associate (Notes 9 and 12)	**(49,895)**	362,392	(885,481)	**(35,694)**	382,058	(902,788)
	1,429,889	2,868,052	(5,650,192)	**1,444,107**	2,868,052	(5,657,458)
Accumulated translation adjustment	**514,591**	(341,822)	1,102,022	**(44,871)**	(109,124)	421,609
Share in changes in accumulated translation adjustment of subsidiaries and an associate (Note 12)	**–**	–	–	**403,047**	(205,655)	389,442
	1,944,480	2,526,230	(4,548,170)	**1,802,283**	2,553,273	(4,846,407)
Items that do not recycle to profit or loss in subsequent periods:						
Net change in unrealized gains on equity securities at FVOCI (Note 9)	**1,336,767**	1,368,570	394,654	**1,322,549**	1,368,570	401,920
Remeasurement gains (losses) on retirement plan (Note 28)	**84,068**	(493,906)	495,353	**83,262**	(512,517)	489,953
Share in changes in aggregate reserves (losses) on life insurance policies (Note 12)	**(3,037)**	(111,850)	762,490	**(3,037)**	(111,850)	762,490
Share in changes in remeasurement gains (losses) of subsidiaries and an associate (Note 12)	**3,417**	(8,275)	7,708	**(9,938)**	6,920	12,169
	1,421,215	754,539	1,660,205	**1,392,836**	751,123	1,666,532
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**3,365,695**	3,280,769	(2,887,965)	**3,195,119**	3,304,396	(3,179,875)
TOTAL COMPREHENSIVE INCOME	**₱24,543,660**	₱21,246,589	₱8,696,023	**₱24,231,780**	₱21,307,344	₱8,352,443
ATTRIBUTABLE TO:						
Equity holders of the Parent Company	**₱24,266,891**	₱21,283,653	₱8,352,443			
Non-controlling interests	**276,769**	(37,064)	343,580			
	₱24,543,660	₱21,246,589	₱8,696,023			

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

(In Thousands)

	Consolidated												
	Capital Stock (Note 25)	**Capital Paid in Excess of Par Value** (Note 25)	**Surplus Reserves** (Notes 10, 25 and 32)	**Surplus** (Note 25)	**Net Unrealized Gains (Losses) on Financial Assets at FVOCI** (Notes 9 and 33)	**Remeasurement Losses on Retirement Plan** (Note 28)	**Accumulated Translation Adjustment** (Note 25)	**Other Equity Reserves** (Notes 12 and 25)	**Share in Aggregate Reserves (Losses) on Life Insurance Policies** (Note 12)	**Other Equity Adjustment**	**Total**	**Non-controlling Interests** (Note 12)	**Total Equity**
Balance at January 1, 2024	**₱61,030,594**	**₱32,116,560**	**₱4,677,930**	**₱91,979,317**	**(₱1,722,653)**	**(₱2,728,542)**	**₱1,999,668**	**₱248,830**	**₱24,246**	**₱13,959**	**₱187,639,909**	**₱3,508,745**	**₱191,148,654**
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**21,052,896**	**2,766,656**	**92,200**	**358,176**	**–**	**(3,037)**	**–**	**24,266,891**	**276,769**	**24,543,660**
Share swap transaction (Notes 9 and 25)	**–**	**–**	**–**	**894,900**	**(894,900)**	**–**	**–**	**940,173**	**–**	**–**	**940,173**	**–**	**940,173**
Transfer to surplus reserves (Notes 10, 25 and 32)	**–**	**–**	**289,107**	**(289,107)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer of remeasurement gains on retirement plan of a subsidiary	**–**	**–**	**–**	**18,876**	**–**	**(18,876)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Sale of FVOCI equity securities	**–**	**–**	**–**	**6,969**	**(6,969)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Declaration of dividends by subsidiaries to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,546)**	**(3,546)**
Balance at December 31, 2024	**₱61,030,594**	**₱32,116,560**	**₱4,967,037**	**₱113,663,851**	**₱142,134**	**(₱2,655,218)**	**₱2,357,844**	**₱1,189,003**	**₱21,209**	**₱13,959**	**₱212,846,973**	**₱3,781,968**	**₱216,628,941**
Balance at January 1, 2023	₱61,030,594	₱32,116,560	₱4,929,242	₱73,748,748	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱248,830	₱136,096	₱13,959	₱166,356,256	₱3,549,378	₱169,905,634
Total comprehensive income (loss) for the year	–	–	–	17,979,257	4,236,622	(505,597)	(314,779)	–	(111,850)	–	21,283,653	(37,064)	21,246,589
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(251,312)	251,312	–	–	–	–	–	–	–	–	–
Declaration of dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(3,569)	(3,569)
Balance at December 31, 2023	₱61,030,594	₱32,116,560	₱4,677,930	₱91,979,317	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱248,830	₱24,246	₱13,959	₱187,639,909	₱3,508,745	₱191,148,654
Balance at January 1, 2022	₱61,030,594	₱32,116,560	₱5,147,440	₱61,998,232	(₱703,737)	(₱2,725,067)	₱1,503,396	₱248,830	(₱626,394)	₱13,959	₱158,003,813	₱3,219,143	₱161,222,956
Total comprehensive income (loss) for the year	–	–	–	11,532,318	(5,255,538)	502,122	811,051	–	762,490	–	8,352,443	343,580	8,696,023
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(218,198)	218,198	–	–	–	–	–	–	–	–	–
Declaration of dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(13,345)	(13,345)
Balance at December 31, 2022	₱61,030,594	₱32,116,560	₱4,929,242	₱73,748,748	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱248,830	₱136,096	₱13,959	₱166,356,256	₱3,549,378	₱169,905,634

	Parent Company									
	Capital Stock (Note 25)	**Capital Paid in Excess of Par Value** (Note 25)	**Surplus Reserves** (Notes 10, 25 and 32)	**Surplus** (Note 25)	**Net Unrealized Gains (Losses) on Financial Assets at FVOCI** (Notes 9 and 33)	**Remeasurement Losses on Retirement Plan** (Note 28)	**Accumulated Translation Adjustment** (Note 25)	**Other Equity Reserves** (Notes 12 and 25)	**Share in Aggregate Reserves (Losses) on Life Insurance Policies** (Note 12)	**Total Equity**
Balance at January 1, 2024	**₱61,030,594**	**₱32,106,560**	**₱4,677,930**	**₱92,174,169**	**(₱1,722,653)**	**(₱2,728,542)**	**₱1,999,668**	**₱390,517**	**₱24,246**	**₱187,952,489**
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**21,036,661**	**2,766,656**	**73,324**	**358,176**	**–**	**(3,037)**	**24,231,780**
Share swap transaction (Notes 9 and 25)	**–**	**–**	**–**	**894,900**	**(894,900)**	**–**	**–**	**940,173**	**–**	**940,173**
Transfer to surplus reserves (Notes 10, 25 and 32)	**–**	**–**	**289,107**	**(289,107)**	**–**	**–**	**–**	**–**	**–**	**–**
Sale of FVOCI equity securities	**–**	**–**	**–**	**6,969**	**(6,969)**	**–**	**–**	**–**	**–**	**–**
Balance at December 31, 2024	**₱61,030,594**	**₱32,106,560**	**₱4,967,037**	**₱113,823,592**	**₱142,134**	**(₱2,655,218)**	**₱2,357,844**	**₱1,330,690**	**₱21,209**	**₱213,124,442**
Balance at January 1, 2023	₱61,030,594	₱32,106,560	₱4,929,242	₱73,919,909	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱390,517	₱136,096	₱166,645,145
Total comprehensive income (loss) for the year	–	–	–	18,002,948	4,236,622	(505,597)	(314,779)	–	(111,850)	21,307,344
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(251,312)	251,312	–	–	–	–	–	–
Balance at December 31, 2023	₱61,030,594	₱32,106,560	₱4,677,930	₱92,174,169	(₱1,722,653)	(₱2,728,542)	₱1,999,668	₱390,517	₱24,246	₱187,952,489
Balance at January 1, 2022	₱61,030,594	₱32,106,560	₱5,147,440	₱62,169,393	(₱703,737)	(₱2,725,067)	₱1,503,396	₱390,517	(₱626,394)	₱158,292,702
Total comprehensive income (loss) for the year	–	–	–	11,532,318	(5,255,538)	502,122	811,051	–	762,490	8,352,443
Transfer to surplus reserves (Notes 10, 25 and 32)	–	–	(218,198)	218,198	–	–	–	–	–	–
Balance at December 31, 2022	₱61,030,594	₱32,106,560	₱4,929,242	₱73,919,909	(₱5,959,275)	(₱2,222,945)	₱2,314,447	₱390,517	₱136,096	₱166,645,145

See accompanying Notes to Financial Statements.

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

(In Thousands)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**₱26,277,697**	₱21,973,195	₱16,515,216	**₱25,932,834**	₱21,850,916	₱16,216,343
Adjustments for:						
Provision for impairment, credit and other losses (Note 16)	**3,868,111**	5,923,054	7,198,117	**3,782,256**	5,700,264	7,305,653
Net gains on sale or exchange of assets (Note 26)	**(1,995,042)**	(4,541,567)	(7,775,154)	**(1,991,310)**	(4,621,894)	(7,770,001)
Depreciation and amortization (Note 11)	**3,659,014**	3,976,069	4,225,746	**3,548,348**	3,720,234	3,909,420
Amortization of discount on investment securities	**(4,084,207)**	(2,888,201)	(935,770)	**(4,078,854)**	(2,891,341)	(936,131)
Impairment in value of goodwill (Note 14)	**–**	1,036,567	–	**–**	1,036,567	–
Unrealized foreign exchange losses (gains) on bonds, bills and acceptances payable	**1,520,650**	(209,842)	6,502,018	**1,520,650**	(209,842)	6,491,373
Net losses (gains) on financial assets at FVTPL (Note 9)	**(647,529)**	(399,339)	211,235	**(646,118)**	(400,113)	208,211
Equity in net losses (earnings) of subsidiaries and an associate (Note 12)	**(419,505)**	(268,093)	56,060	**(831,256)**	(560,393)	(747,341)
Amortization of transaction costs on borrowings (Notes 17 and 21)	**55,568**	90,011	105,480	**55,568**	90,011	105,480
Net losses (gains) on financial assets at FVOCI and investment securities at amortized cost (Note 9)	**(51)**	5,236	1,069,548	**–**	5,358	1,069,548
Accretion to interest income of loss on loan modifications	**–**	–	(369,152)	**–**	–	(369,152)
Changes in operating assets and liabilities:						
Decrease (increase) in amounts of:						
Interbank loan receivable (Note 8)	**1,753,121**	1,828,975	(4,854,939)	**1,767,496**	2,407,631	(4,656,651)
Financial assets at FVTPL	**(6,756,591)**	(2,770,324)	3,609,221	**(6,760,765)**	(2,767,461)	3,606,381
Loans and receivables	**(25,952,926)**	(32,170,920)	4,448,687	**(25,991,600)**	(32,262,933)	4,995,515
Other assets	**(3,692,159)**	(2,608,270)	(243,158)	**(4,350,333)**	(2,505,688)	(1,340,408)
Increase (decrease) in amounts of:						
Financial liabilities at FVTPL	**368,241**	(483,965)	148,245	**365,882**	(483,965)	148,430
Deposit liabilities	**51,906,002**	56,719,665	(23,726,210)	**52,667,865**	56,128,172	(32,924,438)
Accrued taxes, interest and other expenses	**(1,484,782)**	1,435,027	1,518,737	**(1,323,623)**	1,623,234	1,139,793
Other liabilities	**3,424,027**	(1,584,110)	616,446	**3,572,811**	(1,053,706)	1,084,236
Net cash generated from (used in) operations	**47,799,639**	45,063,168	8,320,373	**47,239,851**	44,805,051	(2,463,739)
Income taxes paid	**(4,143,625)**	(3,919,287)	(2,050,109)	**(3,989,317)**	(3,826,112)	(1,802,246)
Net cash provided by (used in) operating activities	**43,656,014**	41,143,881	6,270,264	**43,250,534**	40,978,939	(4,265,985)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from:						
Disposal/maturities of financial assets at FVOCI	**766,333,935**	562,251,372	643,902,197	**765,428,317**	561,071,652	643,888,779
Maturities/early redemptions of investment securities at amortized cost	**33,710,884**	64,078,361	141,160,199	**33,622,909**	61,007,188	141,171,532
Disposal of investment properties	**1,902,551**	5,113,184	6,844,641	**1,896,842**	4,874,843	6,842,374
Disposal of property and equipment	**166,638**	1,295,493	108,253	**147,322**	1,022,920	32,546
Cash dividends from a subsidiary (Note 12)	**–**	–	–	**–**	448,900	1,092,000
Return of investment (Note 12)	**122,500**	–	–	**122,500**	–	7,500,000
Acquisitions of:						
Financial assets at FVOCI	**(804,940,569)**	(562,081,002)	(638,254,305)	**(804,003,310)**	(561,446,524)	(637,154,487)
Investment securities at amortized cost	**(23,674,291)**	(76,625,183)	(162,392,791)	**(23,674,291)**	(73,223,330)	(162,392,791)
Software cost (Note 14)	**(946,940)**	(598,969)	(881,572)	**(943,546)**	(597,165)	(848,426)
Property and equipment (Note 11)	**(445,446)**	(419,859)	(547,083)	**(435,986)**	(407,645)	(535,981)
Additional investments in an associate (Note 12)	**–**	–	(392,000)	**–**	–	(392,000)
Net cash used in investing activities	**(27,770,738)**	(6,986,603)	(10,452,461)	**(27,839,243)**	(7,249,161)	(796,454)

(Forward)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	**2024**	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES						
Settlement of bills and acceptances payable	**(₱209,254,316)**	(₱136,027,137)	(₱277,002,294)	**(₱209,254,316)**	(₱134,014,712)	(₱274,908,050)
Proceeds from issuances of bills and acceptances payable	**209,632,516**	140,964,503	237,506,670	**209,632,516**	140,044,415	236,171,512
Payment of principal portion of lease liabilities (Note 29)	**(1,127,583)**	(1,314,516)	(1,113,225)	**(1,052,523)**	(1,232,928)	(1,068,038)
Settlement of LTNCD (Note 17)	**(8,220,000)**	–	–	**(8,220,000)**	–	–
Proceeds from issuance of bonds payable (Note 21)	**17,303,959**	–	–	**17,303,959**	–	–
Settlement of bonds payable (Note 21)	**(43,383,750)**	(16,560,000)	–	**(43,383,750)**	(16,560,000)	–
Net cash used in financing activities	**(35,049,174)**	(12,937,150)	(40,608,849)	**(34,974,114)**	(11,763,225)	(39,804,576)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(19,163,898)**	21,220,128	(44,791,046)	**(19,562,823)**	21,966,553	(44,867,015)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	**21,151,391**	22,217,915	27,552,773	**21,052,526**	22,103,095	27,454,459
Due from Bangko Sentral ng Pilipinas	**95,410,350**	94,701,360	161,001,912	**95,410,350**	94,701,360	161,001,912
Due from other banks	**21,243,856**	26,010,183	27,222,083	**13,626,624**	17,599,374	19,324,000
Interbank loans receivable (Note 8)	**30,955,766**	9,782,452	30,453,378	**29,934,920**	8,824,713	29,042,376
Securities held under agreements to resell	**69,694,538**	64,523,863	15,796,673	**69,694,538**	64,523,863	15,796,673
	238,455,901	217,235,773	262,026,819	**229,718,958**	207,752,405	252,619,420
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	**20,638,033**	21,151,391	22,217,915	**20,522,258**	21,052,526	22,103,095
Due from Bangko Sentral ng Pilipinas	**55,128,316**	95,410,350	94,701,360	**55,128,316**	95,410,350	94,701,360
Due from other banks	**20,183,894**	21,243,856	26,010,183	**11,478,178**	13,626,624	17,599,374
Interbank loans receivable (Note 8)	**19,861,641**	30,955,766	9,782,452	**19,547,264**	29,934,920	8,824,713
Securities held under agreements to resell	**103,480,119**	69,694,538	64,523,863	**103,480,119**	69,694,538	64,523,863
	₱219,292,003	₱238,455,901	₱217,235,773	**₱210,156,135**	₱229,718,958	₱207,752,405
OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS						
Interest paid	**₱18,168,830**	₱13,298,198	₱7,312,461	**₱18,120,709**	₱13,269,068	₱7,256,130
Interest received	**62,770,452**	55,438,281	43,082,036	**61,559,767**	54,445,224	42,297,774
Dividends received	–	–	–	**–**	448,900	1,092,000

See accompanying Notes to Financial Statements.

1. Corporate Information

Philippine National Bank (PNB or the Parent Company) is a universal bank established in the Philippines in 1916. On June 21, 1989, PNB's shares were listed with the Philippine Stock Exchange (PSE). As of December 31, 2024 and 2023, the shares of PNB are held by the following:

	2024	2023
LT Group, Inc. (LTG) (indirect ownership through its various holding companies)	**59.83%**	59.83%
PCD Nominee Corporation*	**14.35%**	14.44%
Other stockholders owning less than 10% each	**25.82%**	25.73%
	100.00%	100.00%

** Acts as a trustee-nominee for PNB shares lodged under the PCD system*

PNB's immediate parent company, LTG, and ultimate parent company, Tangent Holdings Corporation, are also incorporated in the Philippines.

The Parent Company provides a full range of banking and other financial services, which include deposit-taking, lending, bills discounting, trade finance, foreign exchange dealings, treasury operations, wealth management, fund transfers, remittance and trust services. The Parent Company operates through its 631 domestic branches as of December 31, 2024 and 2023, as it continues to streamline its physical branch network through consolidation and expand customer reach via its digital channels. As of the same dates, the Parent Company has 71 overseas branches, representative offices, remittance centers and subsidiaries in 17 locations in Asia, North America and Europe.

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

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

2. Summary of Material Accounting Policies

2.1 Basis of Preparation of the Financial Statements

The Group prepared the accompanying financial statements on a historical cost basis, except for the following accounts which are measured at fair value:

- financial assets and liabilities at fair value through profit or loss (FVTPL); and
- financial assets at fair value through other comprehensive income (FVOCI).

The financial statements of the Parent Company which include its Head Office in Pasay City, Philippines, and all of its domestic and foreign branches, reflect the accounts maintained in its Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine pesos (₱ or PHP) and United States Dollar (USD), respectively. The individual financial statements of these units are combined and any inter-unit accounts and transactions are eliminated. The presentation currency is the PHP.

The Group presents the amounts in the financial statements to the nearest thousand pesos (₱000), unless otherwise stated.

2.2 Statement of Compliance

The Group prepared these financial statements in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards include all applicable PFRS Accounting Standards, Philippine Accounting Standards (PAS) and interpretations as approved by the Financial Reporting Standards Council (FRSC) and adopted by the Philippine Securities and Exchange Commission (SEC).

2.3 Presentation of the Financial Statements

The Group presents the statements of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 24.

The Group generally presents financial assets and financial liabilities at their gross amounts in the statement of financial position, unless the offsetting criteria under PFRS Accounting Standards are met. The Group does not also set off items of income and expenses, unless offsetting is required or permitted by PFRS Accounting Standards, or is specifically disclosed in the Group's accounting policies.

The Group presents its consolidated financial statements and parent company financial statements side-by-side to comply with the requirements of the Bangko Sentral ng Pilipinas (BSP).

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The financial statements of the subsidiaries are prepared on the same reporting period as the Parent Company using consistent accounting policies. In the consolidation, the Group eliminates in full all significant intra-group balances, transactions, and results of intra-group transactions.

The Group consolidates its subsidiaries from the date on which the Group obtains control over the subsidiary (see definition of 'control' in *2.12 Investments in Subsidiaries, Associates and Joint Ventures*). For partially-owned subsidiaries, the Group attributes the subsidiary's income, expenses and components of other comprehensive income (OCI) to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in deficit balances of the NCI. NCI represents the portion of profit or loss and the net assets not held by the Group, which are presented separately in the consolidated financial statements. NCI consists of the amount attributed to such interest from the date of business combination and its share in any changes in equity of the subsidiary.

When the Group's ownership interest in a subsidiary changes but does not result in a loss of control, the Group adjusts the carrying amounts of the controlling interests and the NCI to their new relative interests in the subsidiary. The Group recognizes any difference between the amount by which the NCI is adjusted and the fair value of the consideration paid or received directly in equity as 'Other equity reserves', which is attributed to the owners of the Parent Company.

Consolidation of a subsidiary ceases when the Group loses control over the subsidiary. In such circumstances, the Group derecognizes the assets (including goodwill), liabilities, NCI, and other components of equity of the subsidiary, and recognizes the consideration received and any investment retained at their fair values. The Group records any resulting difference in the statement of income as 'Gain on loss of control of subsidiaries - net'.

2.5 Foreign Currency Translation

For financial reporting purposes, the Group translates all accounts in the FCDU books and foreign currency-denominated accounts in the RBU books into their equivalents in Philippine pesos. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency.

2.5.1 Transactions and Balances

As at reporting date, the Group translates the following foreign currency-denominated accounts in the RBU in Philippine peso using:

Financial statement accounts in RBU	Exchange rate
Monetary assets and liabilities	Bankers Association of the Philippines (BAP) closing rate at end of year
Income and expenses	Rate prevailing at transaction date
Non-monetary items measured at historical cost in a foreign currency	Rate at the date of initial transaction
Non-monetary items measured at fair value in a foreign currency	Rate at the date when fair value is determined

The Group recognizes in the statement of income any foreign exchange differences arising from revaluation of monetary assets and liabilities. For non-monetary items measured at fair values, the Group recognizes any foreign exchange differences arising from revaluation in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

2.5.2 FCDU and Overseas Branches and Subsidiaries

As at the reporting date, the Group translates the assets and liabilities of the FCDU and overseas branches and subsidiaries in Philippine peso at the BAP closing rate prevailing at the reporting date, and their income and expenses at the average exchange rate for the year. Foreign exchange differences arising on translation are taken directly to OCI under 'Accumulated translation adjustment'. Upon disposal of a foreign entity or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in OCI relating to the particular foreign operation is recognized in the statement of income.

2.6 Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new pronouncements effective as at January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:
  - That only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current;
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*
  The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right-of-use retained.

2.7 Business Combinations

The Group accounts for business combinations using the acquisition method. Under this method, the Group measures the acquisition cost as the aggregate of the acquisition-date fair value of the consideration transferred and any amount of NCI in the acquiree. The Group then allocates that cost to the acquired identifiable assets and liabilities based on their respective fair values. Any excess acquisition cost over the fair value of the net assets acquired is allocated to goodwill (see related accounting policy under *2.13.3 Intangible Assets*). If the fair value of the net assets acquired exceeds the acquisition cost, the gain is recognized in the statement of income. The Group recognizes any acquisition-related costs as administrative expenses as they are incurred. The Group also recognizes any contingent consideration to be transferred by the acquirer at its fair value at the acquisition date.

In business combinations involving entities under common control, the Group determines whether or not the business combination has commercial substance. When there is commercial substance, the Group accounts for the transaction using the acquisition method as discussed above. Otherwise, the Group accounts for the transaction similar to a pooling of interests (i.e., the assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values, and any resulting difference with the fair value of the consideration given is accounted for as an equity transaction).

2.8 Fair Value Measurement

Fair value is the price that the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value measurement is based on the presumption that these transactions take place either:
- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The Group measures the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. If an asset or a liability measured at fair value has both bid and ask prices, the Group uses the price within the bid-ask spread, which is the most representative of fair value in the circumstances.

For nonfinancial assets, the Group measures their fair value considering a market participant's ability to generate economic benefits by using an asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described in Note 5, based on the lowest level input that is significant to the fair value measurement as a whole.

2.9 'Day 1' Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income, except when transactions involve parties under common control. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount. 'Day 1' difference arising from transactions involving parties under common control are accounted for as equity transactions.

2.10 Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items (COCI), amounts due from BSP and other banks, interbank loans receivable and securities held under agreements to resell that are convertible to known amounts of cash, with original maturities of three months or less from dates of placements and that are subject to an insignificant risk of changes in fair value. Due from BSP includes statutory reserves required by the BSP, which the Group considers as cash equivalents wherein drawings can be made to meet cash requirements.

2.11 Financial Instruments

2.11.1 Initial Recognition of Financial Instruments

The Group recognizes purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace on settlement date (i.e., the date that an asset is delivered to or by the Group), while derivatives are recognized on trade date (i.e., the date that the Group commits to purchase or sell). The Group recognizes deposits, amounts due to banks and customers and loans when cash is received by the Group or advanced to the borrowers.

All financial instruments are initially recognized at fair value. Except for financial instruments at FVTPL, the initial measurement of financial instruments includes transaction costs.

2.11.2 Classification and Subsequent Measurement of Financial Instruments

The Group classifies and measures financial assets at FVTPL unless these are measured at FVOCI or at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing those financial assets.

The Group first assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test ('solely payments of principal and interest' or SPPI test). For the purpose of the SPPI test, principal is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium or discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than insignificant exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL. Only financial assets that pass the SPPI test are eligible to be measured at FVOCI or at amortized cost.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

For financial liabilities, the Group classifies them as either financial liabilities at FVTPL or financial liabilities at amortized cost.

Financial assets at FVTPL
Financial assets at FVTPL include the following:

- Financial assets held for trading – those acquired for the purpose of selling or repurchasing in the near term;
- Derivative instruments – contracts entered into by the Group (such as currency forwards, currency swaps, interest rate swaps and warrants) as a service to customers and as a means of reducing or managing their respective financial risk exposures, as well as for trading purposes;
- Financial assets that are not SPPI, irrespective of the business model; or
- Debt financial assets designated upon initial recognition at FVTPL – those assets where the Group applied the fair value option at initial recognition if doing so eliminates or significantly reduces an accounting mismatch

The Group carries financial assets at FVTPL in the statement of financial position at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group recognizes any gains or losses arising from changes in fair values of financial assets at FVTPL directly in the statement of income under 'Trading and investment securities gains (losses) - net', except for currency forwards and currency swaps, where fair value changes are included under 'Foreign exchange gains - net'.

Financial assets at FVOCI
Financial assets at FVOCI include debt and equity securities, which are subsequently measured at fair value. The Group recognizes the unrealized gains and losses arising from the fair valuation of financial assets at FVOCI, net of tax, in the statement of comprehensive income as 'Net change in unrealized gain (loss) on financial assets at FVOCI'.

Debt securities at FVOCI are those that meet both of the following conditions:
- the asset is held within a business model whose objective is to hold the financial asset in order to both collect contractual cash flows and sell the financial asset; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

The Group reports the effective yield component of debt securities at FVOCI, as well as the impact of restatement on foreign currency-denominated debt securities at FVOCI, in the statement of income. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in OCI is recognized as 'Trading and investment securities gain (loss) - net' in the statement of income. The Group recognizes the expected credit losses (ECL) arising from impairment of such financial assets in OCI with a corresponding charge to 'Provision for impairment, credit and other losses' in the statement of income (see related accounting policy under *2.11.5 Impairment of Financial Assets*).

Equity securities designated at FVOCI are those that the Group made an irrevocable election at initial recognition to present in OCI the subsequent changes in fair value. The Group recognizes the dividends earned on holding the equity securities at FVOCI in the statement of income when the right to payment has been established. Gains and losses on disposal of these equity securities at FVOCI are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the OCI is reclassified to 'Surplus' or any other appropriate equity account upon disposal. The Group does not subject equity securities at FVOCI to impairment assessment.

Financial assets at amortized cost
Financial assets at amortized cost are debt financial assets that meet both of the following conditions:
- the asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

This accounting policy relates to the statement of financial position captions 'Due from Bangko Sentral ng Pilipinas', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', 'Investment securities at amortized cost', and 'Loans and receivables'.

The Group subsequently measures financial assets at amortized cost using the effective interest method of amortization, less allowance for credit losses. The Group includes the amortization in 'Interest income', and the ECL arising from impairment of such financial assets in 'Provision for impairment, credit and other losses' in the statement of income (see related accounting policy under *2.11.5 Impairment of Financial Assets*).

Financial liabilities at FVTPL
These are recorded in the statements of financial position at fair value with changes in fair value recognized in 'Trading and securities gain/(loss) - net', with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in OCI and do not get recycled to the statement of income. Interest incurred is accrued in 'Interest expense' using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of the instrument.

Financial liabilities at amortized cost
The Group classifies issued financial instruments or their components which are not designated at FVTPL, as financial liabilities at amortized cost under 'Deposit liabilities', 'Bills and acceptances payable', 'Bonds payable' or other appropriate financial liability accounts. The substance of the contractual arrangement for these instruments results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

The Group capitalizes the costs incurred in connection with the issuance of debt securities (other than those designated at FVTPL) and amortizes over the terms of the instruments using the effective interest method. The Group includes any unamortized debt issuance costs in the carrying value of the related debt instruments in the statement of financial position.

The Group subsequently measures financial liabilities at amortized cost using the effective interest method of amortization.

Repurchase and reverse repurchase agreements
The Group does not derecognize from the statement of financial position securities sold under agreements to repurchase at a specified future date ('repos'). Instead, the Group recognizes the corresponding cash received, including accrued interest, as a loan to the Group, reflecting the economic substance of such transaction.

Conversely, the Group does not recognize securities purchased under agreements to resell at a specified future date ('reverse repos'). The Group is not permitted to sell or repledge the securities in the absence of default by the owner of the collateral. The Group recognizes the corresponding cash paid, including accrued interest, as a loan to the counterparty. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the effective interest method.

2.11.3 Reclassification of Financial Instruments

Subsequent to initial recognition, the Group may reclassify its financial assets only when there is a change in the business models for managing these financial assets. Reclassification of financial liabilities is not allowed.

2.11.4 Derecognition of Financial Instruments

Financial Assets
The Group derecognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred control over the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the Group recognizes the asset only to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing recovery. If a write-off is later recovered, any amounts formerly charged are credited to 'Recoveries' under 'Miscellaneous Income' in the statements of income.

Financial liabilities
The Group derecognizes a financial liability when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the Group treats such an exchange or modification as a derecognition of the original liability and recognition of a new liability, and Group recognizes the difference in the respective carrying amounts in the statement of income.

2.11.5 Impairment of Financial Assets

ECL methodology
The Group's loss impairment method on financial instruments applies a forward-looking ECL approach, which covers all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. The ECL allowance is based on the credit losses expected to arise on a 12-month duration if there has been no significant increase in credit risk (SICR) of the financial instrument since origination (12-month ECL). Otherwise, if an SICR is observed, then the Group extends its ECL estimation until the end of the life of the financial instrument (Lifetime ECL). Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Staging assessment
The Group categorizes financial instruments subject to the ECL methodology into three stages:

- Stage 1 – comprised of all non-impaired financial instruments which have not experienced an SICR since initial recognition. The Group recognizes 12-month ECL for Stage 1 financial instruments.
- Stage 2 – comprised of all non-impaired financial instruments which have experienced an SICR since initial recognition. The Group recognizes Lifetime ECL for Stage 2 financial instruments.
- Stage 3 – comprised of financial instruments which have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on their estimated future cash flows. The Group recognizes Lifetime ECL for Stage 3 (credit-impaired) financial instruments.

Definition of "default" and "cure"
The Group considers default to have occurred when:

- the obligor is past due for more than 90 days on any material credit obligation to the Group; or
- the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing collateral, as applicable.

The Group no longer considers an instrument to be in default when it no longer meets any of the default criteria and has exhibited satisfactory and acceptable track record for six consecutive payment periods, subject to applicable rules and regulations of the BSP.

Determining SICR
At each reporting date, the Group assesses whether the credit risk on a loan or credit exposure has increased significantly since initial recognition. The Group's assessment of SICR involves looking at both the qualitative and quantitative elements, as well as if the loan or credit exposure is unpaid for at least 30 days ("backstop").

The Group assesses SICR on loans or credit exposures having potential credit weaknesses based on current and/or forward-looking information that warrant management's close attention. Such weaknesses, if left uncorrected, may affect the repayment of these exposures. The loan or credit exposure also exhibits SICR if there are adverse or foreseen adverse economic or market conditions that may affect the counterparty's ability to meet the scheduled repayments in the future.

The Group looks at the quantitative element through statistical models or credit ratings process or scoring process that captures certain information, which the Group considers as relevant in assessing changes in credit risk. The Group also looks at the number of notches downgrade of credit risk rating (CRR) or certain thresholds for the probabilities of default being generated from statistical models to determine whether SICR has occurred subsequent to initial recognition date.

Transfer between stages
The Group transfers credit exposures from Stage 1 to Stage 2 if there is an SICR from initial recognition date. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer an SICR since initial recognition, then the Group reverts them to Stage 1.

The Group transfers credit exposures from Stage 3 (non-performing) to Stage 1 (performing) when there is sufficient evidence to support their full collection. Such exposures should exhibit both of the following indicators:

- quantitative – characterized by payments made within an observation period; and
- qualitative – pertain to the results of assessment of the borrower's financial capacity.

Generally, the Group considers that full collection is probable when payments of interest and/or principal are received for at least six months.

Modified or restructured loans and other credit exposures
In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to form a new loan agreement or payment schedule, which may be provided depending on the borrower's current or expected financial difficulties. Modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date and schedule of periodic payments.

If modifications are considered by the Group as substantial based on qualitative factors, the loan is derecognized as discussed under *2.11.4 Derecognition of Financial Instruments*.

If a loan or credit exposure has been renegotiated or modified without resulting in derecognition, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded, based on the change in cash flows discounted at the loan's original effective interest rate (EIR). The Group also assesses whether there has been a SICR by comparing the risk of default at reporting date based on modified terms, and the risk of default at initial recognition date based on original terms. Derecognition decisions and classification between Stages 2 and 3 are determined on a case-by-case basis.

Purchased or originated credit-impaired loans
The Group considers a loan as credit-impaired on purchase or origination if there is evidence of impairment at the time of initial recognition (i.e., acquired/purchased at a deep discounted price). The Group recognizes the cumulative changes in Lifetime ECL since initial recognition as a loss allowance for purchased or originated credit-impaired loan.

Measurement of ECL
ECLs are generally measured based on the risk of default over one of two different time horizons, depending on whether there has been SICR since initial recognition. ECL calculations are based on the following components:

- Probability of default (PD) – an estimate of the likelihood that a borrower will default on its obligations over the next 12 months for Stage 1 or over the remaining life of the credit exposure for Stages 2 and 3.
- Loss-given-default (LGD) – an estimate of the loss arising in case where default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from any collateral.
- Exposure-at-default (EAD) – an estimate of the exposure at a future/default date taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdown on committed facilities and accrued interest from missed payments.
- Discount rate – represents the rate to be used to discount an expected loss to present value at the reporting date using the original EIR determined at initial recognition.

In measuring ECL, the Group considers forward-looking information depending on the credit exposure. The Group applies experienced credit judgment, which is essential in assessing the soundness of forward-looking information and in ensuring that these are adequately supported. Forward-looking macroeconomic information and scenarios consider:

- factors that may affect the general economic or market conditions in which the Group operates, such as gross domestic product growth rates, foreign exchange rates, inflation rate, among others;
- changes in government policies, rules and regulations, such as adjustments to policy rates;

- other factors pertinent to the Group, including the proper identification and mitigation of risks such as incidences of loan defaults or losses.

The Group also measures ECL by evaluating a range of possible outcomes and using reasonable and supportable pieces of information that are available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.11.6 Financial Guarantees and Undrawn Loan Commitments

The Group gives loan commitments and financial guarantees consisting of letters of credit, letters of guarantees, and acceptances.

Financial guarantees are contracts that require the Group as issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. The Group initially recognizes financial guarantees on trade receivables at fair value under 'Bills and acceptances payable' or 'Other liabilities' in the statement of financial position. Subsequent to initial recognition, the Group measures these financial guarantees at the higher of:

- the initial fair value less any cumulative amount of income or amortization recognized in the statement of income; and
- the ECL determined under PFRS 9.

Undrawn loan commitments and letters of credit are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer.

The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

The Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and loan commitments without outstanding drawn amounts is recognized in 'Allowance for credit losses' under 'Loans and receivables'.

2.12 Investments in Subsidiaries, Associates and Joint Ventures

The Group's subsidiaries pertain to investees where the Group demonstrates control. The Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., those existing rights that give the Group the current ability to direct the relevant activities of the investee);
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, such as contractual arrangements with other voting shareholders of the investee, rights arising from other contractual arrangements, or any potential voting rights of the Group.

The Group's associate pertains to the investee over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's joint venture pertains to joint arrangements

whereby the Group and other parties have joint control of the arrangement and have rights to the net assets of the arrangement.

The Group accounts for its investments in subsidiaries, associates and joint venture under the equity method of accounting. Under this method, the Group carries the investment in the statement of financial position at cost plus post-acquisition changes in the share in the net assets of the investee less accumulated impairment losses, if any (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*). The Group reflects its share in the results of operations of the investee and any impairment losses in the statement of income. When there has been a change recognized in the investee's OCI, the Group recognizes its share in any changes and discloses this in the statement of comprehensive income. The Group eliminates any profits or losses arising from transactions between the Group and the investee to the extent of the interest of the Group in the investee. Once the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the related OCI recorded in equity and recycles the same to statement of income or 'Surplus';
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the statement of income; and
- Reclassifies the Parent Company's share of components' gains (losses) previously recognized in OCI to profit or loss or surplus, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Upon loss of control over a subsidiary or significant influence over an associate, the Group measures and recognizes any retained investment at its fair value. Any resulting difference between the aggregate of the investee's carrying amount upon disposal and the fair value of the retained investment, and proceeds from disposal is recognized in the statement of income.

For transactions where ownership interest in a subsidiary, associate or joint venture that did not result in a loss of control or significant influence, as applicable, the Parent Company recognizes the gain or loss in the profit and loss representing the difference between the proceeds from sale and the carrying value of the investment.

2.13 Other Nonfinancial Assets

2.13.1 Property and Equipment

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use (see related accounting policy under *2.16.5 Expenditures on Nonfinancial Assets*).

The Group carries its land at cost less any impairment in value, and its depreciable properties such as buildings, right-of-use assets, furniture, fixtures and equipment, long-term leasehold land, and leasehold improvements at cost less accumulated depreciation and amortization and any impairment in value (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).

For right-of-use assets included under 'Property and equipment', see related accounting policy under *2.18.1 Group as a Lessee Under Lease Contracts*.

2.13.2 Investment Properties and Chattel Mortgage Properties

The Group initially measures investment properties and chattel mortgage properties initially at cost, including transaction costs (see related accounting policy under *2.16.5 Expenditures on Nonfinancial Assets*). When the investment property or chattel mortgage property is acquired through an exchange transaction, the Group measures the asset at its fair value, unless the fair value of such an asset cannot be reliably measured in which case the asset acquired is measured at the carrying amount of asset given up. The Group recognizes any gain or loss on exchange in the statement of income under 'Net gains (losses) on sale or exchange of assets'.

Foreclosed properties are classified under 'Investment properties' upon:

- entry of judgment in case of judicial foreclosure;
- execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or
- notarization of the Deed of Dacion in case of payment in kind (dacion en pago).

Subsequent to initial recognition, the Group carries the investment properties and chattel mortgage properties at cost less accumulated depreciation (for depreciable properties) and any impairment in value (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).

The Group transfers assets to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Conversely, the Group transfers out of investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

2.13.3 Intangible Assets

The Group initially measures separately acquired intangible assets at cost, and the intangible assets acquired in a business combination at their fair values at the date of acquisition. The Group does not capitalize internally generated intangibles, excluding capitalized development costs, and reflects in profit or loss the related expenditures in the period in which the expenditure is incurred.

Intangibles with finite lives
The Group capitalizes software costs, included in 'Intangible assets', on the basis of the cost incurred to acquire and bring to use the specific software (see related accounting policy under *2.16.5 Expenditures on Nonfinancial Assets*).

Customer relationship intangibles (CRI) and core deposits intangibles (CDI) are the intangible assets acquired by the Group through business combination. The Group initially measures these intangible assets at their fair values at the date of acquisition. The fair value of these intangible assets reflects expectations about the probability that the expected future economic benefits embodied in the asset will flow to the Group.

Following initial recognition, intangibles with finite lives are measured at cost less accumulated amortization and any accumulated impairment losses (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).

Goodwill
The Group initially measures goodwill acquired in a business combination at cost. With respect to investments in an associate, the Group includes goodwill in the carrying amount of the investments. Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances that the carrying value may be impaired (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).

2.13.4 Derecognition of Nonfinancial Assets

The Group derecognizes a nonfinancial asset when it has either been disposed of or when the asset is permanently withdrawn from use and no future benefit is expected from its disposal. The Group recognizes any gains or losses on the disposal of a nonfinancial asset in the statement of income under 'Net gains (losses) on sale or exchange of assets' in the period the asset is derecognized.

2.13.5 Impairment of Nonfinancial Assets

Property and equipment, investment properties, intangible assets with finite lives, chattel mortgage properties, and investments in subsidiaries and an associate
At each reporting date, the Group assesses whether there is any indication that its property and equipment, investment properties, intangible assets with finite lives, chattel mortgage properties, and investments in subsidiaries and an associate may be impaired. When an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit (CGU) to which it belongs.

When the carrying amount of an asset exceeds its recoverable amount, the Group considers the asset as impaired and writes the asset down to its recoverable amount. In assessing VIU, the Group discounts the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group charges the impairment loss against current operations. At each reporting date, the Group assesses whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount and reverses a previously recognized impairment loss only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal recognized in the statement of income cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. After such reversal, the Group adjusts the depreciation and amortization in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill
The Group performs its annual impairment test of goodwill every fourth quarter, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The Group determines impairment for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated (or to the aggregate carrying amount of a group of CGUs to which the goodwill relates but cannot be allocated), the Group recognizes an impairment loss immediately in the statement of

income under 'Impairment in value of goodwill'. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

2.14 Equity

2.14.1 Capital Stock

The Group measures capital stock at par value for all shares issued and outstanding. When the shares are sold at a premium, the Group credits the difference between the proceeds and the par value to 'Capital paid in excess of par value'. 'Surplus' represents accumulated earnings (losses) of the Group less dividends declared.

2.14.2 Reserves Recorded in Equity

The reserves recorded in equity in the statement of financial position include:

- Remeasurement losses on retirement plan – pertains to the remeasurement comprising actuarial gains or losses on the present value of the defined benefit obligation, net of return on plan assets (see related accounting policy under *2.17.1 Retirement Under Defined Benefit Plan*).
- Accumulated translation adjustment – used to record exchange differences arising from the translation of the FCDU accounts and foreign operations (i.e., overseas branches and subsidiaries) to Philippine peso (see related accounting policy under *2.5.2 FCDU and Overseas Branches and Subsidiaries*).
- Net unrealized gains (losses) on financial assets at FVOCI – comprises changes in fair value of financial assets at FVOCI (see related accounting policy under *2.11.2 Classification and Subsequent Measurement of Financial Instruments*).

2.14.3 Dividends

The Group recognizes dividends on common shares as a liability and deduction against 'Surplus' when approved by the Board of Directors (BOD) of the Parent Company. The Group measures the liability to distribute dividends at the carrying amount of the dividends, except for distributions of non-cash assets where the Group measures the liability at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the non-cash assets declared as dividends, with any changes in the carrying amount of the non-cash dividends recognized in equity as adjustments to the amount of distribution.

For dividends that are approved after the reporting date, the Group discloses them in the financial statements as an event after the reporting date.

2.14.4 Share Issuance Costs

For underwriting, share registration, and other share issuance costs and taxes incurred in connection with the issuance of equity securities, the Group accounts for these costs as reduction of equity against 'Capital paid in excess of par value'. If the 'Capital paid in excess of par value' is not sufficient, the share issuance costs are charged against the 'Surplus'. For transaction costs that relate jointly to the offering and listing of the shares, the Group allocates the costs to those transactions (i.e., reduction against equity for those allocated to offering of shares, and expensed for those allocated to listing of shares) using a basis of allocation that is rational and consistent with similar transactions.

2.15 Revenue Recognition

Revenue is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements except for brokerage transactions.

2.15.1 Interest Income

Interest on interest-bearing financial assets at FVTPL and held-for-trading investments is recognized based on contractual rate. Interest on financial instruments measured at amortized cost and FVOCI are recognized based on effective interest method of accounting to calculates the amortized cost of a financial asset or a financial liability and allocate the interest income or interest expense.

The Group records interest income using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. In calculating EIR, the Group considers all contractual terms of the financial instrument (for example, prepayment options), and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The Group adjusts the carrying amount of the financial instrument through 'Interest income' in the statement of income based on the original EIR.

When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3, the Group calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

The Group defers the commitment fees for loans that are likely to be drawn down (together with any incremental costs) and includes them as part of the EIR of the loan. These are amortized using EIR and recognized as 'Interest income' over the expected life of the loan.

The Group recognizes income on direct financing leases and receivables financed using the effective interest method and any unearned discounts are shown as deduction against 'Loans and receivables'. Unearned discounts are amortized over the term of the note or lease using the effective interest method and consist of:

- transaction and finance fees on finance leases and loans and receivables financed with long-term maturities; and
- excess of the aggregate lease rentals plus the estimated residual value of the leased equipment over its cost.

2.15.2 Service Fees and Commission Income

The Group earns fee and commission income from diverse range of services it provides to its customers:

Fees from services that are provided over a certain period of time
The Group accrues fees earned for the provision of services over a period of time. These fees include investment fund fees, custodian fees, fiduciary fees, credit-related fees, trust fees, portfolio and other management fees, and advisory fees.

Bancassurance fees
The Group recognizes non-refundable access fees on a straight-line basis over the term of the period of the provision of the access. Milestone fees or variable and fixed earn-out fees are recognized in reference to the stage of achievement of the milestones.

Fee income from providing transaction services
The Group recognizes the fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, only upon completion of the underlying transaction. For fees or components of fees that are linked to a certain performance, the Group recognizes revenue after fulfilling the corresponding criteria. These fees include underwriting fees, corporate finance fees, remittance fees, brokerage fees, commissions, deposit-related and other credit-related fees.

The Group recognizes loan syndication fees as revenue when the syndication has been completed and the Group retains no part of the loans for itself or retains part at the same EIR as the other participants.

2.15.3 Credit Card Fees

Interchange fees and revenue from rewards redeemed
The Group takes up as income the interchange fees under 'Service fees and commission income' upon receipt from member establishments of charges arising from credit availments by the Group's cardholders. These discounts are computed based on certain agreed rates and are deducted from amounts remitted to the member establishments.

The Group operates a loyalty points program which allows customers to accumulate points when they purchase from member establishments using the issued card of the Group. The points can then be redeemed for free products subject to a minimum number of points being redeemed.

The Group allocates a portion of the consideration received from discounts earned and interchange fees from credit cards to the reward points based on the estimated stand-alone selling prices. The Group defers the amount allocated to the loyalty program and recognizes revenue only when the loyalty points are redeemed or the likelihood of the credit cardholder redeeming the loyalty points becomes remote. The Group includes the deferred balance under 'Other liabilities' in the statement of financial position.

Commissions on credit cards
The Group recognizes commissions earned as revenue upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments.

Commissions on installment credit sales
The Group records the purchases by the credit cardholders, collectible on installment basis, at the cost of the items purchased plus certain percentage of cost. The Group recognizes the excess over cost as 'Unearned and other deferred income', which is shown as a deduction from 'Loans and receivables' in the statement of financial position. The Group amortizes and recognizes as 'Interest income' the unearned and other deferred income over the installment terms using the effective interest method.

2.15.4 Trading and Investment Securities Gains - Net

The Group recognizes in 'Trading and investment securities gains - net' the results arising from trading activities, all gains and losses from changes in fair value of financial assets and financial liabilities at FVTPL, and gains and losses from disposal of debt securities at FVOCI.

2.15.5 Gain on Sale or Exchange of Assets

The Group recognizes gain on sale or exchange of assets upon completion of the earning process upon transfer of control and when the collectability of the sales price is reasonably assured.

2.15.6 Other Income

Rental income
The Group accounts for rental income arising on leased properties on a straight-line basis over the lease terms, which is recorded in the statement of income under 'Miscellaneous income' (see related accounting policy under *2.18.2 Group as a Lessor Under Lease Contracts*).

Dividend income
The Group recognizes dividend income when the Group's right to receive payment is established.

2.16 Expenditures

2.16.1 Borrowing Costs

The Group recognizes borrowing costs as 'Interest expense' in the year in which these costs are incurred. Borrowing costs consist of interest expense calculated using the effective interest method that the Group incurs in connection with deposit-taking activities and borrowing of funds.

2.16.2 Operating Expenses

This encompasses those expenses that arise in the course of the ordinary activities of the Group, as well as any losses incurred. These are recognized in the statement of income as they are incurred.

2.16.3 Taxes and Licenses

This includes all other taxes, local and national, including gross receipts taxes, documentary stamp taxes, real estate taxes, licenses and permit fees that are recognized when incurred.

2.16.4 Depreciation and Amortization

The Group computes for depreciation and amortization of depreciable assets using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of the depreciable assets follow:

	Years
Property and equipment:	
Buildings	25 - 50
Right-of-use assets	1 - 25 or the lease term, whichever is shorter (provided that lease term is more than one year)
Furniture, fixtures and equipment	5
Long-term leasehold land	46 - 50
Leasehold improvements	10 or the lease term, whichever is shorter
Investment properties	10 - 25
Chattel mortgage properties	5
Intangible assets with finite lives:	
Software costs	5
CDI	10
CRI	3

The Group reviews periodically the useful life and the depreciation and amortization method to ensure that these are consistent with the expected pattern of economic benefits from the depreciable assets. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation and amortization period or method, as appropriate, and are treated as changes in accounting estimates.

2.16.5 Expenditures on Nonfinancial Assets

The Group charges against current operations the expenditures incurred after the nonfinancial assets (i.e., property and equipment, investment properties, software costs, and chattel mortgage properties) have been put into operation, such as repairs and maintenance. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of these nonfinancial assets beyond their originally assessed standard of performance, the Group capitalizes such expenditures as additional cost.

2.17 Employee Benefits

2.17.1 Retirement Under Defined Benefit Plan

At the end of the reporting period, the Group determines its net defined benefit liability (or asset) as the difference between the present value of the defined benefit obligation and the fair value of plan assets, adjusted for any effect of asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs recognized in the statement of income consist of the following:

- service costs – include current service costs, past service costs (recognized when plan amendment or curtailment occurs) and gains or losses on non-routine settlements; and
- net interest on the net defined benefit liability or asset – pertains to the change during the period in the net defined benefit liability (or asset) that arises from the passage of time, which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Changes in the net defined benefit liability (or asset) also include remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling, excluding net interest on defined benefit liability (or asset). The Group recognizes these remeasurements immediately in OCI in the period in which they arise. The Group does not reclassify these remeasurements to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies, and are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the Group estimates the fair value of plan assets by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group recognizes its right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation as a separate asset at fair value when and only when reimbursement is virtually certain.

2.17.2 Employee Leave Entitlement

The Group recognizes entitlements of employees to annual leave as a liability when they are accrued to the employees. The Group recognizes the undiscounted liability for leave expected to be settled wholly before 12 months after the end of the reporting period for services rendered by employees up to the end of the reporting period. For leave entitlements expected to be settled for more than 12 months after the reporting date, the Group engages an actuary to estimate the long-term liability, which is reported in 'Accrued taxes, interest and other expenses' in the statement of financial position.

2.18 Leases

The Group determines at contract inception whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.18.1 Group as a Lessee Under Lease Contracts

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

- Right-of-use assets
  At the commencement date of the lease (i.e, the date the underlying asset is available for use), the Group recognizes right-of-use assets measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made

at or before the commencement date less any lease incentives received. Subsequent to initial recognition, the Group measures the right-of-use assets at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The Group presents the right-of-use assets in 'Property and equipment' and subjects it to impairment in line with the Group's policy on impairment of nonfinancial assets (see related accounting policy under *2.13.5 Impairment of Nonfinancial Assets*).

- Lease liabilities
  At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term discounted using the Group's incremental borrowing rate, which is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The lease payments include fixed payments, any variable lease payments that depend on an index or a rate, and any amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

  After the commencement date of the lease, the Group measures the lease liabilities by increasing the carrying amount to reflect interest on the lease liabilities (recorded in 'Interest expense on bills payable and other borrowings'), reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

- Short-term leases and leases of low-value assets
  The Group applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, and the leases of low-value assets recognition exemption to its leases of ATM offsite locations and other equipment that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense under 'Occupancy and equipment-related costs' on a straight-line basis over the lease term.

2.18.2 Group as a Lessor Under Lease Contracts

For finance leases where the Group transfers substantially all the risks and rewards incidental to ownership of the leased item, the Group recognizes a lease receivable in the statement of financial position at an amount equivalent to the net investment (asset cost) in the lease. The Group includes all income resulting from the receivable in 'Interest income on loans and receivables' in the statement of income.

The residual value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the sale of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee when the lessee decides to buy the leased asset.

In operating leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset, the Group recognizes rental income on a straight-line basis over the lease terms. The Group adds back the initial direct costs incurred in negotiating and arranging an operating lease to the carrying amount of the leased asset and recognizes them as rental income over the lease

term on the same basis. The Group recognizes contingent rents as revenue in the period in which they are earned.

2.19 Provisions

The Group recognizes provisions when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the Group recognizes the reimbursement as a separate asset but only when the reimbursement is virtually certain. The Group presents the expense relating to any provision in the statement of income, net of any reimbursement.

If the effect of the time value of money is material, the Group determines provisions by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the Group recognizes the increase in the provision due to the passage as 'Interest expense on bills payable and other borrowings'.

2.20 Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of assets embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

2.21 Income Taxes

Income tax on profit and loss for the year comprises current and deferred tax. Income tax is determined in accordance with tax laws and is recognized in the statement of income, except to the extent that it relates to items directly recognized in OCI.

2.21.1 Current Tax

The Group measures current tax assets and liabilities for the current periods at the amount expected to be recovered from or paid to the taxation authorities using the tax rates and tax laws that are enacted or substantively enacted at the reporting date.

2.21.2 Deferred Tax

The Group provides for deferred tax using the balance sheet method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The Group recognizes deferred tax liabilities for all taxable temporary differences, including asset revaluations. The Group recognizes deferred tax assets for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the

extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized.

The Group, however, does not recognize deferred tax on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income. The Group does not also provide deferred tax liabilities on non-taxable temporary differences associated with investments in domestic subsidiaries and an associate. With respect to investments in foreign subsidiaries, the Group does not recognize deferred tax liabilities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the recognized amount to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax asset to be utilized. The Group reassesses unrecognized deferred tax assets at each reporting date and recognizes amounts to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The Group measures deferred tax assets and liabilities at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

For current and deferred tax relating to items recognized directly in OCI, the Group recognizes them also in OCI and not in the statement of income.

In the consolidated financial statements, the Group offsets deferred tax assets and liabilities if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

When tax treatments involve uncertainty, the Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. If the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, the Group reflects the effect of the uncertainty for each uncertain tax treatment using the method the Group expects to better predict the resolution of the uncertainty.

2.22 Earnings Per Share

The Group computes for the basic earnings per share (EPS) by dividing net income for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect to any bonus issue, share split or reverse share split during the period.

The Group computes for the diluted EPS by dividing the aggregate of net income for the period attributable to common shareholders by the weighted average number of common shares outstanding during the period, adjusted for the effects of any dilutive shares.

2.23 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;
- significant investors and their subsidiaries and associates called affiliates;
- subsidiaries, joint ventures and associates and their respective subsidiaries; and
- post-employment benefit plans for the benefit of the Group's employees.

2.24 Events After the Reporting Date

The Group reflects in the financial statements any post-year-end event that provides additional information about the Group's position at the reporting date (adjusting event). The Group discloses post-year-end events that are not adjusting events, if any, when material to the financial statements.

2.25 Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Refer to Note 6 for the detailed disclosure on segment information.

2.26 Fiduciary Activities

The Group excludes from these financial statements the assets and income arising from fiduciary activities, together with related undertakings to return such assets to customers, where the Group acts in a fiduciary capacity such as nominee, trustee or agent.

2.27 Changes in Accounting Standards

Listed below are accounting standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on the financial statements.

Effective beginning on or after January 1, 2025

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

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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21*, Lack of exchangeability*
  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Annual Improvements to PFRS Accounting Standards—Volume 11
  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9
  a) Lessee Derecognition of Lease Liabilities
     The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

  b) Transaction Price
     The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*
  The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*
  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards. The application of the standard is optional for eligible entities.

Deferred effectivity

- PFRS 10, *Consolidated Financial Statements*, and PAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments)
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the FSRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS Accounting Standards requires the Group to make judgments and estimates that affect the reported amounts and disclosures. The Group continually evaluates judgments and estimates and uses as basis its historical experience and other factors, including expectations of future events. The Group reflects the effects of any changes in estimates in the financial statements as they become reasonably determinable.

3.1 Judgments

3.1.1 Assessment of Control Over a Subsidiary

The Group demonstrates control over an investee when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the following elements must all be present to exercise control over an investee:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the amount of the investor's returns

The Group considers all facts and circumstances when assessing whether it controls an investee.

In making this assessment, the Group considers the following factors:

- The purpose and design of the investee
- What the relevant activities are and how decisions about those activities are made
- Whether the rights of the Group give it the current ability to direct the relevant activities
- Whether the Group is exposed, or has rights, to variable returns from its involvement with the investee
- Whether the Group has the ability to use its power over the investee to affect the amount of the investor's returns

The assessment of the Group on its control over a subsidiary is further discussed in Note 12.

3.1.2 Assessment of Significant Influence Over an Associate

The Group generally accounts for an investment as an associate when the Group holds 20% or more of the voting power of the investee company held directly or indirectly through subsidiaries, unless it can be clearly demonstrated that this is not the case.

In assessing whether the Group exercises significant influence over an investee company, the Group considers the following factors:

- Representation in the BOD or equivalent governing body of the investee company
- Participation in policy-making processes, including participation in decisions about dividends and other distributions
- Material transactions between the Group and the investee company
- Interchange of management personnel
- Provision of essential technical performance

The assessment of the Group on its significant influence over an investee company is further discussed in Note 12.

3.1.3 Classification of Financial Assets

The Group classifies its financial assets depending on the results of the SPPI test and on the business model used for managing those financial assets.

When performing the SPPI test, the Group applies judgment and evaluates relevant factors and characteristics such as the behavior and nature of contractual cash flows, its original currency denomination, the timing and frequency of interest rate repricing, contingent events that would alter the amount and/or timing of cash flows, leverage features, prepayment or extension options and other features that may modify the consideration for the time value of money.

As a second step, the Group performs business model assessment to reflect how financial assets are managed in order to generate net cash inflows based on the following factors:

- business objectives and strategies for holding the financial assets;
- performance measures and benchmarks being used to evaluate the Group's key management personnel accountable to the financial assets;
- risks associated to the financial assets and the tools applied in managing those risks;
- compensation structure of business units, including whether based on fair value changes of the investments managed or on the generated cash flows from transactions; and
- frequency and timing of disposals.

In applying judgment, the Group also considers the circumstances surrounding the transaction as well as the prudential requirements of the BSP.

3.1.4 Fair Valuation of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, the Group uses valuation techniques and mathematical models. The Group derives the inputs to these models from observable markets where possible, otherwise, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer-dated derivatives. For the valuation of nonmarketable unquoted equity securities, the Group considers a discount for lack of marketability, which is applied to the values determined by an independent valuation company (refer to Note 5 for the fair values of financial instruments).

3.1.5 Contingencies

The Group is currently involved in legal proceedings. The estimate of the probable cost for the resolution of claims has been developed in consultation with the aid of the outside legal counsels handling the Group's defense in these matters and is based upon an analysis of potential results. Management does not believe that the outcome of these matters will affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to the proceedings (refer to Note 34).

3.2 Accounting Estimates

3.2.1 Credit Losses on Financial Assets

The Group's ECL calculations are mainly derived from outputs of complex statistical models and expert judgment, with a number of underlying assumptions regarding the choice of variable inputs as well as their independencies. The Group considers the following elements of the ECL models, among others, as significant accounting judgments and estimates:

- segmentation of the portfolio, where the appropriate ECL approach and/or model is used, including whether assessments should be done individually or collectively;
- quantitative and qualitative criteria for determining whether there has been SICR as at a given reporting date and the corresponding transfers between stages;
- determination of expected life of the financial asset and expected recoveries from defaulted accounts;
- development of ECL models, including the various formulas and the choice of inputs;
- determination of correlations and interdependencies between risk factors, macroeconomic scenarios and economic inputs, such as inflation, policy rates and collateral values, and the resulting impact to PDs, LGDs and EADs; and
- selection of forward-looking information and determination of probability-weightings to derive the ECL.

While the interest and inflation rates have already stabilized, other 'black swan' events (such as geopolitical tensions and extreme El Niño phenomenon and other climate conditions) may still potentially occur. In response to such potential risk, the Group reviews on a monthly basis its loan portfolio, particularly for accounts that have shown or are beginning to show increases in credit risk. The Group performs comprehensive review of the default profile of its accounts to determine if there are factors or indicators not captured in the risk rating model. If there are noted weaknesses in the model, where possible, the Group recalibrates the parameter estimates to the ECL models to incorporate internal default experience, as well as most recent available external data affecting each segment of the Group's loan portfolio.

The Group revisits the segmentation of its portfolio based on industry vulnerability and resiliency assessment. The Group also reassesses the framework for macroeconomic overlay, incorporating stress scenarios to ensure that changes in economic conditions are captured in the ECL calculations.

Refer to Note 16 for the details of the carrying values of financial assets subject to ECL and for the details of the ECL.

3.2.2 Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the availability of future taxable income in reference to financial forecast and tax strategies. The Group takes into consideration the loan portfolio and deposit growth rates in assessing its taxable income forecast.

The Group reassesses its business plan, as well as tax strategies, in the next three to five years, considering various economic scenarios including recovery outlook and effects on specific industries of the rising interest rates, inflation, and other 'black swan' events (see further discussion of these events under *3.2.1 Credit Losses on Financial Assets*).

Refer to Note 30.3 for the carrying amount of recognized and unrecognized deferred tax assets.

3.2.3 Impairment of Goodwill

The Group conducts an annual review for any impairment in the value of goodwill. Goodwill is written down for impairment where the recoverable amount is insufficient to support its carrying value. The recoverable amount of the CGU is determined based on a VIU calculation, which considers the present value of cash flow projections from financial budgets approved by senior management and BOD of the Parent Company covering a three-year period. The assumptions used in the calculation of VIU are sensitive to estimates of future cash flows from business, interest margins, discount rates, projected long-term growth rates (derived based on the forecast local gross domestic product) used to extrapolate cash flows beyond the budget period.

Estimating future earnings involves judgment which takes into account past and actual performance and expected developments in the respective markets and in the overall macro-economic environment. Similar with its considerations discussed under *3.2.2 Recognition of Deferred Tax Assets*, the Group revisits its business plan and applies judgment to reassess the projections of future cash flows as of December 31, 2024, considering various economic scenarios and recovery outlook.

The carrying values of the Group's goodwill, accumulated impairment losses, and key assumptions used in determining VIU are disclosed in Note 14.3.

4. Financial Risk Management Objectives and Policies

The Parent Company's BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. As delegated by the BOD, the Risk Oversight Committee (ROC) is mandated to set risk appetite, approve frameworks, policies and processes for managing risk, and accept risks beyond the approval discretion provided to management. The ROC advises on the overall current and future risk appetite and strategy and assists in overseeing the implementation of those strategies and business plans by senior management. Details of the Parent Company's risk framework are discussed under the Risk Management Disclosure Section of the Parent Company's annual report.

The Group's activities are principally related to the development, delivery, servicing and use of lending and financial instruments. Risk is inherent in these activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability.

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

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

- Pillar 1 risks, i.e., Credit, Market, and Operational Risks;
- Other risks under BSP Cir. No. 510, i.e., Interest Rate Risk in the Banking Book (IRRBB), Liquidity Risk, Reputational Risk and Strategic Business Risk;
- Information Technology Risk (BSP Cir. No. 808);

- Information Security / Cyber Security Risk (BSP Cir. No. 982) and
- Further risks identified as "material" by the Board and Management Committees are included in the list being monitored such as Data Privacy Risk and Human Resource Risk.

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

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

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

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

The Enterprise Risk Management Group (ERMG) provides support for the ROC in its role of formulating the risk management strategy, the development and maintenance of the internal risk management framework, and the definition of the governing risk management principles. The ERMG provides assistance to the Asset/Liability Committee (ALCO) on capital management and the Board Strategy and Policy Committee (BSPC) on the management of regulatory capital.

The mandate of the ERMG involves:
- Implementing the risk management framework of identifying, measuring, controlling and monitoring the various risk-taking activities of the Group, inherent in all financial institutions;
- Providing services to the risk-taking units and personnel in the implementation of risk mitigation strategies; and
- Establishing recommended limits based on the results of its analysis of exposures.

4.2 Credit Risk

Credit risk is the non-recovery of credit exposures (on-and-off balance sheet exposures). Managing credit risk also involves monitoring of migration risk, concentration risk, country risk and settlement risk. The Group manages its credit risk at various levels (i.e., strategic level, portfolio level down to individual transaction).

The credit risk management of the entire loan portfolio is under the direct oversight of the ROC and Executive Committee. Credit risk assessment of individual borrower is performed by the business sector, remedial management group and credit management group. Risk management is embedded in the entire credit process, i.e., from credit origination to remedial management, as applicable.

Among the tools used by the Group in identifying, assessing and managing credit risk include:

- Documented credit policies and procedures: sound credit granting process, risk asset acceptance criteria, target market and approving authorities;
- System for administration and monitoring of exposure;
- Post approval review of implemented loans;
- Work out system for managing problem credits;
- Regular review of the sufficiency of valuation reserves;
- Monitoring of adequacy of capital for credit risk via the Capital Adequacy Ratio (CAR) report;
- Monitoring of breaches in regulatory and internal limits;
- Credit risk management monitoring and reporting;
- Diversification;
- Internal risk rating system for corporate accounts;
- Credit scoring for retail accounts; and
- Active loan portfolio management undertaken to determine the quality of the loan portfolio and identify: portfolio growth, movement of loan portfolio, adequacy of loan loss reserves, trend of nonperforming loans (NPLs), and concentration risk (per classified account, per industry, clean exposure, large exposure, contingent exposure, currency, security, facility, demographic, etc.)

The Group follows the BOD-approved policy on the generic classification of loans based on the type of borrowers and the purpose of the loan. The loan portfolio is grouped based on the underlying risk characteristics that are expected to respond in a similar manner to macroeconomic factors and forward-looking conditions.

4.2.1 Credit-Related Commitments

The exposures represent guarantees, standby letters of credit (LCs) issued by the Parent Company and documentary/commercial LCs which are written undertakings by the Parent Company. To mitigate this risk, the Parent Company requires hard collaterals for standby LC lines while commercial LCs are collateralized by the underlying shipments of goods to which they relate.

4.2.2 Derivative Financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

4.2.3 Collateral and Other Credit Enhancements

As a general rule, character is the single most important consideration in granting loans. However, collaterals are requested to mitigate risk. The loan value and type of collateral required depend on the assessment of the credit risk of the borrower or counterparty. The Group follows guidelines on the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For corporate accounts - deposit hold-outs, guarantees, securities, physical collaterals (e.g., real estate, chattels, inventory, etc.); generally, commercial, industrial and residential lots are preferred
- For retail lending - mortgages on residential properties and vehicles financed
- For securities lending and reverse repurchase transactions - cash or securities

The disposal of the foreclosed properties is handled by the Acquired Assets Management Group which adheres to the general policy of disposing assets at the highest possible market value.

Management regularly monitors the market value of the collateral and requests additional collateral in accordance with the underlying agreement. The existing market value of the collateral is considered during the review of the adequacy of the allowance for credit losses. Generally, collateral is not held

over loans and advances to banks except for reverse repurchase agreements. The Group is not permitted to sell or repledge the collateral held over loans and advances to counterparty banks and BSP in the absence of default by the owner of the collateral.

4.2.4 Maximum Exposure to Credit Risk After Collateral Held or Other Credit Enhancements
An analysis of the maximum exposure to credit risk after taking into account any collateral held or other credit enhancements for the Group and the Parent Company is shown below:

	Consolidated			
	2024			
	Maximum Exposure	**Fair Value of Collateral**	**Net Exposure**	**Financial Effect of Collateral**
Securities held under agreements to resell	**₱103,480,119**	**₱104,909,516**	**₱–**	**₱103,480,119**
Loans and receivables:				
Receivables from customers:				
Corporates	**567,369,203**	**168,917,808**	**474,138,853**	**93,230,350**
Local government units (LGU)	**1,656,292**	**–**	**1,656,292**	**–**
Credit Cards	**16,524,978**	**–**	**16,524,978**	**–**
Retail small and medium enterprises (SME)	**4,441,602**	**2,412,899**	**2,763,520**	**1,678,082**
Housing Loans	**22,988,322**	**27,775,258**	**8,020,645**	**14,967,677**
Auto Loans	**5,579,760**	**8,985,903**	**1,286,153**	**4,293,607**
Others	**7,515,747**	**4,815,580**	**4,322,668**	**3,193,079**
Other receivables	**10,743,721**	**–**	**10,743,721**	**–**
	₱740,299,744	**₱317,816,964**	**₱519,456,830**	**₱220,842,914**

	Consolidated			
	2023			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱69,694,538	₱57,785,321	₱11,909,217	₱57,785,321
Loans and receivables:				
Receivables from customers*				
Corporates	543,916,216	273,902,143	449,262,028	94,654,188
Local government units (LGU)	2,196,034	–	2,196,034	–
Credit Cards	13,917,733	–	13,917,733	–
Retail small and medium enterprises (SME)	4,378,793	2,397,801	2,795,942	1,582,851
Housing Loans	23,772,977	22,519,180	12,306,138	11,466,839
Auto Loans	5,397,484	11,004,455	1,265,709	4,131,775
Others	10,660,220	5,751,145	6,683,514	3,976,706
Other receivables	12,465,631	–	12,465,631	–
	₱686,399,626	₱373,360,045	₱512,801,946	₱173,597,680

**Receivables from customers exclude residual value of the leased asset (Note 10)*

	Parent Company			
	2024			
	Maximum Exposure	**Fair Value of Collateral**	**Net Exposure**	**Financial Effect of Collateral**
Securities held under agreements to resell	**₱103,480,119**	**₱104,909,516**	**₱–**	**₱103,480,119**
Loans and receivables:				
Receivables from customers:				
Corporates	**554,283,497**	**146,521,191**	**472,932,651**	**81,350,846**
LGU	**1,656,292**	**–**	**1,656,292**	**–**
Credit Cards	**16,524,978**	**–**	**16,524,978**	**–**
Retail SME	**4,441,602**	**2,412,899**	**2,763,520**	**1,678,082**
Housing Loans	**22,226,195**	**26,475,861**	**8,082,178**	**14,144,017**
Auto Loans	**5,579,760**	**8,985,903**	**1,286,153**	**4,293,607**
Others	**7,316,826**	**4,609,807**	**4,209,400**	**3,107,426**
Other receivables	**10,363,020**	**–**	**10,363,020**	**–**
	₱725,872,289	**₱293,915,177**	**₱517,818,192**	**₱208,054,097**

	Parent Company			
	2023			
	Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Securities held under agreements to resell	₱69,694,538	₱57,785,321	₱11,909,217	₱57,785,321
Loans and receivables:				
Receivables from customers:				
Corporates	530,880,927	253,218,981	448,830,738	82,050,189
LGU	2,196,034	–	2,196,034	–
Credit Cards	13,917,733	–	13,917,733	–
Retail SME	4,379,081	2,395,958	2,795,941	1,583,140
Housing Loans	23,013,792	21,089,659	12,306,138	10,707,654
Auto Loans	5,397,484	11,004,455	1,265,709	4,131,775
Others	10,572,322	5,535,712	6,683,515	3,888,807
Other receivables	11,801,390	–	11,801,390	–
	₱671,853,301	₱351,030,086	₱511,706,415	₱160,146,886

The maximum credit risk, without taking into account the fair value of any collateral and netting agreements, is limited to the amounts on the statement of financial position plus commitments to customers such as unused commercial letters of credit, outstanding guarantees and others.

4.2.5 Credit Risk Concentrations

Credit risk concentrations can arise whenever a significant number of borrowers have similar characteristics. The Group analyzes the credit risk concentration to an individual borrower, related group of accounts, industry, geographic, internal rating buckets, currency, term and security. For risk concentration monitoring purposes, the financial assets are broadly categorized into (1) loans and receivables and (2) trading and investment securities. To mitigate risk concentration, the Group constantly checks for breaches in regulatory and internal limits. Clear escalation process and override procedures are in place, whereby any excess in limits are covered by appropriate approving authority to regularize and monitor breaches in limits.

Limit per client or counterparty
For each CRR, the Parent Company sets limits per client or counterparty based on the regulatory Single Borrowers Limit. For trading and investment securities, the Group limits investments to government issues and securities issued by entities with high-quality investment ratings.

Geographic concentration
The table below shows the credit risk exposures, before taking into account any collateral held or other credit enhancements, categorized by geographic location:

	Consolidated				
	2024				
	Loans and receivables		**Trading and investment securities**	**Other financial assets***	**Total**
	Amount	**%**			
Philippines	**₱590,193,321**	**92.68**	**₱327,197,919**	**₱126,003,788**	**₱1,043,395,028**
Asia (excluding the Philippines)	**27,502,193**	**4.32**	**5,543,839**	**43,064,412**	**76,110,444**
USA and Canada	**17,024,502**	**2.67**	**1,342,723**	**6,943,463**	**25,310,688**
Other European Union Countries	**1,780,062**	**0.28**	**4,731,069**	**3,184,968**	**9,696,099**
Oceania	**168,739**	**0.03**	**–**	**56,660**	**225,399**
Middle East	**52,795**	**0.07**	**3,106,304**	**7,902**	**3,167,001**
United Kingdom	**98,013**	**0.01**	**164,296**	**22,765,803**	**23,028,112**
	₱636,819,625	**100.00**	**₱342,086,150**	**₱202,026,996**	**₱1,180,932,771**

** Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)*

	Consolidated				
	2023				
	Loans and receivables*		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Philippines	₱591,914,148	95.98	₱265,175,918	₱126,073,582	₱983,163,648
Asia (excluding the Philippines)	15,018,425	2.44	17,836,070	88,779,062	121,633,557
USA and Canada	6,846,096	1.11	2,869,744	6,479,262	16,195,102
Other European Union Countries	1,937,498	0.31	7,155,246	11,070	9,103,814
Middle East	58,267	0.01	3,877,003	3,132	3,938,402
United Kingdom	447,750	0.07	1,334,802	1,036,563	2,819,115
Oceania	482,904	0.08	–	2,770	485,674
	₱616,705,088	100.00	₱298,248,783	₱222,385,441	₱1,137,339,312

**Loans and receivables exclude residual value of the leased asset. (Note 10)*

*** Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)*

	Parent Company				
	2024				
	Loans and receivables		**Trading and investment securities**	**Other financial assets***	**Total**
	Amount	**%**			
Philippines	**₱589,617,070**	**94.73**	**₱326,739,735**	**₱126,130,132**	**₱1,042,486,937**
Asia (excluding the Philippines)	**13,736,617**	**2.21**	**5,543,027**	**33,984,841**	**53,264,485**
USA and Canada	**16,993,941**	**2.73**	**960,736**	**6,657,226**	**24,611,903**
Other European Union Countries	**1,780,062**	**0.29**	**4,731,069**	**3,173,875**	**9,685,006**
Oceania	**168,738**	**0.03**	**–**	**53,766**	**222,504**
Middle East	**52,795**	**0.01**	**3,106,304**	**7,230**	**3,166,329**
United Kingdom	**42,947**	**0.01**	**–**	**21,788,860**	**21,831,807**
	₱622,392,170	**100.00**	**₱341,080,871**	**₱191,795,930**	**₱1,155,268,971**

**Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)*

	Parent Company				
	2023				
	Loans and receivables		Trading and investment securities	Other financial assets*	Total
	Amount	%			
Philippines	₱591,118,755	98.17	₱264,793,162	₱127,884,433	₱983,796,350
Asia (excluding the Philippines)	1,411,033	0.23	17,831,085	80,102,024	99,344,142
USA and Canada	6,804,220	1.13	2,399,782	4,563,214	13,767,216
Other European Union Countries	1,887,267	0.31	7,155,246	–	9,042,513
Middle East	58,267	0.01	3,877,003	2,478	3,937,748
United Kingdom	396,318	0.07	1,174,417	29	1,570,764
Oceania	482,903	0.08	–	–	482,903
	₱602,158,763	100.00	₱297,230,695	₱212,552,178	₱1,111,941,636

**Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)*

Concentration by industry

The tables below show the industry sector analysis of financial assets at amounts before taking into account the fair value of the loan collateral held or other credit enhancements.

	Consolidated				
	2024				
	Loans and receivables		**Trading and investment securities**	**Other financial assets****	**Total**
	Amount	**%**			
Primary target industry:					
Financial intermediaries	**₱95,402,771**	**14.98**	**₱1,697,498**	**₱143,572,258**	**₱240,672,527**
Wholesale and retail	**110,724,538**	**17.39**	**16,309,984**	**–**	**127,034,522**
Electricity, gas and water	**100,473,295**	**15.78**	**8,251,366**	**–**	**108,724,661**
Manufacturing	**62,254,787**	**9.78**	**70,453**	**–**	**62,325,240**
Transport, storage and communication	**34,460,783**	**5.41**	**–**	**73**	**34,460,856**
Agriculture, hunting and forestry	**5,424,089**	**0.85**	**–**	**–**	**5,424,089**
Public administration and defense	**1,554,338**	**0.24**	**–**	**–**	**1,554,338**
Secondary target industry:					
Government	**1,656,292**	**0.26**	**281,476,704**	**58,013,102**	**341,146,098**
Real estate, renting and business activities	**105,531,826**	**16.57**	**235,681**	**13,588**	**105,781,095**
Construction	**37,948,520**	**5.96**	**–**	**–**	**37,948,520**
Others*	**81,388,386**	**12.78**	**34,044,464**	**427,975**	**115,860,825**
	₱636,819,625	**100.00**	**₱342,086,150**	**₱202,026,996**	**₱1,180,932,771**

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

***Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)*

	Consolidated				
	2023				
	Loans and receivables*		Trading and investment securities	Other financial assets***	Total
	Amount	%			
Primary target industry:					
Financial intermediaries	₱91,681,525	14.87	₱10,488,016	₱123,166,842	₱225,336,383
Wholesale and retail	115,293,880	18.70	–	–	115,293,880
Electricity, gas and water	83,771,939	13.58	16,561,739	–	100,333,678
Manufacturing	58,057,181	9.41	1,831	–	58,059,012
Transport, storage and communication	44,878,471	7.28	–	56	44,878,527
Agriculture, hunting and forestry	5,016,667	0.81	–	–	5,016,667
Public administration and defense	1,532,772	0.25	–	–	1,532,772
Secondary target industry:					
Government	2,182,895	0.35	229,288,990	99,168,727	330,640,612
Real estate, renting and business activities	106,896,515	17.33	9,226,998	13,866	116,137,379
Construction	31,039,992	5.03	–	–	31,039,992
Others**	76,353,251	12.38	32,681,209	35,950	109,070,410
	₱616,705,088	100.00	₱298,248,783	₱222,385,441	₱1,137,339,312

**Loans and receivables exclude residual value of the leased asset (Note 10)*

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

****Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15)*

	Parent Company				
	2024				
	Loans and receivables		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Primary target industry:					
Financial intermediaries	**₱94,979,255**	**15.26**	**₱1,695,695**	**₱133,355,678**	**₱230,030,628**
Wholesale and retail	**104,940,102**	**16.86**	**16,309,984**	**–**	**121,250,086**
Electricity, gas and water	**100,473,295**	**16.14**	**8,162,809**	**–**	**108,636,104**
Manufacturing	**60,256,428**	**9.86**	**68,577**	**–**	**60,325,005**
Transport, storage and communication	**33,939,953**	**5.45**	**–**	**–**	**33,939,953**
Agriculture, hunting and forestry	**5,269,973**	**0.85**	**–**	**–**	**5,269,973**
Public administration and defense	**1,554,338**	**0.25**	**–**	**–**	**1,554,338**
Secondary target industry:					
Government	**1,656,292**	**0.27**	**280,799,512**	**58,013,102**	**340,468,906**
Real estate, renting and business activities	**102,434,092**	**16.46**	**–**	**–**	**102,434,092**
Construction	**37,948,520**	**6.10**	**–**	**–**	**37,948,520**
Others*	**78,939,922**	**12.68**	**34,044,294**	**427,150**	**113,411,366**
	₱622,392,170	**100.00**	**₱341,080,871**	**₱191,795,930**	**₱1,155,268,971**

**Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.*
***Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15).*

	Parent Company				
	2023				
	Loans and receivables		Trading and investment securities	Other financial assets**	Total
	Amount	%			
Primary target industry:					
Financial intermediaries	₱91,212,592	15.15	₱10,482,090	₱113,347,506	₱215,042,188
Wholesale and retail	109,258,099	18.14	–	–	109,258,099
Electricity, gas and water	83,771,939	13.91	16,561,739	–	100,333,678
Manufacturing	56,032,844	9.31	–	–	56,032,844
Transport, storage and communication	44,465,431	7.38	–	–	44,465,431
Agriculture, hunting and forestry	4,863,360	0.81	–	–	4,863,360
Public administration and defense	1,532,772	0.25	–	–	1,532,772
Secondary target industry:					
Government	2,182,895	0.36	228,528,393	99,168,727	329,880,015
Real estate, renting and business activities	103,358,190	17.16	8,977,434	–	112,335,624
Construction	30,981,430	5.15	–	–	30,981,430
Others*	74,499,211	12.37	32,681,039	35,945	107,216,195
	₱602,158,763	100.00	₱297,230,695	₱212,552,178	₱1,111,941,636

**Others include the following sectors - Other community, social and personal services, private household, hotel and restaurant, education, mining and quarrying, and health and social work.*
***Other financial assets include the following financial assets: 'Due from BSP', 'Due from other banks', 'Interbank loans receivable', 'Securities held under agreements to resell', and other financial assets booked under 'Other assets' (Note 15).*

The internal limit of the Parent Company based on the Philippine Standard Industry Classification sub-industry is 12.00% for primary industry, 8.00% for regular industry, 30.00% for power industry and 25.00% for activities of holding companies versus total loan portfolio.

The latest internal industry limits structure of the Parent Company calculates the capital required for the exposure under each industry and industry clusters and expressing these as percentage to total qualifying capital. The internal limits model also considers projected bookings and paydowns.

4.2.6 Credit Quality Per Class of Financial Assets

Loans and receivables
The segmentation of the Group's loan portfolio is based on the underlying risk characteristics that are expected to respond in a similar manner to macroeconomic factors and forward-looking conditions.

Generally, the Group's exposures can be categorized as either of the following:

- Non-Retail Portfolio – consists of debt obligations of sovereigns, financial institutions, corporations, partnerships, or proprietorships. In particular, the Group's Non-Retail Portfolio segments are as follows: Sovereigns, Financial Institutions, Specialized Lending (e.g., Project Finance), Large Corporates, Middle Market and Commercial SME, government-owned and controlled corporations and LGUs.
- Retail Portfolio – consists of exposures to individual person/s or to a small business, and are not usually managed on an individual basis but as groups of exposures with similar credit risk characteristics. This includes Credit Cards, Consumer Loans and Retail SME, among others.

The credit quality of the Non-Retail Portfolio is evaluated and monitored using external ratings and internal credit risk rating system. The Parent Company maintains a two-dimensional risk rating structure: that is, there is a borrower risk rating (BRR) and a facility risk rating (FRR).

The Group developed specific borrower rating models to capture specific and unique risk characteristics of each of the Non-Retail Portfolio segments. The BRR is measured based on financial condition of the borrower combined with an assessment of non-financial factors such as management, industry outlook and market competition. The BRR models captures overlays and early warning signals as well. The Group uses a single scale with 26 risk grades for all its BRR models.

The 26-risk grade internal default masterscale is a representation of a common measure of relative default risk associated with the obligors/counterparties. The internal default masterscale is mapped to a global rating scale.

FRR, on the other hand, assesses potential loss of the Group in case of default, which considers collateral type and level of collateralization of the facility. The FRR has 9 grades, i.e. FRR A to FRR I.

The CRR or final credit risk rating shall be expressed in alphanumeric terms, e.g. CRR 1A which is a combination of the general creditworthiness of the borrower (BRR 1) and the potential loss of the Group in the event of the borrower's default (FRR A).

The credit quality and corresponding BRRs of the Group's receivables from customers are defined below:

Credit quality	**26-Grade BRR system**
High S&P Equivalent Global Rating: AAA to BBB-	*BRR 1 Excellent* Borrower has an exceptionally strong capacity to meet its financial commitments. No existing disruptions or future disruptions are highly unlikely. Probability of going into default in the coming year is very minimal/low. *BRR 2 Very Strong* Borrower has a very strong capacity to meet its financial commitments. No existing disruptions or future disruptions are unlikely. It differs from BRR 1 borrowers only to a small degree. Probability of going into default in the coming year is very minimal/low. *BRR 3 Strong* Borrower has a strong capacity to meet its financial commitments. No existing disruptions or future disruptions are unlikely. However, adverse economic conditions or changing circumstances could lead to somewhat lesser capacity to meet financial obligations than in higher-rated borrowers. Probability of going into default in the coming year is very minimal/low.

Credit quality	26-Grade BRR system
	BRR 4-6 Good Borrower has an adequate capacity to meet its financial commitments in the normal course of its business. With identified disruptions from external factors but company has or will likely overcome. Default possibility is minimal/low. *BRR 7-9 Satisfactory* Borrower under this rating scale basically possesses the characteristics of borrowers rated as BRR 4 to BRR 6 with slightly lesser quality. Default possibility is minimal/low. *BRR 10-12 Adequate* Borrower has an adequate capacity to meet its financial commitments under the normal course of business. However, adverse economic conditions and changing circumstances are more likely to weaken the borrower's capacity to meet its financial commitments. Default possibility is minimal/low.
Standard S&P Equivalent Global Rating: BB+ to BB-	*BRR 13-15 Average* Borrower still has the capacity to meet its financial commitments and withstand normal business cycles, however, any prolonged unfavorable economic and/or market conditions would create an immediate deterioration beyond acceptable levels. With identified disruptions from external forces, impact on the borrower is uncertain. Default is a possibility. *BRR 16-18 Acceptable* Borrower under this rating scale basically possesses the characteristics of borrowers rated as BRR 13 to BRR 15 with slightly lesser quality. Default is a possibility. *BRR 19-20 Vulnerable* Borrower is less vulnerable in the near term than other low-rated borrowers. However, it faces major ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the borrower's inadequate capacity to meet its financial commitment. Default is a possibility
Substandard S&P Equivalent Global Rating: B+ to CCC-	*BRR 21-22 Weak* Borrower is more vulnerable than the borrowers rated BRR 19 and BRR 20 but the borrower currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the borrower's capacity or willingness to meet its financial commitments. Default is more than a possibility. *BRR 23-25 Watchlist* Borrower is currently vulnerable and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments. Borrower may already be experiencing losses and impaired capital in the case of BRR 25.
Impaired S&P Equivalent Global Rating:	*BRR 26 Default* Default will be a general default. Borrower will fail to pay all or substantially all of its obligations as they come due.

For the Retail Portfolio, such as Retail SME, Credit Cards, Housing and Auto Loans, credit scoring is being used in evaluating the creditworthiness of the borrower.

The table below shows the credit quality of the Group's and the Parent Company's receivables from customers, gross of allowance for credit losses and unearned and other deferred income, but net of residual values of leased assets, as of December 31, 2024 and 2023:

	Consolidated			
	2024			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	**₱241,339,078**	**₱743,741**	**₱–**	**₱242,082,819**
Standard	**251,875,284**	**4,763,028**	**–**	**256,638,312**
Substandard	**36,969,593**	**19,858,092**	**–**	**56,827,685**
Impaired	**–**	**–**	**33,775,933**	**33,775,933**
	530,183,955	**25,364,861**	**33,775,933**	**589,324,749**
Subject to Scoring and Unrated				
Non-Retail	**9,287,762**	**136,615**	**934,239**	**10,358,616**
Corporate	**7,640,893**	**113,281**	**876,195**	**8,630,369**
LGU	**1,646,870**	**23,334**	**58,044**	**1,728,247**

(Forward)

	Consolidated			
	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Retail	**₱47,567,948**	**₱956,133**	**₱8,040,719**	**₱56,564,799**
Auto Loans	**5,382,399**	**35,654**	**807,414**	**6,225,467**
Housing Loans	**21,169,482**	**317,380**	**5,297,651**	**26,784,513**
Retail SME	**4,370,985**	**123,985**	**995,964**	**5,490,934**
Credit Card	**16,645,082**	**479,114**	**939,689**	**18,063,885**
Others	**6,901,421**	**343,569**	**1,589,410**	**8,834,400**
	63,757,131	**1,436,316**	**10,564,367**	**75,757,815**
	₱593,941,086	**₱26,801,177**	**₱44,340,301**	**₱665,082,564**

	Consolidated			
	2023			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail – Corporate				
High	₱220,424,136	₱7,449	₱–	₱220,431,585
Standard	240,184,925	6,625,961	–	246,810,886
Substandard	46,358,670	20,816,814	–	67,175,484
Impaired	–	–	32,477,009	32,477,009
	506,967,731	27,450,224	32,477,009	566,894,964
Subject to Scoring and Unrated				
Non-Retail	7,232,740	39,071	561,123	7,832,934
Corporate	5,049,454	10,066	497,906	5,557,426
LGU	2,183,286	29,005	63,217	2,275,508
Retail	43,676,730	863,802	10,876,864	55,417,396
Auto Loans	5,215,073	22,973	1,263,450	6,501,496
Housing Loans	20,089,818	248,682	7,962,437	28,300,937
Retail SME	4,163,286	151,785	1,067,047	5,382,118
Credit Card	14,208,553	440,362	583,930	15,232,845
Others	8,572,845	2,087,517	1,667,140	12,327,502
	59,482,315	2,990,390	13,105,127	75,577,832
	₱566,450,046	₱30,440,614	₱45,582,136	₱642,472,796

	Parent Company			
	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Subject to CRR				
Non-Retail - Corporate				
High	**₱234,976,619**	**₱–**	**₱–**	**₱234,976,619**
Standard	**246,214,981**	**4,763,028**	**–**	**250,978,009**
Substandard	**36,851,794**	**19,858,092**	**–**	**56,709,886**
Impaired	**–**	**–**	**33,775,932**	**33,775,932**
	518,043,393	**24,621,121**	**33,775,932**	**576,440,446**
Subject to Scoring and Unrated				
Non-Retail	**9,287,762**	**136,615**	**934,239**	**10,358,616**
Corporate	**7,640,893**	**113,281**	**876,195**	**8,630,369**
LGU	**1,646,870**	**23,334**	**58,044**	**1,728,247**
Retail	**46,801,777**	**950,986**	**7,987,260**	**55,740,023**
Auto Loans	**5,382,399**	**35,654**	**807,414**	**6,225,467**
Housing Loans	**20,403,311**	**312,234**	**5,244,192**	**25,959,737**
Retail SME	**4,370,985**	**123,985**	**995,964**	**5,490,934**
Credit Card	**16,645,082**	**479,114**	**939,689**	**18,063,885**
Others	**6,819,797**	**343,569**	**1,589,410**	**8,752,776**
	62,909,336	**1,431,170**	**10,510,909**	**74,851,415**
	₱580,952,730	**₱26,052,291**	**₱44,286,840**	**₱651,291,861**

	Parent Company			
	2023			
	Stage 1	Stage 2	Stage 3	Total
Subject to CRR				
Non-Retail - Corporate				
High	₱212,827,838	₱–	₱–	₱212,827,838
Standard	235,059,187	6,625,961	–	241,685,148
Substandard	46,331,524	20,816,814	–	67,148,338
Impaired	–	–	32,450,434	32,450,434
	494,218,549	27,442,775	32,450,434	554,111,758
Subject to Scoring and Unrated				
Non-Retail	7,255,065	39,071	561,123	7,855,259
Corporate	5,071,779	10,066	497,906	5,579,751
LGU	2,183,286	29,005	63,217	2,275,508
Retail	42,940,643	863,802	10,830,680	54,635,125
Auto Loans	5,215,073	22,973	1,263,450	6,501,496
Housing Loans	19,353,830	248,682	7,921,406	27,523,918
Retail SME	4,163,187	151,785	1,061,894	5,376,866
Credit Card	14,208,553	440,362	583,930	15,232,845
Others	8,484,938	2,087,517	1,667,139	12,239,594
	58,680,646	2,990,390	13,058,942	74,729,978
	₱552,899,195	₱30,433,165	₱45,509,376	₱628,841,736

The analysis of past due status of receivables from customers that are subject to scoring and unrated follows:

	Consolidated				
	2024				
	Less than 30 days	**31 to 90 days**	**91 to 180 days**	**More than 180 days**	**Total**
Housing Loans	**₱252,972**	**₱127,239**	**₱119,802**	**₱5,095,857**	**₱5,595,870**
Auto Loans	**19,684**	**28,772**	**35,676**	**758,937**	**843,068**
Retail SME	**34,626**	**5,563**	**8,886**	**949,477**	**998,552**
Credit Card	**682,120**	**405,750**	**342,506**	**683,022**	**2,113,397**
LGU	**7,523**	**–**	**–**	**50,521**	**58,044**
Others	**264,959**	**76,299**	**20,592**	**1,430,469**	**1,792,319**
Total	**₱1,261,884**	**₱643,623**	**₱527,462**	**₱8,968,283**	**₱11,401,250**

	Consolidated				
	2023				
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱165,082	₱198,072	₱229,491	₱7,628,653	₱8,221,298
Auto Loans	15,179	19,465	15,345	1,236,458	1,286,447
Retail SME	33,596	15,968	12,582	1,627,173	1,689,319
Credit Card	635,084	367,041	309,380	552,928	1,864,433
LGU	12,696	–	–	50,521	63,217
Others	27,096	35,749	203,642	1,599,257	1,865,744
Total	₱888,733	₱636,295	₱770,440	₱12,694,990	₱14,990,458

	Parent Company				
	2024				
	Less than 30 days	**31 to 90 days**	**91 to 180 days**	**More than 180 days**	**Total**
Housing Loans	**₱252,854**	**₱127,239**	**₱119,802**	**₱5,042,398**	**₱5,542,294**
Auto Loans	**19,684**	**28,772**	**35,676**	**758,937**	**843,068**
Retail SME	**34,626**	**5,563**	**8,886**	**949,477**	**998,552**
Credit Card	**682,120**	**405,750**	**342,506**	**683,022**	**2,113,397**
LGU	**7,523**	**–**	**–**	**50,521**	**58,044**
Others	**263,503**	**75,385**	**20,592**	**1,430,469**	**1,789,949**
Total	**₱1,260,310**	**₱642,709**	**₱527,462**	**₱8,914,824**	**₱11,345,304**

	Parent Company				
	2023				
	Less than 30 days	31 to 90 days	91 to 180 days	More than 180 days	Total
Housing Loans	₱164,017	₱197,248	₱229,491	₱7,576,116	₱8,166,872
Auto Loans	15,179	19,465	15,345	1,236,458	1,286,447
Retail SME	33,596	4,985	12,287	1,042,248	1,093,116
Credit Card	635,084	367,041	309,380	552,928	1,864,433
LGU	12,696	–	–	50,521	63,217
Others	24,945	34,264	107,904	1,508,203	1,675,316
Total	₱885,517	₱623,003	₱674,407	₱11,966,474	₱14,149,401

Trading and investment securities and other financial assets
In ensuring quality investment portfolio, the Group uses the credit risk rating based on the external ratings of eligible external credit rating institutions (i.e. Moody's Investors Service) as follows:

- Aaa to Aa3 - fixed income are judged to be of high quality and are subject to very low credit risk, but their susceptibility to long-term risks appears somewhat greater.
- A1 to A3 - fixed income obligations are considered upper-medium grade and are subject to low credit risk, but have elements present that suggest a susceptibility to impairment over the long term.
- Baa1 and below - represents those investments which fall under any of the following grade:
  - Baa1, Baa2, Baa3 - fixed income obligations are subject to moderate credit risk. They are considered medium grade and as such protective elements may be lacking or may be characteristically unreliable.
  - Ba1, Ba2, Ba3 - obligations are judged to have speculative elements and are subject to substantial credit risk.
  - B1, B2, B3 - obligations are considered speculative and are subject to high credit risk.
  - Caa1, Caa2, Caa3 - are judged to be of poor standing and are subject to very high credit risk.
  - Ca - are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
  - C - are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Below are the financial assets of the Group and the Parent Company, gross of allowance for credit losses, excluding receivables from customers, which are monitored using external ratings.

	Consolidated					
	2024					
	Aaa to Aa3	**A1 to A3**	**Baa1 and below**	**Subtotal**	**Unrated**	**Total**
Due from BSP [1/]	**₱–**	**₱–**	**₱–**	**₱–**	**₱55,128,316**	**₱55,128,316**
Due from other banks	**4,915,242**	**11,127,337**	**1,037,804**	**17,080,383**	**3,108,255**	**20,188,638**
Interbank loans receivables	**3,240,924**	**17,814,043**	**–**	**21,054,967**	**1,738,365**	**22,793,332**
Securities held under agreements to resell	**–**	**12,581,872**	**12,355,747**	**24,937,619**	**78,588,740**	**103,526,359**
Financial assets at FVOCI						
Government securities	**1,640,210**	**2,933,248**	**135,510,598**	**140,084,056**	**27,740,717**	**167,824,773**
Private debt securities	**949,491**	**202,950**	**291,643**	**1,444,084**	**14,134,116**	**15,578,200**
Quoted equity securities	**88,557**	**–**	**170**	**88,727**	**2,742,550**	**2,831,277**
Unquoted equity securities	**–**	**–**	**–**	**–**	**25,508,533**	**25,508,533**
Investment securities at amortized cost						
Government securities	**437,694**	**805,453**	**81,099,109**	**82,342,256**	**14,475,124**	**96,817,380**
Private debt securities	**753,184**	**523,078**	**713,605**	**1,989,867**	**13,762,605**	**15,752,472**
Financial assets at amortized cost						
Loans and receivables - Others [2/]	**–**	**–**	**–**	**–**	**14,791,311**	**14,791,311**

[1/] *'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.*
[2/] *Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).*

	Consolidated					
	2023					
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP [1/]	₱–	₱–	₱–	₱–	₱95,410,350	₱95,410,350
Due from other banks	3,421,092	13,010,926	4,012,095	20,444,113	809,641	21,253,754
Interbank loans receivables	8,816,134	22,454,811	–	31,270,945	4,371,540	35,642,485
Securities held under agreements to resell	21,931,098	22,580,867	25,196,725	69,708,690	–	69,708,690
Financial assets at FVOCI						
Government securities	1,526,582	3,542,452	119,142,990	124,212,024	160,386	124,372,410
Private debt securities	–	3,633,167	10,547,385	14,180,552	–	14,180,552
Quoted equity securities	–	–	170	170	1,049,025	1,049,195
Unquoted equity securities	–	–	–	–	24,929,335	24,929,335
Investment securities at amortized cost						
Government securities	476,340	7,029,234	96,971,058	104,476,632	56,750	104,533,382
Private debt securities	–	12,300,109	6,522,771	18,822,880	–	18,822,880
Financial assets at amortized cost						
Loans and receivables - Others [2/]	–	–	–	–	17,485,597	17,485,597

[1/] 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.
[2/] Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

	Parent Company					
	2024					
	Aaa to Aa3	**A1 to A3**	**Baa1 and below**	**Subtotal**	**Unrated**	**Total**
Due from BSP [1/]	**₱–**	**₱–**	**₱–**	**₱–**	**₱55,128,316**	**₱55,128,316**
Due from other banks	**331,819**	**7,775,537**	**285,567**	**8,392,923**	**3,090,030**	**11,482,953**
Interbank loans receivables	**1,735,350**	**17,814,043**	–	**19,549,393**	**1,738,365**	**21,287,758**
Securities held under agreements to resell	–	**12,581,872**	**12,355,747**	**24,937,619**	**78,588,740**	**103,526,359**
Financial assets at FVOCI						
Government securities	**1,336,741**	**2,933,248**	**135,683,158**	**139,953,147**	**27,576,421**	**167,529,568**
Private debt securities	**949,491**	**199,434**	**291,643**	**1,440,568**	**14,134,116**	**15,574,684**
Quoted equity securities	–	–	–	–	**2,657,550**	**2,657,550**
Unquoted equity securities	–	–	–	–	**25,508,532**	**25,508,532**
Investment securities at amortized cost						
Government securities	**55,707**	**805,453**	**81,099,109**	**81,960,269**	**14,475,124**	**96,435,393**
Private securities	**753,184**	**523,078**	**713,605**	**1,989,867**	**13,762,605**	**15,752,472**
Financial assets at amortized cost						
Loans and receivables - Others [2/]	**–**	**–**	**–**	**–**	**14,084,022**	**14,084,022**

[1/] 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.
[2/] Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

	Parent Company					
	2023					
	Aaa to Aa3	A1 to A3	Baa1 and below	Subtotal	Unrated	Total
Due from BSP [1/]	₱–	₱–	₱–	₱–	₱95,410,350	₱95,410,350
Due from other banks	1,228,363	10,349,227	1,268,254	12,845,844	790,653	13,636,497
Interbank loans receivables	6,619,013	22,454,811	–	29,073,824	4,371,540	33,445,364
Securities held under agreements to resell	21,931,098	22,580,867	25,196,725	69,708,690	–	69,708,690
Financial assets at FVOCI						
Government securities	1,223,772	3,542,452	119,315,550	124,081,774	–	124,081,774
Private debt securities	–	3,604,452	10,547,385	14,151,837	–	14,151,837
Quoted equity securities	–	–	–	–	974,025	974,025
Unquoted equity securities	–	–	–	–	24,929,335	24,929,335
Investment securities at amortized cost						
Government securities	6,379	7,029,234	96,971,058	104,006,671	56,749	104,063,420
Private securities	–	12,300,109	6,522,771	18,822,880	–	18,822,880
Financial assets at amortized cost						
Loans and receivables - Others [2/]	–	–	–	–	16,547,558	16,547,558

[1/] 'Due from BSP' is composed of interest-earning short-term placements with the BSP and a demand deposit account to support the regular operations of the Parent Company.
[2/] Loans and receivables - Others is composed of Accrued interest receivable, Accounts receivable, Sales contracts receivable and other miscellaneous receivables (Note 10).

4.3 Liquidity Risk and Funding Management

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they come due without incurring unacceptable losses or costs.

The Group's liquidity management involves maintaining funding capacity to accommodate fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital market conditions. The Parent Company seeks to ensure liquidity through a combination of active management of liabilities, a liquid asset portfolio composed substantially of deposits in primary and secondary reserves, and the securing of money market lines and the maintenance of repurchase facilities to address any unexpected liquidity situations.

Liquidity risk is monitored and controlled primarily by a gap analysis of maturities of relevant assets and liabilities reflected in the maximum cumulative outflow (MCO) report, as well as an analysis of available liquid assets. The MCO focuses on a 12-month period wherein the 12-month cumulative outflow is compared to the acceptable MCO limit set by the BOD. Furthermore, an internal liquidity ratio has been set to determine sufficiency of liquid assets over deposit liabilities.

Liquidity is monitored by the Parent Company on a daily basis through the Global Markets Group. Likewise, the ERMG monitors the static liquidity via the MCO under normal and stressed scenarios.

The table below shows the liquidity information of financial assets and financial liabilities which includes coupon cash flows categorized based on the expected date on which the asset will be realized and the liability will be settled. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date the assets will be realized.

	Consolidated					
	2024					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱20,638,033	₱–	₱–	₱–	₱–	₱20,638,033
Due from BSP and other banks	79,665,312	–	–	–	–	79,665,312
Interbank loans receivable	14,391,519	8,269,891	–	237,736	–	22,899,146
Securities held under agreements to resell	86,336,489	17,442,188	45,606	–	–	103,824,283
Financial assets at FVTPL:						
Government securities	6,019,858	37,152	327,922	3,428,645	10,851,259	20,664,836
Private debt securities	1,963	501,293	161,953	76	2,500	667,785
Equity securities	2,866	–	–	–	–	2,866
Derivative assets:						
Gross contractual receivable	63,016,118	17,487,420	4,695,516	1,177,732	718,884	87,095,670
Gross contractual payable	(62,348,904)	(17,225,028)	(4,630,933)	(1,148,725)	(657,203)	(86,010,793)
Financial assets at FVOCI:						
Government securities	45,163,800	23,772,893	3,594,679	27,001,776	96,698,783	196,231,931
Private debt securities	102,545	1,612,398	338,704	2,077,196	14,916,954	19,047,797
Equity securities	–	–	–	–	28,339,810	28,339,810
Investment securities at amortized cost						
Government securities	1,783,091	3,145,770	4,701,366	3,260,697	121,298,519	134,189,443
Private debt securities	5,935,265	159,585	640,783	4,501,535	7,708,861	18,946,029
Financial assets at amortized cost:						
Receivables from customers	129,354,666	112,113,503	39,252,192	36,802,831	485,624,853	803,148,045
Other receivables	12,220,461	1,254,881	432,752	65,212	818,003	14,791,309
Other assets	427,311	–	–	–	20,162	447,473
Total financial assets	₱402,710,393	₱168,571,946	₱49,560,540	₱77,404,711	₱766,341,385	₱1,464,588,975
Financial Liabilities						
Deposit liabilities:						
Demand	₱244,799,109	₱–	₱–	₱–	₱–	₱244,799,109
Savings *	392,374,872	–	–	–	–	392,374,872
Time and LTNCDs *	184,634,425	119,952,066	22,108,662	9,754,371	5,045,284	341,494,808
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual payable	30,063,432	17,447,332	12,617,891	1,356,393	–	61,485,048
Gross contractual receivable	(29,925,130)	(17,133,537)	(12,163,154)	(1,339,194)	–	(60,561,015)
Bills and acceptances payable	974,286	2,537,017	3,611,405	8,057,956	14,566	15,195,230
Bonds payable	–	–	–	–	21,573,430	21,573,430
Accrued interest payable and accrued other expenses payable	3,735,521	20,240	160,435	45,689	350	3,962,235
Other liabilities	11,510,963	–	–	–	1,626,812	13,137,775
Total financial liabilities	₱838,167,478	₱122,823,118	₱26,335,239	₱17,875,215	₱28,260,442	₱1,033,461,492

* *High-yield savings accounts are included under time deposits*

	Consolidated					
	2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱21,151,391	₱–	₱–	₱–	₱–	₱21,151,391
Due from BSP and other banks	120,467,205	–	–	–	–	120,467,205
Interbank loans receivable	28,531,370	5,489,107	967,360	1,023,160	–	36,010,997
Securities held under agreements to resell	69,812,071	–	–	–	–	69,812,071
Financial assets at FVTPL:						
Government securities	4,293,988	534,211	39,479	91,568	3,586,581	8,545,827
Private debt securities	–	29,925	18,982	994,562	662,057	1,705,526
Equity securities	2,771	–	–	–	–	2,771
Derivative assets:						
Gross contractual receivable	87,949,838	17,614,366	2,099,656	445,073	30,329	108,139,262
Gross contractual payable	(87,391,376)	(17,458,363)	(2,070,466)	(441,124)	(29,191)	(107,390,520)
Financial assets at FVOCI:						
Government securities	33,489,750	46,204,757	1,285,139	2,180,240	47,001,705	130,161,591
Private debt securities	938,132	1,112,484	1,987,338	2,370,435	9,479,822	15,888,211
Equity securities	1,411,318	–	–	–	24,567,213	25,978,531
Investment securities at amortized cost						
Government securities	6,209,327	4,081,976	5,719,142	4,000,317	124,961,338	144,972,100
Private debt securities	1,347,263	3,824,893	1,334,269	1,704,803	27,484,727	35,695,955
Financial assets at amortized cost:						
Receivables from customers	149,406,393	61,186,611	28,126,108	23,386,574	510,204,415	772,310,101
Other receivables	14,812,784	665,550	387,899	242,420	1,376,947	17,485,600
Other assets	383,478	–	–	–	18,779	402,257
Total financial assets	₱452,815,703	₱123,285,517	₱39,894,906	₱35,998,028	₱749,344,722	₱1,401,338,876
Financial Liabilities						
Deposit liabilities:						
Demand	₱229,771,379	₱–	₱–	₱–	₱–	₱229,771,379
Savings *	367,397,521	–	–	–	–	367,397,521
Time and LTNCDs *	190,633,688	98,114,877	16,667,382	19,935,772	14,354,806	339,706,525
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual payable	53,574,196	7,507,070	3,406,282	673,361	–	65,160,909
Gross contractual receivable	(53,334,823)	(7,274,163)	(3,340,990)	(657,783)	–	(64,607,759)
Bills and acceptances payable	6,019,964	10,282,130	2,290,375	503,601	1,139,259	20,235,329
Bonds payable	–	15,134	–	42,762,166	–	42,777,300
Accrued interest payable and accrued other expenses payable	4,683,312	54,751	217,492	113,428	479,288	5,548,271
Other liabilities	8,054,665	2,755	–	76,930	1,215,351	9,349,701
Total financial liabilities	₱806,799,902	₱108,702,554	₱19,240,541	₱63,407,475	₱17,188,704	₱1,015,339,176

* *High-yield savings accounts are included under time deposits*

	Parent Company					
	2024					
	Up to 1 Month	**More than 1 Month to 3 Months**	**More than 3 Months to 6 Months**	**More than 6 Months to 1 Year**	**Beyond 1 year**	**Total**
Financial Assets						
COCI	**₱20,522,258**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20,522,258**
Due from BSP and other banks	**68,407,714**	**–**	**–**	**–**	**–**	**68,407,714**
Interbank loans receivable	**13,799,929**	**7,577,478**	**–**	**–**	**–**	**21,377,407**
Securities held under agreements to resell	**86,350,640**	**17,442,188**	**–**	**–**	**–**	**103,792,828**
Financial assets at FVTPL:						
Government securities	**6,019,858**	**37,152**	**327,922**	**3,428,645**	**10,851,259**	**20,664,836**
Private debt securities	**1,963**	**499,831**	**12,266**	**76**	**2,500**	**516,636**
Equity securities	**–**	**–**	**–**	**–**	**–**	**–**
Derivative assets:						
Gross contractual receivable	**63,016,045**	**17,487,373**	**4,694,825**	**1,177,732**	**718,884**	**87,094,859**
Gross contractual payable	**(62,348,904)**	**(17,225,028)**	**(4,630,933)**	**(1,148,725)**	**(657,203)**	**(86,010,793)**
Financial assets at FVOCI:						
Government securities	**45,163,800**	**23,766,870**	**3,429,917**	**26,993,976**	**96,344,183**	**195,698,746**
Private debt securities	**102,545**	**1,612,346**	**338,651**	**2,077,081**	**14,912,826**	**19,043,449**
Equity securities		**–**	**–**	**–**	**28,166,082**	**28,166,082**
Investment securities at amortized cost:						
Government securities	**1,783,091**	**3,145,770**	**4,673,697**	**3,260,697**	**120,933,945**	**133,797,200**
Private debt securities	**5,935,265**	**159,585**	**640,783**	**4,501,535**	**7,708,861**	**18,946,029**

(Forward)

	Parent Company					
	2024					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial assets at amortized cost:						
Receivables from customers	**₱125,410,180**	**₱108,111,242**	**₱37,907,583**	**₱35,037,355**	**₱482,137,644**	**₱788,604,004**
Other receivables	**11,618,507**	**1,212,223**	**423,072**	**16,772**	**813,447**	**14,084,021**
Other assets	**426,650**	**–**	**–**	**–**	**500**	**427,150**
Total financial assets	**₱386,209,541**	**₱163,827,030**	**₱47,817,783**	**₱75,345,144**	**₱761,932,928**	**₱1,435,132,426**
Financial Liabilities						
Deposit liabilities:						
Demand	**₱244,265,623**	**₱–**	**₱–**	**₱–**	**₱–**	**₱244,265,623**
Savings *	**391,145,423**	**–**	**–**	**–**	**–**	**391,145,423**
Time and LTNCDs *	**183,443,376**	**117,002,007**	**18,847,934**	**9,272,776**	**4,988,759**	**333,554,852**
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual receivable	**30,062,057**	**17,446,351**	**12,617,887**	**1,356,393**	**–**	**61,482,688**
Gross contractual payable	**(29,925,130)**	**(17,133,537)**	**(12,163,154)**	**(1,339,176)**	**–**	**(60,560,997)**
Bills and acceptances payable	**974,286**	**2,537,017**	**3,611,405**	**8,057,956**	**14,565**	**15,195,229**
Bonds payable	**–**	**–**	**–**	**–**	**21,573,430**	**21,573,430**
Accrued interest payable and accrued other expenses payable	**3,741,442**	**11,470**	**160,435**	**–**	**–**	**3,913,347**
Other liabilities	**10,854,712**	**–**	**–**	**–**	**1,626,812**	**12,481,524**
Total financial liabilities	**₱834,561,789**	**₱119,863,308**	**₱23,074,507**	**₱17,347,949**	**₱28,203,566**	**₱1,023,051,119**

* *High-yield savings accounts are included under time deposits*

	Parent Company					
	2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets						
COCI	₱21,052,526	₱–	₱–	₱–	₱–	₱21,052,526
Due from BSP and other banks	109,049,601	–	–	–	–	109,049,601
Interbank loans receivable	27,292,838	4,711,253	733,840	1,023,160	–	33,761,091
Securities held under agreements to resell	69,812,071	–	–	–	–	69,812,071
Financial assets at FVTPL:						
Government securities	4,293,988	534,211	39,479	91,568	3,586,581	8,545,827
Private debt securities	–	28,463	17,295	991,188	509,839	1,546,785
Equity securities	–	–	–	–	–	–
Derivative assets:						
Gross contractual receivable	87,949,731	17,611,825	2,097,320	445,073	30,329	108,134,278
Gross contractual payable	(87,391,376)	(17,458,363)	(2,070,466)	(441,124)	(29,191)	(107,390,520)
Financial assets at FVOCI:						
Government securities	33,489,750	46,204,757	1,195,094	2,094,355	46,631,505	129,615,461
Private debt securities	938,132	1,112,051	1,986,905	2,369,485	9,443,984	15,850,557
Equity securities	1,336,148	–	–	–	24,567,213	25,903,361
Investment securities at amortized cost:						
Government securities	6,172,842	4,010,826	5,708,076	3,972,550	124,620,081	144,484,375
Private debt securities	1,347,262	3,824,893	1,334,269	1,704,803	27,484,727	35,695,954
Financial assets at amortized cost:						
Receivables from customers	145,196,835	57,624,975	27,195,621	21,636,212	506,344,765	757,998,408
Other receivables	14,282,566	649,818	2,968	240,464	1,371,742	16,547,558
Other assets	382,847	–	–	–	500	383,347
Total financial assets	₱435,205,761	₱118,854,709	₱38,240,401	₱34,127,734	₱744,562,075	₱1,370,990,680
Financial Liabilities						
Deposit liabilities:						
Demand	₱229,138,969	₱–	₱–	₱–	₱–	₱229,138,969
Savings *	366,321,763	–	–	–	–	366,321,763
Time and LTNCDs *	190,347,584	94,660,837	13,823,464	19,360,573	14,335,168	332,527,626

(Forward)

	Parent Company					
	2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial liabilities at FVTPL:						
Derivative liabilities:						
Gross contractual receivable	₱53,574,196	₱7,507,070	₱3,406,282	₱673,361	₱–	₱65,160,909
Gross contractual payable	(53,334,823)	(7,274,163)	(3,340,990)	(657,765)	–	(64,607,741)
Bills and acceptances payable	6,019,964	10,282,130	2,290,375	503,601	1,139,258	20,235,328
Bonds payable	–	15,134	–	42,762,166	–	42,777,300
Accrued interest payable and accrued other expenses payable	4,689,505	21,230	46,193	44,728	478,314	5,279,970
Other liabilities	7,366,066	2,756	–	76,930	1,215,351	8,661,103
Total financial liabilities	₱804,123,224	₱105,214,994	₱16,225,324	₱62,763,594	₱17,168,091	₱1,005,495,227

** High-yield savings accounts are included under time deposits*

4.3.1 BSP Reporting for Liquidity Positions and Leverage

To promote short-term resilience of banks' liquidity risk profile, BSP requires banks and other regulated entities to maintain:

- over a 30-calendar day horizon, an adequate level of unencumbered high-quality liquid assets (HQLA) that consist of cash or assets that can be converted into cash to offset the net cash outflows they could encounter under a liquidity stress scenario; and
- a stable funding profile in relation to the composition of their assets and off-balance sheet activities.

To monitor the liquidity levels, the Group computes for its Liquidity Coverage Ratio (LCR), which is the ratio of HQLA to the total net cash outflows. As of December 31, 2024 and 2023, LCR reported to the BSP with certain adjustments is shown in the table below:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
LCR	**254.46%**	271.54%	**244.55%**	295.74%

The Group also computes for its Net Stable Funding Ratio (NSFR), which is the ratio of the available stable funding to the required stable funding. Both LCR and NSFR should be maintained no lower than 100.00% on a daily basis under normal situations. As of December 31, 2024 and 2023, NSFR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Available stable funding	**₱955,109**	₱894,199	**₱943,044**	₱884,747
Required stable funding	**598,326**	595,019	**600,847**	597,380
NSFR	**159.63%**	150.28%	**156.95%**	148.10%

4.4 Market Risk

Market risk is the risk to earnings or capital arising from adverse movements in factors that affect the market value of instruments, products, and transactions in an institutions' overall portfolio. Market risk arises from market making, dealing, and position taking in interest rate, foreign exchange and equity markets. The succeeding sections provide discussion on the impact of market risk on the Parent Company's trading and structural portfolios.

4.4.1 Trading Market Risk

Trading market risk exists in the Parent Company as the values of its trading positions are sensitive to changes in market rates such as interest rates, foreign exchange rates and equity prices. The Parent Company is exposed to trading market risk in the course of market making as well as from taking advantage of market opportunities. For internal monitoring of the risks in the trading portfolio, the Parent Company uses the Value at Risk (VaR) as a primary risk measurement tool. It adopts both the Parametric VaR methodology and Historical Simulation Methodology (with 99.00% confidence level) to measure the Parent Company's trading market risk. Both the Parametric models and Historical Simulation models were validated. Volatilities used in the parametric are updated on a daily basis and are based on historical data for a rolling 400-day period while yields and prices in the historical VaR approach are also updated daily. The ERMG reports the VaR utilization and breaches to limits to the risk taking personnel on a daily basis and to the ALCO and ROC on a monthly basis. All risk reports discussed in the ROC meeting are noted by the BOD. The VaR figures are back tested to validate the robustness of the VaR model. Results of backtesting on a rolling one year period are reported also to the ROC.

The parametric VaR models are designed to measure market risk in a normal market environment. The models assume that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution. The use of VaR has limitations because it is based on historical volatilities in market prices and assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market movements may be under-estimated if changes in risk factors fail to align with historical movements. VaR may also be under- or over- estimated due to the assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, the VaR only represents the risk of the portfolios at the close of each business day, and it does not account for any losses that may occur beyond the 99.00% confidence level.

VaR estimates the potential loss on the current portfolio assuming a specified time horizon and level of confidence at 99.00%. The use of a 99.00% confidence level means that, within a one day horizon, losses exceeding the VaR figure should occur, on average, not more than once every one hundred days.

The validity of the assumptions underlying the Parent Company's VaR models can only be checked by appropriate backtesting procedures. Backtesting is a formal statistical framework that consists of verifying that actual losses are within the projected VaR approximations. The Parent Company adopts both the clean backtesting and dirty backtesting approaches approach in backtesting. Clean backtesting, consists of comparing the VaR estimates with some hypothetical profit or loss (P&L) values of the portfolio, having kept its composition unchanged. In this case, the same portfolio is repriced or marked-to-market at the end of the time interval and the hypothetical P&L is then compared with the VaR. The other method, called dirty backtesting, consists of comparing the VaR estimates with the actual P&L values at the end of the time horizon. This method, however, may pose a problem if the portfolio has changed drastically because of trading activities between the beginning and the end of the time horizon since VaR models assume that the portfolio is "frozen" over the horizon. The Parent Company uses the regulatory 3-zone (green, yellow and red) boundaries in evaluating the backtesting results.

The VaR models undergo close monitoring and regular review of the model's parameters and assumptions to determine model quality.

To complement the VaR approximations, the Parent Company conducts stress testing on a quarterly basis, the results of which are being reported to the BOD. Scenarios used in the conduct of stress test are event driven and represent the worst one-off event of a specific risk factor. Results of stress testing are analyzed in terms of the impact to earnings and capital.

Since VaR is an integral part of the Parent Company's market risk management, VaR limits have been established annually for all financial trading activities and exposures. Calculated VaR compared against the VaR limits are monitored. Limits are based on the tolerable risk appetite of the Parent Company.

The tables below show the trading VaR (in millions):

Trading Portfolio	**Foreign Exchange***	**Interest Rate**	**Equities Price**	**Total VaR****
December 29, 2024	**₱15.74**	**₱239.88**	**₱–**	**₱255.63**
Average Daily	**8.45**	**171.61**	–	**180.06**
Highest	**24.10**	**425.89**	–	**443.69**
Lowest	**1.31**	**70.83**	–	**73.49**

* *FX VaR is the bankwide foreign exchange risk*

** *The high and low for the total portfolio may not equal the sum of the individual components as the highs and lows of the individual trading portfolios may have occurred on different trading days*

Trading Portfolio	Foreign Exchange*	Interest Rate	Equities Price	Total VaR**
December 29, 2023	₱3.99	₱86.63	₱–	₱90.62
Average Daily	9.26	133.08	–	142.34
Highest	33.27	313.88	–	320.92
Lowest	1.78	62.67	–	67.76

* *FX VaR is the bankwide foreign exchange risk*

** *The high and low for the total portfolio may not equal the sum of the individual components as the highs and lows of the individual trading portfolios may have occurred on different trading days*

4.4.2 Non-Trading Market Risk

Interest rate risk

The Group seeks to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. Interest margins may increase as a result of such changes but may be reduced or may create losses in the event that unexpected movements arise.

Repricing mismatches will expose the Group to interest rate risk. The Group measures the sensitivity of its assets and liabilities to interest rate fluctuations by way of a "repricing gap" analysis using the repricing characteristics of its financial instrument positions tempered with approved assumptions. To evaluate earnings exposure, interest rate sensitive liabilities in each time band are subtracted from the corresponding interest rate assets to produce a "repricing gap" for that time band. The difference in the amount of assets and liabilities maturing or being repriced over a one year period would then give the Group an indication of the extent to which it is exposed to the risk of potential changes in net interest income. A negative gap occurs when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. Vice versa, positive gap occurs when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities.

During a period of rising interest rates, a company with a positive gap is better positioned because the company's assets are refinanced at increasingly higher interest rates increasing the net interest margin of the company over time. During a period of falling interest rates, a company with a positive gap would show assets repricing at a faster rate than one with a negative gap, which may restrain the growth of its net income or result in a decline in net interest income.

For risk management purposes, the loan accounts are assessed based on next repricing date, thus as an example, if a loan account is scheduled to reprice three years from year-end report date, slotting of the account will be based on the date of interest repricing. Deposits with no specific maturity dates are excluded in the one-year repricing gap except for the portion of volatile regular savings deposits which are assumed to be withdrawn during the one year period and assumed to be replaced by a higher deposit rate.

The Group uses the Earnings at Risk (EaR) methodology to measure the likely interest margin compression in case of adverse change in interest rates given the Group's repricing gap. The repricing gap covering the one-year period is multiplied by an assumed change in interest rates to yield an approximation of the change in net interest income that would result from such an interest rate movement. The Parent Company's BOD sets a limit on the level of EaR exposure tolerable to the Group. EaR exposure and compliance to the EaR limit is monitored every two weeks and reported monthly by the ERMG and subject to a quarterly stress test.

The following table sets forth the repricing gap position of the Group and the Parent Company:

	Consolidated					
	2024					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱38,455,828	₱7,681,906	₱3,454,493	₱4,415,792	₱21,304,191	₱75,312,210
Interbank loans receivable and securities held under agreements to resell	108,224,491	17,800,638	–	242,184	–	126,267,313
Receivables from customers and other receivables - gross**	157,138,553	68,585,452	21,366,921	61,472,690	104,245,092	412,808,708
Total financial assets	₱303,818,872	₱94,067,996	₱24,821,414	₱66,130,666	₱125,549,283	₱614,388,231
Financial Liabilities*						
Deposit liabilities:						
Savings	₱158,681,470	₱72,692,839	₱27,724,999	₱51,339,044	₱264,897,175	₱575,335,527
Time***	82,979,912	40,903,297	6,699,749	5,023,468	11,762,306	147,368,732
Bonds payable	–	–	–	–	17,304,421	17,304,421
Bills and acceptances payable	7,869,449	2,324,009	2,295,405	7,719,588	–	20,208,451
Total financial liabilities	₱249,530,831	₱115,920,145	₱36,720,153	₱64,082,100	₱293,963,902	₱760,217,131
Repricing gap	₱54,288,041	(₱21,852,149)	(₱11,898,739)	₱2,048,566	(₱168,414,619)	(₱145,828,900)
Cumulative gap	54,288,041	32,435,892	20,537,153	22,585,719	(145,828,900)	

* *Financial instruments that are not subject to repricing/rollforward were excluded*
** *Receivables from customers excludes residual value of leased assets (Note 10)*
***Excludes LTNCD*

	Consolidated					
	2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱58,150,792	₱9,072,894	₱3,369,531	₱8,901,479	₱37,159,510	₱116,654,206
Interbank loans receivable and securities held under agreements to resell	98,092,798	5,439,375	733,899	1,062,906	–	105,328,978
Receivables from customers and other receivables - gross**	161,955,806	49,845,326	28,901,960	39,616,354	104,403,594	384,723,040
Total financial assets	₱318,199,396	₱64,357,595	₱33,005,390	₱49,580,739	₱141,563,104	₱606,706,224
Financial Liabilities*						
Deposit liabilities:						
Savings	₱158,675,307	₱56,242,019	₱27,795,826	₱49,149,862	₱249,146,435	₱541,009,449
Time***	81,037,001	40,011,529	6,280,461	5,894,523	12,528,547	145,752,061
Bonds payable	–	–	–	41,490,871	–	41,490,871
Bills and acceptances payable	10,303,062	5,296,850	1,746,803	185,016	2,630,872	20,162,603
Total financial liabilities	₱250,015,370	₱101,550,398	₱35,823,090	₱96,720,272	₱264,305,854	₱748,414,984
Repricing gap	₱68,184,026	(₱37,192,803)	(₱2,817,700)	(₱47,139,533)	(₱122,742,750)	(₱141,708,760)
Cumulative gap	68,184,026	30,991,223	28,173,523	(18,966,010)	(141,708,760)	

* *Financial instruments that are not subject to repricing/rollforward were excluded*
** *Receivables from customers excludes residual value of leased assets (Note 10)*
***Excludes LTNCD*

	Parent Company					
	2024					
	Up to 1 Month	**More than 1 Month to 3 Months**	**More than 3 Months to 6 Months**	**More than 6 Months to 1 Year**	**Beyond 1 year**	**Total**
Financial Assets*						
Due from BSP and other banks	**₱33,464,849**	**₱5,593,770**	**₱1,899,764**	**₱4,386,159**	**₱21,261,952**	**₱66,606,494**
Interbank loans receivable and securities held under repurchase agreement	**107,900,848**	**16,861,438**	**–**	**–**	**–**	**124,762,286**
Receivable from customers and other receivables - gross**	**157,138,553**	**68,585,452**	**21,366,921**	**61,472,689**	**104,245,092**	**412,808,708**
Total financial assets	**₱298,504,250**	**₱91,040,660**	**₱23,266,685**	**₱65,858,848**	**₱125,507,044**	**₱604,177,487**
Financial Liabilities*						
Deposit liabilities:						
Savings	**₱158,530,209**	**₱72,580,213**	**₱27,612,373**	**₱51,165,635**	**₱264,350,130**	**₱574,238,560**
Time***	**87,650,002**	**40,764,217**	**6,585,830**	**4,955,855**	**4,186,727**	**144,142,631**
Bonds payable	**–**	**–**	**–**	**–**	**17,304,421**	**17,304,421**
Bills and acceptances payable	**7,869,449**	**2,324,009**	**2,295,405**	**7,719,588**	**–**	**20,208,451**
Total financial liabilities	**₱254,049,660**	**₱115,668,439**	**₱36,493,608**	**₱63,841,077**	**₱285,841,278**	**₱755,894,062**
Repricing gap	**₱44,454,590**	**(₱24,627,779)**	**(₱13,226,923)**	**(₱2,017,771)**	**(₱160,334,234)**	**(₱151,716,575)**
Cumulative gap	**44,454,590**	**19,826,811**	**6,599,888**	**8,617,659**	**(151,716,575)**	

* *Financial instruments that are not subject to repricing/rollforward were excluded.*
** *Receivable from customers excludes residual value of leased assets (Note 10).*
***Excludes LTNCD.*

	Parent Company					
	2023					
	Up to 1 Month	More than 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	Beyond 1 year	Total
Financial Assets*						
Due from BSP and other banks	₱53,163,321	₱8,466,394	₱3,186,263	₱7,166,464	₱37,054,532	₱109,036,974
Interbank loans receivable and securities held under repurchase agreement	96,853,751	4,713,657	733,899	830,550	–	103,131,857
Receivable from customers and other receivables - gross**	161,955,806	49,845,326	28,901,960	39,616,354	104,403,594	384,723,040
Total financial assets	₱311,972,878	₱63,025,377	₱32,822,122	₱47,613,368	₱141,458,126	₱596,891,871
Financial Liabilities*						
Deposit liabilities:						
Savings	₱158,566,530	₱56,141,908	₱27,695,715	₱48,995,714	₱248,663,704	₱540,063,571
Time***	85,305,839	39,796,870	6,226,047	5,871,308	4,570,860	141,770,924
Bonds payable	–	–	–	41,490,871	–	41,490,871
Bills and acceptances payable	10,109,071	5,266,998	1,738,607	–	3,047,927	20,162,603
Total financial liabilities	₱253,981,440	₱101,205,776	₱35,660,369	₱96,357,893	₱256,282,491	₱743,487,969
Repricing gap	₱57,991,438	(₱38,180,399)	(₱2,838,247)	(₱48,744,525)	(₱114,824,365)	(₱146,596,098)
Cumulative gap	57,991,438	19,811,039	16,972,792	(31,771,733)	(146,596,098)	

* *Financial instruments that are not subject to repricing/rollforward were excluded*
** *Receivables from customers excludes residual value of leased assets (Note 10)*
****Excludes LTNCD*

The following table sets forth, for the year indicated, the impact of changes in interest rates on the Group's and the Parent Company's repricing gap for the years ended December 31, 2024 and 2023:

	Consolidated			
	2024		2023	
	Statement of Income	**Equity**	Statement of Income	Equity
+50bps	**₱135,755**	**₱135,755**	₱119,977	₱119,977
-50bps	**(135,755)**	**(135,755)**	(119,977)	(119,977)
+100bps	**271,509**	**271,509**	239,954	239,954
-100bps	**(271,509)**	**(271,509)**	(239,954)	(239,954)

	Parent Company			
	2024		2023	
	Statement of Income	**Equity**	Statement of Income	Equity
+50bps	**₱73,918**	**₱73,918**	₱66,058	₱66,058
-50bps	**(73,918)**	**(73,918)**	(66,058)	(66,058)
+100bps	**147,837**	**147,837**	132,116	132,116
-100bps	**(147,837)**	**(147,837)**	(132,116)	(132,116)

In addition to EaR, the Parent Company also employs economic value-based measures that assess the present value of the expected net cash flows of assets and liabilities, particularly those that are interest-bearing, discounted to reflect market rates. At the same time that fluctuations in interest rates will affect the Parent Company's earnings, these will also have an impact on its net worth or capital position. In coming up with present values, the relevant risk-free rate shall be used to formulate discount factors. Resulting weighted net positions across tenors are aggregated to determine the Economic Value of Equity (EVE) per book and per major currency under different shock scenarios.

Delta EVE is the difference between the total net present value of expected asset and liability cash flows when discounted at prevailing market rates and when discounted against shocked interest rates. Delta EVE is computed based on several interest rate shock scenarios (e.g. parallel up, parallel down, short rates up, short rates down, steepening rates, flattening rates). The scenario with the most

negative Delta EVE, pertaining to the highest decline in net present value, is compared to the medium to long-term Delta EVE trigger, which corresponds to a percentage of the Parent Company's Common Equity Tier 1 (CET1) capital.

The maximum negative Delta EVE capital coming from the steepening rates scenario is at ₱10.5 billion or 7.85% of CET1 and ₱6.2 billion or 5.43% of CET1, as of December 31, 2024 and December 31, 2023, respectively.

As of December 31, 2024, the maximum negative Delta EVE is at ₱10.5 billion or 7.85% of CET1 capital coming from the parallel up rates scenario.

Foreign currency risk
Foreign exchange is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financials and cash flows.

Foreign currency liabilities generally consist of foreign currency deposits in the Parent Company's FCDU books, accounts made in the Philippines or which are generated from remittances to the Philippines by Filipino expatriates and overseas Filipino workers who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Parent Company and foreign currency-denominated borrowings appearing in the regular books of the Parent Company.

Foreign currency deposits are generally used to fund the Parent Company's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency liabilities with the foreign currency assets held through FCDUs. In addition, the BSP requires a 30.00% liquidity eligible reserve on all foreign currency liabilities held through FCDUs. Outside the FCDU, the Parent Company has additional foreign currency assets and liabilities in its foreign branch network.

The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for a financial institution engaged in the type of business in which the Group is involved.

The table below summarizes the exposure to foreign exchange rate risk excluding those under the FCDU, categorized by currency (amounts in Philippine peso equivalent).

	Consolidated					
	2024			2023		
	USD	**Others***	**Total**	USD	Others*	Total
Assets						
COCI and due from BSP	**₱116,927**	**₱823,342**	**₱940,269**	₱119,469	₱425,096	₱544,565
Due from other banks	**11,386,859**	**4,193,010**	**15,579,869**	11,638,822	3,863,354	15,502,176
Interbank loans receivable and securities held under agreements to resell	**1,993,708**	**3,683,161**	**5,676,869**	15,134,491	4,827,144	19,961,635
Loans and receivables	**18,941,355**	**11,721,952**	**30,663,307**	26,835,528	11,551,544	38,387,072
Financial assets at FVTPL	**812**	**–**	**812**	5,029	–	5,029
Financial assets at FVOCI	**975,132**	**1,579,942**	**2,555,074**	866,362	732,743	1,599,105
Investment securities at amortized cost	**381,987**	**621,679**	**1,003,666**	476,337	624,203	1,100,540
Other assets	**13,371,776**	**963,598**	**14,335,374**	11,779,548	1,030,816	12,810,364
Total assets	**47,168,556**	**23,586,684**	**70,755,240**	66,855,586	23,054,900	89,910,486
Liabilities						
Deposit liabilities	**₱8,740,905**	**₱8,643,238**	**₱17,384,143**	₱8,849,451	₱8,963,600	₱17,813,051
Derivative liabilities	**2,413**	**–**	**2,413**	1	–	1
Bills and acceptances payable	**8,221,706**	**79,267**	**8,300,973**	10,510,491	–	10,510,491
Accrued interest payable	**41,372**	**1,580**	**42,952**	86,808	21,671	108,479
Other liabilities	**7,719,166**	**2,301,882**	**10,021,048**	9,378,454	2,494,000	11,872,454
Total liabilities	**24,725,562**	**11,025,967**	**35,751,529**	28,825,205	11,479,271	40,304,476
Net Exposure	**₱22,442,994**	**₱12,560,717**	**₱35,003,711**	₱38,030,381	₱11,575,629	₱49,606,010

**Other currencies pertain to third currencies*

	Parent Company					
	2024			2023		
	USD	**Others***	**Total**	USD	Others*	Total
Assets						
COCI and due from BSP	**₱52,070**	**₱246,546**	**₱298,616**	₱51,226	₱167,776	₱219,002
Due from other banks	**5,738,354**	**923,894**	**6,662,248**	6,136,432	1,144,815	7,281,247
Interbank loans receivable and securities held under agreements to resell	**1,594,955**	**2,573,865**	**4,168,820**	14,362,997	3,348,733	17,711,730
Loans and receivables	**16,779,768**	**22,100**	**16,801,868**	24,700,030	24,636	24,724,666
Financial assets at FVTPL	**–**	**–**		44	–	44
Financial assets at FVOCI	**975,132**	**1,415,646**	**2,390,778**	866,362	572,357	1,438,719
Investment securities at amortized cost	**–**	**621,679**	**621,679**	6,376	624,203	630,579
Other assets	**13,364,004**	**–**	**13,364,004**	11,745,510	–	11,745,510
Total assets	**38,504,283**	**5,803,730**	**44,308,013**	57,868,977	5,882,520	63,751,497
Liabilities						
Deposit liabilities	**2,404,861**	**5,314,275**	**7,719,136**	2,275,877	5,538,066	7,813,943
Derivative liabilities	**53**	**–**	**53**	1	–	1
Bills and acceptances payable	**8,221,706**	**79,267**	**8,300,973**	10,510,491	–	10,510,491
Accrued interest payable	**41,372**	**1,580**	**42,952**	54,986	1,499	56,485
Other liabilities	**7,309,695**	**1,877,022**	**9,186,717**	9,036,932	1,996,722	11,033,654
Total liabilities	**17,977,687**	**7,272,144**	**25,249,831**	21,878,287	7,536,287	29,414,574
Net Exposure	**₱20,526,596**	**(₱1,468,414)**	**₱19,058,182**	₱35,990,690	(₱1,653,767)	₱34,336,923

* *Other currencies pertain to third currencies*

The exchange rates used to convert the Group and the Parent Company's US dollar-denominated assets and liabilities into Philippine peso were ₱57.85 to USD1.00 as of December 31, 2024 and ₱55.37 to USD1.00 as of December 31, 2023. The following tables set forth the impact of the range of reasonably possible changes in the USD:PHP exchange rate on the Group and the Parent Company's income before income tax and equity which includes the impact on the income (due to the revaluation of monetary assets and liabilities) for the years ended December 31, 2024 and 2023:

	2024			
	Consolidated		**Parent Company**	
	Statement of Income	**Equity**	**Statement of Income**	**Equity**
+1.00%	**₱215,387**	**(₱225,138)**	**₱195,515**	**(₱205,266)**
-1.00%	**(215,387)**	**225,138**	**(195,515)**	**205,266**

	2023			
	Consolidated		Parent Company	
	Statement of Income	Equity	Statement of Income	Equity
+1.00%	₱371,640	(₱380,304)	₱351,243	(₱359,907)
-1.00%	(371,640)	380,304	(351,243)	359,907

The Group and the Parent Company do not expect the impact of the volatility on other currencies to be material.

5. Fair Value Measurement

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

Assets and Liabilities	Fair value methodologies
Cash equivalents	At carrying amounts due to their relatively short-term maturity
Derivatives	Based on either: • quoted market prices; • prices provided by independent parties; or • prices derived using acceptable valuation models
Debt securities	For quoted securities – based on market prices from debt exchanges For unquoted securities [1] – estimated using either: • quoted market prices of comparable investments; or • discounted cash flow methodology
Equity securities	For quoted securities – based on market prices from stock exchanges For unquoted securities – estimated using either: • quoted market prices of comparable investments [2]; or • adjusted net asset value method [3] and applying a discount for lack of marketability
Loans and receivables	For loans with fixed interest rates – estimated using the discounted cash flow methodology [4] For loans with floating interest rates – at their carrying amounts
Investment properties	Appraisal by independent external and in-house appraisers based on highest and best use of the property (i.e., current use of the properties) [5] using either: • market data approach [6]; or • replacement cost approach [7]
Short-term financial liabilities	At carrying amounts due to their relatively short-term maturity
Long-term financial liabilities	For quoted debt issuances – based on market prices from debt exchanges For unquoted debt issuances – estimated using the discounted cash flow methodology [8]

Notes:

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

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

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

[4] *using the current incremental lending rates for similar loans*

[5] *considering other factors such as size, shape and location of the properties, price per square meter, reproduction costs new, time element, discount, among others*

[6] *using recent sales of similar properties within the same vicinity and considering the economic conditions prevailing at the time of the valuations and comparability of similar properties sold*

[7] *estimating the investment required to duplicate the property in its present condition*

[8] *using the current incremental borrowing rates for similar borrowings*

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

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

The Group and the Parent Company held the following assets and liabilities measured at fair value, and at cost but for which fair values are disclosed:

	Consolidated				
	2024				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱16,181,821	₱9,280,986	₱6,900,835	₱–	₱16,181,821
Private debt securities	649,191	646,996	2,195	–	649,191
Derivative assets	1,087,107	–	1,087,107	–	1,087,107
Equity securities	2,866	2,866	–	–	2,866
Financial assets at FVOCI:					
Government securities	167,824,773	84,332,614	83,492,159	–	167,824,773
Equity securities	28,339,810	2,390,053	671,154	25,278,603	28,339,810
Private debt securities	15,578,200	8,144,021	7,434,179	–	15,578,200
	₱229,663,768	₱104,797,536	₱99,587,629	₱25,278,603	₱229,663,768
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱924,053	₱–	₱924,053	₱–	₱924,053
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱112,422,382	₱44,626,557	₱67,159,150	₱–	₱111,785,707
Receivables from customers**	626,089,235	–	–	657,189,212	657,189,212
	₱738,511,617	₱44,626,557	₱67,159,150	₱657,189,212	₱768,974,919
Nonfinancial Assets					
Investment property:					
Land***	₱12,656,948	₱–	₱–	₱30,731,999	₱30,731,999
Buildings and improvements***	3,307,319	–	–	5,820,255	5,820,255
	₱15,964,267	₱–	₱–	₱36,552,254	₱36,552,254
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱147,368,732	₱–	₱–	₱147,177,687	₱147,177,687
LTNCDs	4,598,770	–	4,541,491	–	4,541,491
Bonds payable	17,304,421	–	17,001,745	–	17,001,745
Bills payable	14,152,442	–	–	14,152,442	14,152,442
	₱183,424,365	₱–	₱21,543,236	₱161,330,129	₱182,873,365

* *Net of expected credit losses (Note 9)*
** *Net of expected credit losses and unearned and other deferred income (Note 10)*
*** *Net of impairment losses (Note 13)*

	Consolidated				
	2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱8,174,405	₱2,633,602	₱5,540,803	₱–	₱8,174,405
Private debt securities	1,590,489	914,210	676,279	–	1,590,489
Derivative assets	749,199	–	749,199	–	749,199
Equity securities	2,771	2,771	–	–	2,771
Financial assets at FVOCI:					
Government securities	124,372,410	46,682,566	77,689,844	–	124,372,410
Equity securities	25,978,530	200,709	1,014,081	24,763,740	25,978,530
Private debt securities	14,180,552	6,944,140	7,236,412	–	14,180,552
	₱175,048,356	₱57,377,998	₱92,906,618	₱24,763,740	₱175,048,356
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱555,811	₱–	₱555,811	₱–	₱555,811
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost:					
Investment securities at amortized cost*	₱123,200,427	₱24,840,676	₱98,730,596	₱–	₱123,571,272
Receivables from customers**	604,188,788	–	–	623,817,129	623,817,129
	₱727,389,215	₱24,840,676	₱98,730,596	₱623,817,129	₱747,388,401
Nonfinancial Assets					
Investment property:					
Land***	₱12,359,795	₱–	₱–	₱26,228,453	₱26,228,453
Buildings and improvements***	2,219,763	–	–	7,975,404	7,975,404
	₱14,579,558	₱–	₱–	₱34,203,857	₱34,203,857
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱145,752,061	₱–	₱–	₱145,538,240	₱145,538,240
LTNCDs	12,803,543	–	12,586,489	–	12,586,489
Bonds payable	41,490,871	–	40,625,938	–	40,625,938
Bills payable	10,607,626	–	–	10,559,411	10,559,411
	₱210,654,101	₱–	₱53,212,427	₱156,097,651	₱209,310,078

* *Net of expected credit losses (Note 9)*
** *Net of expected credit losses and unearned and other deferred income (Note 10)*
*** *Net of impairment losses (Note 13)*

	Parent Company				
	2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	**₱16,181,821**	**₱9,280,986**	**₱6,900,835**	**₱–**	**₱16,181,821**
Private debt securities	**502,026**	**499,831**	**2,195**	**–**	**502,026**
Derivative assets	**1,086,295**	**–**	**1,086,295**	**–**	**1,086,295**
Financial assets at FVOCI:					
Government securities	**167,529,568**	**83,864,849**	**83,664,719**	**–**	**167,529,568**
Equity securities	**28,166,082**	**2,389,883**	**497,596**	**25,278,603**	**28,166,082**
Private debt securities	**15,574,684**	**8,144,021**	**7,430,663**	**–**	**15,574,684**
	₱229,040,476	**₱104,179,570**	**₱99,582,303**	**₱25,278,603**	**₱229,040,476**
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	**₱921,693**	**₱–**	**₱921,693**	**₱–**	**₱921,693**

(Forward)

	Parent Company				
	2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost					
Investment securities at amortized cost*	**₱112,040,395**	**₱44,244,571**	**₱67,159,150**	**₱–**	**₱111,403,721**
Receivables from customers**	**612,043,695**	**–**	**–**	**643,143,671**	**643,143,671**
	₱724,084,090	**₱44,244,571**	**₱67,159,150**	**₱643,143,671**	**₱754,547,392**
Nonfinancial Assets					
Investment property:					
Land***	**₱12,089,552**	**₱–**	**₱–**	**₱30,395,861**	**₱30,395,861**
Buildings and improvements***	**3,455,365**	**–**	**–**	**5,755,096**	**5,755,096**
	15,544,917	**₱–**	**₱–**	**36,150,957**	**36,150,957**
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	**₱144,142,631**	**₱–**	**₱–**	**₱143,951,586**	**₱143,951,586**
LTNCDs	**4,598,770**	**–**	**4,541,491**	**–**	**4,541,491**
Bonds payable	**17,304,421**	**–**	**17,001,745**	**–**	**17,001,745**
Bills payable	**14,152,442**	**–**	**–**	**14,152,442**	**14,152,442**
	₱180,198,264	**₱–**	**₱21,543,236**	**₱158,104,028**	**₱179,647,264**

* *Net of expected credit losses (Note 9)*
** *Net of expected credit losses and unearned and other deferred income (Note 10)*
*** *Net of impairment losses (Note 13)*

	Parent Company				
	2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at fair value:					
Financial Assets					
Financial assets at FVTPL:					
Government securities	₱8,174,405	₱2,633,602	₱5,540,803	₱–	₱8,174,405
Private debt securities	1,444,641	768,361	676,280	–	1,444,641
Derivative assets	744,213	–	744,213	–	744,213
Financial assets at FVOCI:					
Government securities	124,081,774	46,219,370	77,862,404	–	124,081,774
Equity securities	25,903,360	200,539	939,081	24,763,740	25,903,360
Private debt securities	14,151,837	6,915,425	7,236,412	–	14,151,837
	₱174,500,230	₱56,737,297	₱92,999,193	₱24,763,740	₱174,500,230
Financial Liabilities					
Financial liabilities at FVTPL:					
Derivative liabilities	₱555,811	₱–	₱555,811	₱–	₱555,811
Fair values are disclosed:					
Financial Assets					
Financial assets at amortized cost					
Investment securities at amortized cost*	₱122,730,465	₱24,370,714	₱98,730,596	₱–	₱123,101,310
Receivables from customers**	590,301,047	–	–	609,930,601	609,930,601
	₱713,031,512	₱24,370,714	₱98,730,596	₱609,930,601	₱733,031,911
Nonfinancial Assets					
Investment property:					
Land***	₱11,807,630	₱–	₱–	₱25,628,608	₱25,628,608
Buildings and improvements***	2,303,976	–	–	7,806,117	7,806,117
	₱14,111,606	₱–	₱–	₱33,434,725	₱33,434,725
Financial Liabilities					
Financial liabilities at amortized cost:					
Time deposits	₱141,770,924	₱–	₱–	₱141,557,103	₱141,557,103
LTNCDs	12,803,543	–	12,586,489	–	12,586,489
Bonds payable	41,490,871	–	40,625,938	–	40,625,938
Bills payable	10,607,626	–	–	10,559,411	10,559,411
	₱206,672,964	₱–	₱53,212,427	₱152,116,514	₱205,328,941

* *Net of expected credit losses (Note 9)*
** *Net of expected credit losses and unearned and other deferred income (Note 10)*
*** *Net of impairment losses (Note 13)*

As of December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

The following table summarizes the significant unobservable inputs used to calculate the fair value of Level 3 financial assets at FVOCI of the Group and the Parent Company as of December 31, 2024 and 2023 and the range of values indicating the highest and lowest level input used in the valuation techniques.

	Significant Unobservable Input	**2024**		2023	
		-2%	**+2%**	-2%	+2%
Equity securities	Discount for lack of marketability	**₱601,974**	**(₱601,974)**	₱588,436	(₱588,436)

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

6. Segment Information

6.1 Business Segments

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

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

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

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

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

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

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

Business segment information of the Group follows:

	2024					
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(₱2,452,001)	₱30,293,075	₱21,578,661	₱	(₱79,265)	₱49,340,470
Inter-segment	31,620,138	(18,404,659)	(13,215,479)	–	–	–
Net interest margin after inter-segment transactions	29,168,137	11,888,416	8,363,182	–	(79,265)	49,340,470
Other income	5,327,067	2,906,587	1,635,190	1,647,580	365,830	11,882,254
Segment revenue	34,495,204	14,795,003	9,998,372	1,647,580	286,565	61,222,724
Other expenses	14,742,420	7,046,665	1,357,644	1,079,763	286,565	24,513,057
Segment result	₱19,752,784	₱7,748,338	₱8,640,728	₱567,817	₱–	36,709,667
Unallocated expenses						10,431,970
Income before income tax						26,277,697
Income tax						5,099,732
Net income						21,177,965
Non-controlling interests						125,069
Net income for the year attributable to equity holders of the Parent Company						₱21,052,896
Other segment information:						
Capital expenditures	₱215,994	₱78,006	₱15,021	₱6,951	₱–	₱315,972
Unallocated capital expenditures						1,076,413
Total capital expenditures						₱1,392,386
Depreciation and amortization	₱1,053,740	₱670,686	₱22,533	₱146,894	₱–	₱1,893,854
Unallocated depreciation and amortization						1,765,162
Total depreciation and amortization						₱3,659,014
Provision for impairment, credit and other losses	₱318,822	₱3,450,344	₱53,875	₱45,071	₱–	₱3,868,111

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

	2023					
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	(₱717,463)	₱28,943,234	₱16,370,415	₱91,085	(₱94,428)	₱44,592,843
Inter-segment	28,959,163	(16,642,135)	(12,317,028)	–	–	–
Net interest margin after inter-segment transactions	28,241,700	12,301,099	4,053,387	91,085	(94,428)	44,592,843
Other income	5,053,691	6,180,122	1,433,814	1,580,429	(214,234)	14,033,822
Segment revenue	33,295,391	18,481,221	5,487,201	1,671,514	(308,662)	58,626,665
Other expenses	13,242,125	9,270,074	1,133,976	1,844,253	(308,662)	25,181,766
Segment result	₱20,053,266	₱9,211,147	₱4,353,225	(₱172,739)	₱–	33,444,899
Unallocated expenses						11,471,704
Income before income tax						21,973,195
Income tax						4,007,375
Net income						17,965,820
Non-controlling interests						(13,437)
Net income for the year attributable to equity holders of the Parent Company						₱17,979,257
Other segment information:						
Capital expenditures	₱348,679	₱147,739	₱5,350	₱141,085	₱–	₱642,853
Unallocated capital expenditures						375,975
Total capital expenditures						₱1,018,828
Depreciation and amortization	₱1,182,493	₱424,316	₱19,483	₱293,714	₱–	₱1,920,006
Unallocated depreciation and amortization						2,056,063
Total depreciation and amortization						₱3,976,069
Provision for impairment, credit and other losses	₱160,141	₱5,804,991	(₱69,600)	₱27,522	₱–	₱5,923,054

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

	2022					
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Net interest margin						
Third party	₱1,067,003	₱27,860,354	₱8,535,524	₱20,517	(₱155,828)	₱37,327,570
Inter-segment	20,436,564	(13,698,864)	(6,737,700)	–	–	–
Net interest margin after inter-segment transactions	21,503,567	14,161,490	1,797,824	20,517	(155,828)	37,327,570
Other income	5,008,794	8,159,543	(128,555)	3,629,778	(488,667)	16,180,893
Segment revenue	26,512,361	22,321,033	1,669,269	3,650,295	(644,495)	53,508,463
Other expenses	13,047,668	9,261,629	628,690	2,069,057	(644,495)	24,362,549
Segment result	₱13,464,693	₱13,059,404	₱1,040,579	₱1,581,238	₱–	29,145,914
Unallocated expenses						12,630,698
Income before income tax						16,515,216
Income tax						4,931,228
Net income						11,583,988
Non-controlling interests						51,670
Net income for the year attributable to equity holders of the Parent Company						₱11,532,318
Other segment information:						
Capital expenditures	₱166,520	₱26,621	₱19,998	₱9,628	₱–	₱222,767
Unallocated capital expenditures						1,205,888
Total capital expenditures						₱1,428,655
Depreciation and amortization	₱1,308,317	₱399,629	₱45,770	₱351,829	₱–	₱2,105,545
Unallocated depreciation and amortization						2,120,201
Total depreciation and amortization						₱4,225,746
Provision for (reversal of) impairment, credit and other losses	₱840,755	₱5,281,808	(₱8,104)	₱1,083,658	₱–	₱7,198,117

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

	As of December 31, 2024					
	Retail Banking	**Corporate Banking**	**Treasury**	**Others**	**Adjustments and Eliminations***	**Total**
Segment assets	**₱720,134,571**	**₱355,055,573**	**₱85,145,453**	**₱114,961,848**	**(₱17,686,592)**	**₱1,257,610,853**
Segment liabilities	**₱696,116,123**	**₱294,672,764**	**₱46,098,678**	**₱23,847,015**	**(₱19,752,668)**	**₱1,040,981,912**

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

	As of December 31, 2023					
	Retail Banking	Corporate Banking	Treasury	Others	Adjustments and Eliminations*	Total
Segment assets	₱681,077,435	₱296,973,331	₱162,833,376	₱91,208,829	(₱21,543,571)	₱1,210,549,400
Segment liabilities	₱655,716,486	₱277,504,592	₱73,979,402	₱34,548,168	(₱22,347,902)	₱1,019,400,746

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

6.2 Geographical Segments

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

	Non-current Assets*		**Liabilities**		**Credit Commitments**	
	2024	2023	**2024**	2023	**2024**	2023
Philippines	**₱512,659,841**	₱483,441,271	**₱1,004,841,665**	₱981,819,485	**₱53,614,874**	₱46,642,445
Asia (excluding Philippines)	**14,987,916**	15,782,479	**32,134,134**	31,573,388	**–**	–
USA and Canada	**2,705,244**	2,486,207	**3,879,385**	5,895,426	**–**	–
United Kingdom	**645**	328	**126,728**	112,447	**–**	–
	₱530,353,646	₱501,710,285	**₱1,040,981,912**	₱1,019,400,746	**₱53,614,874**	₱46,642,445

** Gross of allowance for impairment and credit losses (Note 16) and unearned and other deferred income (Note 10)*

	Capital Expenditures			**Revenues**		
	2024	2023	2022	**2024**	2023	2022
Philippines	**₱1,369,057**	₱1,015,634	₱1,394,685	**₱75,345,161**	₱69,828,059	₱59,259,052
Asia (excluding Philippines)	**818**	2,173	33,178	**2,956,452**	2,639,017	1,221,488
USA and Canada	**2,227**	1,021	792	**913,107**	1,042,962	839,476
United Kingdom	**6,570**	–	–	**126,124**	118,313	105,279
	₱1,378,672	₱1,018,828	₱1,428,655	**₱79,340,844**	₱73,628,351	₱61,425,295

The Philippines is the home country of the Parent Company, which is also the main operating company. The Group offers a wide range of financial services as discussed in Note 1. Additionally, most of the remittance services are managed and conducted in Asia, Canada, USA and United Kingdom. The areas of operations include all the primary business segments.

7. Due from Bangko Sentral ng Pilipinas

This account consists of:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Demand deposit (Note 17)	**₱44,628,316**	₱78,372,794	**₱44,628,316**	₱78,372,794
Overnight deposit facility (ODF)	**10,500,000**	15,000,000	**10,500,000**	15,000,000
Term deposit facility (TDF)	**–**	2,037,556	**–**	2,037,556
	₱55,128,316	₱95,410,350	**₱55,128,316**	₱95,410,350

In 2024, 2023 and 2022, the combined interest income on ODF and TDF of the Group and the Parent Company amounted to ₱1.0 billion, ₱1.8 billion and ₱1.2 billion, respectively, with interest rates ranging from:

	2024	2023	2022
ODF	**5.25% - 6.00%**	5.00% - 6.00%	1.50% - 5.00%
TDF	**6.00% - 6.65%**	6.28% - 6.75%	1.66% - 6.43%

8. Interbank Loans Receivable and Securities Held Under Agreements to Resell

8.1 Interbank Loans Receivables

Interbank loans receivables of the Group and the Parent Company bear interest ranging from:

	2024	2023	2022
Peso-denominated	**5.9% - 6.6%**	5.5% - 6.4%	1.5% - 6.4%
Foreign currency-denominated	**0.0% - 5.6%**	0.9% - 6.1%	0.4% - 5.3%

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

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Interbank loans receivable	**₱22,793,332**	₱35,642,485	**₱21,287,758**	₱33,445,364
Less: Allowance for credit losses (Note 16)	**6,138**	8,045	**5,591**	8,045
	22,787,194	35,634,440	**21,282,167**	33,437,319
Less: Interbank loans receivable not considered as cash and cash equivalents	**2,925,553**	4,678,674	**1,734,903**	3,502,399
	₱19,861,641	₱30,955,766	**₱19,547,264**	₱29,934,920

8.2 Securities Held Under Agreements to Resell

Securities held under agreements to resell bear interest ranging from 4.42% to 6.85% in 2024, from 4.20% to 7.00% in 2023, and from 2.00% to 5.50% in 2022. As of December 31, 2024 and 2023, allowance for credit losses on securities held under agreements to resell amounted to ₱46.2 million and ₱14.2 million, respectively (refer to Note 16.2).

The fair value of the treasury bills pledged under these agreements as of December 31, 2024 and 2023 amounted to ₱104.9 billion and ₱57.8 billion for the Group and the Parent Company (refer to Note 35).

8.3 Interest Income on Interbank Loans Receivable and Securities Held Under Agreements to Resell

In 2024, 2023 and 2022, interest income on interbank loans receivable and securities held under agreements to resell amounted to ₱4.6 billion, ₱3.4 billion, and ₱954.6 million, respectively, for the Group and ₱4.6 billion, ₱3.4 billion, and ₱896.7 million, respectively, for the Parent Company.

9. Trading and Investment Securities

This account consists of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Financial assets at FVTPL	**₱17,920,985**	₱10,516,864	**₱17,770,142**	₱10,363,259
Financial assets at FVOCI	**211,742,783**	164,531,492	**211,270,334**	164,136,971
Investment securities at amortized cost	**112,422,382**	123,200,427	**112,040,395**	122,730,465
	₱342,086,150	₱298,248,783	**₱341,080,871**	₱297,230,695

9.1 Financial Assets at FVTPL

This account consists of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Government securities	**₱16,181,821**	₱8,174,405	**₱16,181,821**	₱8,174,405
Private debt securities	**649,191**	1,590,489	**502,026**	1,444,641
Derivative assets (Notes 23 and 35)	**1,087,107**	749,199	**1,086,295**	744,213
Equity securities	**2,866**	2,771	–	–
	₱17,920,985	₱10,516,864	**₱17,770,142**	₱10,363,259

The nominal interest rates of debt securities at FVTPL of the Group and the Parent Company range from:

	2024	2023	2022
Government securities	**0.6% - 8.6%**	1.4% - 8.6%	1.4% - 8.0%
Private debt securities	**4.9% - 6.9%**	2.8% - 8.8%	4.9% - 6.9%

9.2 Financial Assets at FVOCI

This account consists of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Government securities (Note 19)	**₱167,824,773**	₱124,372,410	**₱167,529,568**	₱124,081,774
Private debt securities (Note 19)	**15,578,200**	14,180,552	**15,574,684**	14,151,837
Equity securities				
Quoted	**2,831,277**	1,049,195	**2,657,550**	974,025
Unquoted (Note 33)	**25,508,533**	24,929,335	**25,508,532**	24,929,335
	₱211,742,783	₱164,531,492	**₱211,270,334**	₱164,136,971

Unquoted equity securities include the Parent Company's retained 49.00% interest in PNB Holdings Corporation (PNB Holdings) amounting to ₱25.1 billion and ₱24.6 billion as of December 31, 2024 and 2023, respectively (refer to Note 12.4). The fair value was determined using the adjusted net asset value method as discussed in Note 5. Further, the Parent Company applied 16.50% discount, being a non-listed company, by referring to a number of recent initial public offerings of comparative entities.

In April 2024, the Bank and PAL Holdings, Inc. completed a share swap transaction wherein the Bank exchanged the 19.86 million PAL shares held to 309.15 million PAL Holdings, Inc. shares. The share swap transaction resulted in the recycling of OCI to Surplus in the amount of ₱894.90 million and recognition of Other Equity Reserves amounting to ₱940.17 million. PAL Holdings, Inc. shares are recognized in the books as FVOCI amounting ₱1.53 billion as of December 31, 2024.

The effective interest rates of debt securities at FVOCI of the Group and the Parent Company range from:

	2024	2023	2022
Government securities	**0.6% - 14.9%**	0.2% - 19.1%	0.2% - 26.2%
Private debt securities	**0.5% - 6.9%**	0.5% - 6.4%	0.5% - 6.4%

As of December 31, 2024 and 2023, the fair value of FVOCI in the form of government bonds pledged to fulfill its collateral requirements with securities sold under repurchase agreement transactions amounted to ₱12.0 billion and ₱6.5 billion, respectively (refer to Note 19.1). The counterparties have an obligation to return the securities to the Parent Company once the obligations have been settled. In case of default, the counterparties have the right to hold the securities and sell them as settlement of the repurchase agreement.

The movements in 'Net unrealized gains (losses) on financial assets at FVOCI' of the Group and the Parent Company are as follows:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Balance at the beginning of the year	**(₱1,722,653)**	(₱5,959,275)	**(₱1,722,653)**	(₱5,959,275)
Changes in fair values:				
Debt securities	**1,455,450**	2,581,505	**1,457,367**	2,558,481
Equity securities	**1,336,767**	1,368,570	**1,322,549**	1,368,570
Share swap transaction	**(894,900)**	–	**(894,900)**	–
Share in net unrealized gains (losses) of subsidiaries and an associate (Note 12)	**(49,895)**	362,392	**(35,694)**	382,058
Provisions for (reversals of) credit losses (Note 16)	**23,250**	(75,912)	**21,401**	(72,676)
Sale of equity securities	**(6,969)**	–	**(6,969)**	–
Realized losses (gains) on sale of debt securities	**51**	(122)	**–**	–
	141,101	(1,722,842)	**141,101**	(1,722,842)
Income tax effect (Note 30)	**1,033**	189	**1,033**	189
	₱142,134	(₱1,722,653)	**₱142,134**	(₱1,722,653)

As of December 31, 2024 and 2023, the allowance for credit losses on debt securities at FVOCI (included in 'Net unrealized losses on financial assets at FVOCI') amounted to ₱68.1 million and ₱45.7 million, respectively, for the Group, and ₱68.1 million and ₱46.8 million, respectively, for the Parent Company (refer to Note 16.2). Movements in ECL on debt securities at FVOCI are mostly driven by movements in the corresponding gross figures.

9.3 Investment Securities at Amortized Cost

This account consists of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Government securities (Notes 19 and 32)	**₱96,817,380**	₱104,533,382	**₱96,435,393**	₱104,063,420
Private debt securities	**15,752,472**	18,822,880	**15,752,472**	18,822,880
	112,569,852	123,356,262	**112,187,865**	122,886,300
Less allowance for credit losses (Note 16)	**147,470**	155,835	**147,470**	155,835
	₱112,422,382	₱123,200,427	**₱112,040,395**	₱122,730,465

The effective interest rates of investment securities at amortized cost of the Group and the Parent Company range from:

	2024	2023	2022
Government securities	**0.8% - 7.5%**	0.8% - 7.5%	0.8% - 7.5%
Private debt securities	**1.0% - 8.3%**	1.0% - 8.3%	0.8% - 8.3%

In 2024 and 2023, movements in allowance for expected credit losses on investment securities at amortized cost are mostly driven by newly originated assets which mostly remained in Stage 1.

As of December 31, 2024 and 2023, the fair value of investment securities at amortized cost in the form of government bonds pledged to fulfill its collateral requirements with securities sold under repurchase agreements transactions amounted to ₱2.4 billion and ₱5.5 billion, respectively, with corresponding carrying value of the same amount (refer to Note 19.1). As of December 31, 2024 and 2023, government securities with carrying values of ₱1.9 billion and ₱1.8 billion, respectively, are deposited with the BSP in compliance with trust regulations (refer to Note 32).

As of December 31, 2024 and 2023, the Group set aside government securities booked under 'Investment securities at amortized cost' with total carrying value of ₱363.4 million and ₱363.3 million, respectively, as liquidity cover for 50.0% of the outstanding balances of electronic money (e-money) products in compliance with BSP Circular 1166, *Amendments to the Regulations on Electronic Money and the Operations of Electronic Money lssuers in the Philippines*. This is on top of the fund held in trust to cover for the other 50.0% of the outstanding e-money balances (refer to Note 15).

9.4 Interest Income on Investment Securities at Amortized Cost and FVOCI

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Financial assets at FVOCI	**₱10,407,888**	₱5,509,001	₱4,442,846	**₱10,375,649**	₱5,468,097	₱4,432,605
Investment securities at amortized cost	**6,369,819**	7,099,169	3,712,076	**6,357,707**	7,092,433	3,710,487
	₱16,777,707	₱12,608,170	₱8,154,922	**₱16,733,356**	₱12,560,530	₱8,143,092

9.5 Trading and Investment Securities Gains (Losses) - net

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Financial assets at FVTPL						
Government securities	**₱619,254**	₱411,828	(₱146,580)	**₱619,254**	₱411,828	(₱146,580)
Private debt securities	**29,295**	(12,928)	(64,458)	**27,979**	(12,280)	(61,631)
Equity securities	**95**	(170)	(197)	**–**	(44)	–
Derivatives (Note 23)	**(1,115)**	609	–	**(1,115)**	609	–
Financial assets at FVOCI						
Private debt securities	**51**	122	(1,058,318)	**–**	–	(1,058,318)
Government securities	**–**	–	–	**–**	–	–
Investment securities at amortized cost	**–**	(5,358)	(11,230)	**–**	(5,358)	(11,230)
	₱647,580	₱394,103	(₱1,280,783)	**₱646,118**	₱394,755	(₱1,277,759)

Trading losses on investment securities at amortized cost pertain to investments which were redeemed by the respective issuers prior to their contractual maturity.

10. Loans and Receivables

10.1 Breakdown of Loans and Receivables

This account consists of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Receivables from customers:				
Loans and discounts	**₱627,885,539**	₱607,065,797	**₱614,772,869**	₱593,955,389
Credit card receivables	**18,063,885**	15,232,845	**18,063,885**	15,232,845
Customers' liabilities on acceptances (Note 19)	**6,126,005**	9,533,137	**6,012,626**	9,533,137
Customers' liabilities on letters of credit and trust receipts	**9,177,471**	8,688,649	**9,177,471**	8,559,900
Bills purchased (Note 22)	**3,829,665**	1,949,627	**3,265,010**	1,560,465
Lease contracts receivable (Note 29)	**–**	8,399	**–**	–
	665,082,565	642,478,454	**651,291,861**	628,841,736
Other receivables:				
Accrued interest receivable	**8,783,078**	8,179,147	**8,625,740**	8,007,891
Accounts receivable	**3,964,379**	5,180,198	**3,451,030**	4,468,991
Sales contract receivables	**1,589,298**	3,760,162	**1,565,601**	3,722,879
Miscellaneous	**454,556**	366,090	**441,651**	347,797
	14,791,311	17,485,597	**14,084,022**	16,547,558
	679,873,876	659,964,051	**665,375,883**	645,389,294
Less: Unearned and other deferred income	**845,862**	681,399	**828,479**	663,303
Allowance for credit losses (Note 16)	**42,208,389**	42,571,906	**42,155,234**	42,567,228
	₱636,819,625	₱616,710,746	**₱622,392,170**	₱602,158,763

Included in 'Surplus reserves' is the amount of ₱4.2 billion and ₱3.9 billion as of December 31, 2024 and 2023, respectively, which pertains to the excess of 1.00% general loan loss provisions over the computed ECL for Stage 1 accounts as prescribed by BSP Circular 1011, *Guidelines on the Adoption of PFRS 9* (refer to Note 25.3).

Below is the reconciliation of loans and receivables as to classes:

	Consolidated 2024								
	Corporate Loans	**LGU**	**Credit Cards**	**Retail SMEs**	**Housing Loans**	**Auto Loans**	**Other Loans**	**Other Receivables**	**Total**
Receivables from customers:									
Loans and discounts	**₱581,108,848**	**₱1,728,247**	**₱–**	**₱5,337,167**	**₱26,744,123**	**₱6,225,467**	**₱6,741,687**	**₱–**	**₱627,885,539**
Credit card receivables	**–**	**–**	**18,063,885**	**–**	**–**	**–**	**–**	**–**	**18,063,885**
Customers' liabilities on letters of credit and trust receipts	**8,949,225**	**–**	**–**	**134,477**	**–**	**–**	**93,769**	**–**	**9,177,471**
Customers' liabilities on acceptances (Note 19)	**6,126,005**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,126,005**
Bills purchased (Note 22)	**1,694,021**	**–**	**–**	**19,290**	**–**	**–**	**2,116,354**	**–**	**3,829,665**
	597,878,099	**1,728,247**	**18,063,885**	**5,490,934**	**26,744,123**	**6,225,467**	**8,951,810**	**–**	**665,082,565**
Other receivables:									
Accrued interest receivable	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,783,078**	**8,783,078**
Accounts receivable	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,964,379**	**3,964,379**
Sales contract receivables (Note 33)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,589,298**	**1,589,298**
Miscellaneous	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**454,556**	**454,556**
	597,878,099	**1,728,247**	**18,063,885**	**5,490,934**	**26,744,123**	**6,225,467**	**8,951,810**	**14,791,311**	**679,873,876**
Less: Unearned and other deferred income	**541,796**	**8,246**	**–**	**14,873**	**(362)**	**(95,094)**	**389,733**	**(13,330)**	**845,862**
Allowance for credit losses (Note 16)	**29,967,100**	**63,709**	**1,538,907**	**1,034,459**	**3,756,163**	**740,801**	**1,046,330**	**4,060,920**	**42,208,389**
	₱567,369,203	**₱1,656,292**	**₱16,524,978**	**₱4,441,602**	**₱22,988,322**	**₱5,579,760**	**₱7,515,747**	**₱10,743,721**	**₱636,819,625**

	Consolidated 2023								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱553,835,945	₱2,275,508	₱–	₱5,313,357	₱28,300,937	₱6,501,496	₱10,838,554	₱–	₱607,065,797
Credit card receivables	–	–	15,232,845	–	–	–	–	–	15,232,845
Customers' liabilities on acceptances (Note 19)	9,533,137	–	–	–	–	–	–	–	9,533,137
Customers' liabilities on letters of credit and trust receipts	8,531,369	–	–	63,517	–	–	93,763	–	8,688,649
Bills purchased (Note 22)	551,939	–	–	2,503	–	–	1,395,185	–	1,949,627
Lease contracts receivable (Note 29)	–	–	–	8,399	–	–	–	–	8,399
	572,452,390	2,275,508	15,232,845	5,387,776	28,300,937	6,501,496	12,327,502	–	642,478,454
Other receivables:									
Accrued interest receivable	–	–	–	–	–	–	–	8,179,147	8,179,147
Accounts receivable	–	–	–	–	–	–	–	5,180,198	5,180,198
Sales contract receivables (Note 33)	–	–	–	–	–	–	–	3,760,162	3,760,162
Miscellaneous	–	–	–	–	–	–	–	366,090	366,090
	572,452,390	2,275,508	15,232,845	5,387,776	28,300,937	6,501,496	12,327,502	17,485,597	659,964,051
Less: Unearned and other deferred income	254,664	9,183	–	15,728	(354)	(1,287)	402,252	1,213	681,399
Allowance for credit losses (Note 16)	28,281,510	70,291	1,315,112	987,597	4,528,314	1,105,299	1,265,030	5,018,753	42,571,906
	₱543,916,216	₱2,196,034	₱13,917,733	₱4,384,451	₱23,772,977	₱5,397,484	₱10,660,220	₱12,465,631	₱616,710,746

	Parent Company 2024								
	Corporate Loans	**LGU**	**Credit Cards**	**Retail SMEs**	**Housing Loans**	**Auto Loans**	**Other Loans**	**Other Receivables**	**Total**
Receivables from customers:									
Loans and discounts	**₱568,979,597**	**₱1,728,247**	**₱–**	**₱5,337,167**	**₱25,959,737**	**₱6,225,467**	**₱6,542,654**	**₱–**	**₱614,772,869**
Credit card receivables	**–**	**–**	**18,063,885**	**–**	**–**	**–**	**–**	**–**	**18,063,885**
Customers' liabilities on acceptances (Note 19)	**6,012,626**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,012,626**
Customers' liabilities on letters of credit and trust receipts	**8,949,225**	**–**	**–**	**134,477**	**–**	**–**	**93,769**	**–**	**9,177,471**
Bills purchased (Note 22)	**1,129,366**	**–**	**–**	**19,290**	**–**	**–**	**2,116,354**	**–**	**3,265,010**
	585,070,814	**1,728,247**	**18,063,885**	**5,490,934**	**25,959,737**	**6,225,467**	**8,752,777**	**–**	**651,291,861**
Other receivables:									
Accrued interest receivable	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,625,740**	**8,625,740**
Accounts receivable	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,451,030**	**3,451,030**
Sales contract receivables	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,565,601**	**1,565,601**
Miscellaneous	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**441,651**	**441,651**
	585,070,814	**1,728,247**	**18,063,885**	**5,490,934**	**25,959,737**	**6,225,467**	**8,752,777**	**14,084,022**	**665,375,883**
Less: Unearned and other deferred income	**524,413**	**8,246**	**–**	**14,873**	**(362)**	**(95,094)**	**389,733**	**(13,330)**	**828,479**
Allowance for credit losses (Note 16)	**30,262,904**	**63,709**	**1,538,907**	**1,034,459**	**3,733,904**	**740,801**	**1,046,218**	**3,734,332**	**42,155,234**
	₱554,283,497	**₱1,656,292**	**₱16,524,978**	**₱4,441,602**	**₱22,226,195**	**₱5,579,760**	**₱7,316,826**	**₱10,363,020**	**₱622,392,170**

	Parent Company								
	2023								
	Corporate Loans	LGU	Credit Cards	Retail SMEs	Housing Loans	Auto Loans	Other Loans	Other Receivables	Total
Receivables from customers:									
Loans and discounts	₱541,592,975	₱2,275,508	₱–	₱5,310,846	₱27,523,918	₱6,501,496	₱10,750,646	₱–	₱593,955,389
Credit card receivables	–	–	15,232,845	–	–	–	–	–	15,232,845
Customers' liabilities on acceptances (Note 19)	9,533,137	–	–	–	–	–	–	–	9,533,137
Customers' liabilities on letters of credit and trust receipts	8,402,620	–	–	63,517	–	–	93,763	–	8,559,900
Bills purchased (Note 22)	162,777	–	–	2,503	–	–	1,395,185	–	1,560,465
	559,691,509	2,275,508	15,232,845	5,376,866	27,523,918	6,501,496	12,239,594	–	628,841,736
Other receivables:									
Accrued interest receivable	–	–	–	–	–	–	–	8,007,891	8,007,891
Accounts receivable	–	–	–	–	–	–	–	4,468,991	4,468,991
Sales contract receivables	–	–	–	–	–	–	–	3,722,879	3,722,879
Miscellaneous	–	–	–	–	–	–	–	347,797	347,797
	559,691,509	2,275,508	15,232,845	5,376,866	27,523,918	6,501,496	12,239,594	16,547,558	645,389,294
Less: Unearned and other deferred income	237,284	9,183	–	15,019	(361)	(1,287)	402,252	1,213	663,303
Allowance for credit losses (Note 16)	28,573,298	70,291	1,315,112	982,766	4,510,487	1,105,299	1,265,020	4,744,955	42,567,228
	₱530,880,927	₱2,196,034	₱13,917,733	₱4,379,081	₱23,013,792	₱5,397,484	₱10,572,322	₱11,801,390	₱602,158,763

10.2 Lease Contract Receivables

An analysis of the Group's lease contract receivables as of December 31, 2023 follows:

	2023
Minimum lease payments	
Due within one year	₱7
Due beyond one year but not over five years	2,734
	2,741
Residual value of leased equipment	
Due within one year	5,658
Due beyond one year but not over five years	–
	5,658
Gross investment in lease contract receivables (Note 29)	₱8,399

As of December 31, 2024, the Group's lease contract receivables are already reduced to nil as these were part of PMLFC and PMERC portfolio which are now in the process of winding down and liquidation (refer to Note 12.3).

10.3 Interest Income on Loans and Receivables

As of December 31, 2024 and 2023, 72.6% and 69.6%, respectively, of the total receivables from customers of the Group were subject to interest repricing. As of December 31, 2024 and 2023, 72.7% and 70.6%, respectively, of the total receivables from customers of the Parent Company were subject to interest repricing. Remaining receivables carry annual fixed interest rates ranging from 1.1% to 9.0% in 2024, 2023 and 2022 for foreign currency-denominated receivables, and from 1.1% to 31.5% in 2024, 2023 and 2022 for peso-denominated receivables.

Sales contract receivables bear fixed interest rates per annum ranging from 5.0% to 12.0% in 2024, 5.0% to 20.2% in 2023 and from 4.2% to 20.2% in 2022.

11. Property and Equipment

11.1 Details of Property and Equipment

The composition of and movements in property and equipment follow:

	Consolidated 2024							
	Land	**Building**	**Furniture, Fixtures and Equipment**	**Long-term Leasehold Land**	**Construction in-Progress**	**Leasehold Improvements**	**Right-of-Use Asset – Bank Premises** (Note 33)	**Total**
Cost								
Balance at beginning of year	**₱4,932,017**	**₱3,577,231**	**₱7,782,684**	**₱593,532**	**₱315,619**	**₱1,879,925**	**₱5,945,050**	**₱25,026,058**
Additions	**–**	**44,446**	**336,944**	**–**	**23,622**	**40,434**	**950,548**	**1,395,994**
Disposals	**(3,735)**	**(16,589)**	**(324,250)**	**–**	**–**	**(17)**	**–**	**(344,591)**
Transfers/others	**(14,779)**	**789**	**(150,776)**	**14,198**	**(20,999)**	**7,181**	**(790,224)**	**(954,610)**
Balance at end of year	**4,913,503**	**3,605,877**	**7,644,602**	**607,730**	**318,242**	**1,927,523**	**6,105,374**	**25,122,851**
Accumulated Depreciation and Amortization								
Balance at beginning of year	**–**	**2,393,257**	**6,679,411**	**84,691**	**–**	**1,467,076**	**2,514,313**	**13,138,748**
Depreciation and amortization	**–**	**157,730**	**494,427**	**6,214**	**–**	**80,602**	**1,126,875**	**1,865,848**
Disposals	**–**	**(9,028)**	**(307,710)**	**–**	**–**	**(17)**	**–**	**(316,755)**
Transfers/others	**–**	**3,884**	**(121,800)**	**7,127**	**–**	**5,539**	**(780,058)**	**(885,308)**
Balance at end of year	**–**	**2,545,843**	**6,744,328**	**98,032**	**–**	**1,553,200**	**2,861,130**	**13,802,533**
Allowance for Impairment Losses (Note 16)	**539,725**	**585,054**	**–**	**–**	**–**	**–**	**–**	**1,124,779**
Net Book Value at End of Year	**₱4,373,778**	**₱474,980**	**₱900,274**	**₱509,698**	**₱318,242**	**₱374,323**	**₱3,244,244**	**₱10,195,539**

	Consolidated 2023							
	Land	Building	Furniture, Fixtures and Equipment	Long-term Leasehold Land	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Note 33)	Total
Cost								
Balance at beginning of year	₱5,141,182	₱3,687,368	₱8,401,453	₱596,131	₱318,387	₱1,910,242	₱5,827,262	₱25,882,025
Additions	–	30,186	347,062	–	–	42,611	1,425,032	1,844,891
Disposals	(133,753)	(134,384)	(943,887)	–	–	(12,296)	–	(1,224,320)
Transfers/others	(75,412)	(5,939)	(21,944)	(2,599)	(2,768)	(60,632)	(1,307,244)	(1,476,538)
Balance at end of year	4,932,017	3,577,231	7,782,684	593,532	315,619	1,879,925	5,945,050	25,026,058
Accumulated Depreciation and Amortization								
Balance at beginning of year	–	2,253,174	6,031,338	79,837	–	1,899,884	2,475,358	12,739,591
Depreciation and amortization	–	179,089	759,545	6,039	–	108,134	1,311,843	2,364,650
Disposals	–	(38,760)	(590,285)	–	–	(12,296)	–	(641,341)
Transfers/others	–	(246)	478,814	(1,185)	–	(528,646)	(1,272,888)	(1,324,152)
Balance at end of year	–	2,393,257	6,679,411	84,691	–	1,467,076	2,514,313	13,138,748
Allowance for Impairment Losses (Note 16)	539,725	593,567	–	–	–	–	–	1,133,292
Net Book Value at End of Year	₱4,392,292	₱590,407	₱1,103,273	₱508,841	₱315,619	₱412,849	₱3,430,737	₱10,754,018

	Parent Company 2024						
	Land	**Building**	**Furniture, Fixtures and Equipment**	**Construction in-Progress**	**Leasehold Improvements**	**Right-of-Use Asset – Bank Premises** (Note 33)	**Total**
Cost							
Balance at beginning of year	**₱4,932,018**	**₱3,500,371**	**₱6,724,154**	**₱315,619**	**₱1,781,197**	**₱6,252,240**	**₱23,505,599**
Additions	**–**	**44,446**	**330,196**	**23,622**	**37,722**	**936,169**	**1,372,155**
Disposals	**(3,735)**	**(16,589)**	**(279,942)**	**–**	**–**	**–**	**(300,266)**
Transfers/others	**(14,780)**	**(1,254)**	**(10,027)**	**(20,999)**	**569**	**(785,053)**	**(831,544)**
Balance at end of year	**4,913,503**	**3,526,974**	**6,764,381**	**318,242**	**1,819,488**	**6,403,356**	**23,745,944**
Accumulated Depreciation and Amortization							
Balance at beginning of year	**–**	**2,377,063**	**5,827,361**	**–**	**1,377,400**	**2,928,264**	**12,510,088**
Depreciation and amortization	**–**	**156,526**	**475,784**	**–**	**77,348**	**1,079,792**	**1,789,450**
Disposals	**–**	**(9,028)**	**(279,165)**	**–**	**–**	**–**	**(288,193)**
Transfers/others	**–**	**2,738**	**(2,805)**	**–**	**1,421**	**(764,429)**	**(763,074)**
Balance at end of year	**–**	**2,527,299**	**6,021,175**	**–**	**1,456,169**	**3,243,627**	**13,248,270**
Allowance for Impairment Losses (Note 16)	**539,725**	**585,054**	**–**	**–**	**–**	**–**	**1,124,779**
Net Book Value at End of Year	**₱4,373,778**	**₱414,621**	**₱743,206**	**₱318,242**	**₱363,319**	**₱3,159,729**	**₱9,372,895**

	Parent Company 2023						
	Land	Building	Furniture, Fixtures and Equipment	Construction in-Progress	Leasehold Improvements	Right-of-Use Asset – Bank Premises (Note 33)	Total
Cost							
Balance at beginning of year	₱5,141,182	₱3,610,134	₱6,533,522	₱318,387	₱1,801,393	₱6,262,643	₱23,667,261
Additions	–	30,186	335,769	–	41,690	1,292,130	1,699,775
Disposals	(133,753)	(134,384)	(121,735)	–	–	–	(389,872)
Transfers/others	(75,411)	(5,565)	(23,402)	(2,768)	(61,886)	(1,302,533)	(1,471,565)
Balance at end of year	4,932,018	3,500,371	6,724,154	315,619	1,781,197	6,252,240	23,505,599
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	2,237,967	4,898,086	–	1,800,558	2,942,730	11,879,341
Depreciation and amortization	–	177,908	619,994	–	105,509	1,263,995	2,167,406
Disposals	–	(38,760)	(121,262)	–	–	–	(160,022)
Transfers/others	–	(52)	430,543	–	(528,667)	(1,278,461)	(1,376,637)
Balance at end of year	–	2,377,063	5,827,361	–	1,377,400	2,928,264	12,510,088
Allowance for Impairment Losses (Note 16)	539,725	593,567	–	–	–	–	1,133,292
Net Book Value at End of Year	₱4,392,293	₱529,741	₱896,793	₱315,619	₱403,797	₱3,323,976	₱9,862,219

The total recoverable value of certain property and equipment of the Group and the Parent Company for which impairment loss has been recognized amounted to ₱1.5 billion as of December 31, 2024 and 2023, the carrying value of which amounted to ₱2.5 billion as of December 31, 2024 and 2023.

Certain property and equipment of the Parent Company with carrying amount of ₱79.9 million and ₱90.0 million are temporarily idle as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, property and equipment of the Parent Company with gross carrying amount of ₱16.4 billion and ₱14.3 billion are fully depreciated but are still being used.

Gain on disposal of property and equipment in 2024, 2023 and 2022 amounted to ₱138.8 million, ₱712.5 million, and ₱34.9 million, respectively, for the Group and ₱135.2 million, ₱793.1 million and ₱32.0 million, respectively, for the Parent Company (refer to Note 26.2).

11.2 Depreciation and Amortization

This account consists of:

	Consolidated			**Parent Company**		
	2024	2023	2022	**2024**	2023	2022
Depreciation						
Property and equipment (Note 33)	**₱1,865,848**	₱2,364,650	₱2,436,663	**₱1,789,450**	₱2,167,406	₱2,174,918
Investment properties (Note 13)	**215,569**	191,153	152,917	**195,518**	167,339	128,095
Chattel mortgage properties	**417,005**	296,105	242,260	**417,145**	285,610	235,884
Amortization of intangible assets (Note 14)	**1,160,592**	1,124,161	1,393,906	**1,146,235**	1,099,879	1,370,523
	₱3,659,014	₱3,976,069	₱4,225,746	**₱3,548,348**	₱3,720,234	₱3,909,420

12. Investments in Subsidiaries and an Associate

The consolidated financial statements of the Group include:

	Industry	Principal Place of Business/Country of Incorporation	Functional Currency	Percentage of Ownership	
				Direct	Indirect
Subsidiaries					
Allied Integrated Holdings, Inc. (AIHI) [a]	Holding Company	Philippines	PHP	**100.00**	–
PNB Capital and Investment Corporation (PNB Capital)	Investment	- do -	PHP	**100.00**	–
PNB Securities, Inc. (PNB Securities)	Securities Brokerage	- do -	PHP	**100.00**	–
PNB Corporation – Guam [b]	Remittance	USA	USD	**100.00**	–
PNB International Investments Corporation (PNB IIC)	Investment	- do -	USD	**100.00**	–
PNB Remittance Centers, Inc. (PNB RCI) [c]	Remittance	- do -	USD	–	**100.00**
PNB RCI Holding Co. Ltd. (PNB RHCL) [d]	Holding Company	- do -	USD	–	**100.00**
PNB Remittance Co. (Canada) [e]	Remittance	Canada	CAD	–	**100.00**
PNB Europe PLC (PNB Europe)	Banking	United Kingdom	GBP	**100.00**	–
Allied Commercial Bank (ACB)	Banking	China	CNY	**99.04**	–
PNB-Mizuho Leasing and Finance Corporation (PMLFC) [f]	Leasing/Financing	Philippines	PHP	**75.00**	–
PNB-Mizuho Equipment Rentals Corporation (PMERC) [g]	Rental	- do -	PHP	–	**75.00**
PNB Global Remittance & Financial Co. (HK) Ltd. (PNB GRF)	Remittance	Hong Kong	HKD	**100.00**	–
Allied Banking Corporation (Hong Kong) Limited (ABCHKL)	Banking	- do -	HKD	**51.00**	–
ACR Nominees Limited [h]	Service	- do -	HKD	–	**51.00**
Oceanic Holding (BVI) Ltd. (OHBVI) [i]	Holding Company	British Virgin Islands	USD	**27.78**	–
Associate					
Allianz-PNB Life Insurance, Inc. (APLII)	Insurance	Philippines	PHP	**44.00**	–

[a] *In the process of winding down and liquidation after shortening of corporate life until December 31, 2022*
[b] *Ceased operations on June 30, 2012 and license status became dormant thereafter*
[c] *Owned through PNB IIC*
[d] *Owned through PNB RCI*
[e] *Owned through PNB RHCL*
[f] *In the process of winding down and liquidation after shortening of corporate life until March 31, 2024*
[g] *Owned through PMLFC; In the process of winding down and liquidation after shortening of corporate life until December 31, 2024*
[h] *Owned through ABCHKL*
[i] *Controlled through the Parent Company's combined voting rights of 70.56% which arises from its direct ownership of 27.78%, and voting rights of 42.78% assigned by certain stockholders of OHBVI to the Parent Company through a voting trust agreement*

The details of this account follow:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Investment in Subsidiaries				
ACB	**₱–**	₱–	**₱6,087,520**	₱6,087,520
AIHI	**–**	–	**3,435,041**	3,435,041
PNB IIC	**–**	–	**2,028,202**	2,028,202
PNB Europe PLC	**–**	–	**1,327,393**	1,327,393
ABCHKL	**–**	–	**947,586**	947,586
PNB Capital	**–**	–	**850,000**	850,000
PNB GRF	**–**	–	**753,061**	753,061
PMLFC	**–**	–	**481,943**	481,943
OHBVI	**–**	–	**291,841**	291,841
PNB Securities	**–**	–	**62,351**	62,351
PNB Corporation – Guam	**–**	–	**7,672**	7,672
	–	–	**16,272,610**	16,272,610
Investment in an Associate – APLII	**3,242,589**	3,365,089	**3,242,589**	3,365,089
Accumulated equity in net earnings (losses) of subsidiaries and an associate:				
Balance at beginning of year	**426,972**	158,879	**(170,449)**	(281,942)
Equity in net earnings (losses) for the year	**419,505**	268,093	**831,256**	560,393
Cash dividends declared by a subsidiary	**–**	–	**–**	(448,900)
	846,477	426,972	**660,807**	(170,449)
Accumulated share in:				
Aggregate reserves on life insurance policies	**21,209**	24,246	**21,209**	24,246
Net unrealized losses on financial assets at FVOCI (Note 9)	**(666,910)**	(617,015)	**(622,589)**	(586,895)
Accumulated translation adjustments	**–**	–	**1,968,140**	1,565,092
Remeasurement gains (losses) on retirement plan	**3,248**	(168)	**87,439**	97,377
	(642,453)	(592,937)	**1,454,199**	1,099,820
	₱3,446,613	₱3,199,124	**₱21,630,204**	₱20,567,070

The Parent Company underwent a quasi-reorganization which was approved by the SEC on November 7, 2002. As of December 31, 2024 and 2023, the acquisition cost of the investments in the Parent Company's separate financial statements includes the balance of ₱2.1 billion consisting of the translation adjustment and accumulated equity in net earnings of investee companies, net of dividends subsequently received from the quasi-reorganization date, that were offset against capital deficit on restructuring date and are not available for dividend declaration.

12.1 Investment in AIHI

On February 10, 2022, the SEC approved the decrease of AIHI's authorized capital stock from ₱15.0 billion divided into 149,975,000 common shares with par value of ₱100 each and the 25,000 preferred shares with par value of ₱100 each to ₱3.0 billion divided into 30,000,000 common shares with par value of ₱100 each. Consequently, on February 18, 2022, out of the ₱10.5 billion subscribed and paid-up capital of the Parent Company in AIHI, the latter returned ₱7.5 billion to the Parent Company.

AIHI's corporate term ended on December 31, 2022 but, as provided by law, it will continue to exist as a body corporate for another three years to generally wind up its affairs, including the disposal of its properties and distribution of its assets.

12.2 Investment in PNB Capital

On October 27, 2023 and December 16, 2022, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱448.9 million and ₱792.0 million, respectively, which were subsequently paid to the Parent Company on December 27, 2023 and December 22, 2022, respectively.

12.3 Investment in PMLFC

On June 24, 2022, the BOD of the Parent Company approved the amendment to the Articles of Incorporation of PMLFC, shortening its corporate term to March 31, 2024. On December 23, 2022 the SEC approved the above amendment. The Parent Company and its joint venture partner, Mizuho Leasing Co. Ltd., mutually agreed to wind up the operations of PMLFC due to the impact of the COVID-19 pandemic to the operations of the joint venture company and the domestic leasing industry. On the other hand, on November 22, 2023, the SEC approved the amendment to the Articles of Incorporation of PMERC, the wholly-owned subsidiary of PMLFC, to shortern its corporate term to December 31, 2024. To date, the winding-up process for both PMLFC and PMERC is ongoing.

In 2023 and 2022, PMLFC transferred to the Parent Company certain receivables via direct purchase or assignment. The Parent Company also accepted in 2023 certain properties of PMLFC and PMERC as partial settlement of their outstanding loans with the Parent Company. The remaining loans were eventually written off as of December 31, 2023 (refer to Note 33.1).

As of December 31, 2024 and 2023, the carrying value of the Parent Company's equity investment in PMLFC is already reduced to nil. However, by virtue of the Parent Company's commitment to provide further funding in PMLFC, the Parent Company recognized additional losses amounting to ₱18.6 million and ₱144.2 million in 2024 and 2023, respectively, representing its share in the accumulated net losses of PMLFC.

12.4 Investment in PNB Holdings

As of December 31, 2020, PNB owns all of the 2,551,000 shares issued by PNB Holdings, with par value of ₱100 per share. On January 13, 2021, the SEC approved the increase in the authorized capital stock of PNB Holdings from ₱500.0 million divided into 5,000,000 shares with par value of ₱100 per share, to ₱50.5 billion divided into 505,000,000 shares with the same par value. On the same date, the Parent Company proceeded with the subscription of additional 466,770,000 shares of PNB Holdings shares in exchange for certain real estate properties with fair values of ₱46.7 billion.

On April 23, 2021, the Parent Company's BOD approved the property dividend declaration of up to 239,353,710 common shares of PNB Holdings, representing 51.00% ownership, with a par value of ₱100 per share, to all stockholders of record as of May 18, 2021, or ₱23.9 billion.

On December 24, 2021, the SEC approved the property dividend declaration. On the same date, the Parent Company assessed that it has lost control over PNB Holdings, and accordingly classified its retained interest of 49.00% in PNB Holdings as financial asset at FVOCI with no recycling to profit or loss, in accordance with PFRS 9. Such investment was remeasured from its carrying amount of ₱6.6 billion to its fair value as of December 24, 2021 of ₱23.0 billion, resulting in a gain on remeasurement of ₱16.5 billion and ₱16.4 billion in the 2021 consolidated and parent company financial statements, respectively (refer to Note 33).

Further, the Group and the Parent Company recognized gain on loss of control over PNB Holdings of ₱17.0 billion and ₱17.1 billion in the 2021 consolidated and parent company financial statements, respectively. On December 21, 2021, the Parent Company was able to secure ruling from the Bureau of Internal Revenue (BIR) that the transfer of properties to PNB Holdings is not subject to tax, except for documentary stamps tax (DST). Further, on March 10, 2022, the Parent Company was able to secure another ruling from the BIR that the property dividends distribution is exempt from tax, except for DST.

The Parent Company was able to demonstrate loss of control over PNB Holdings because of the following:

- Declaration of 51.00% ownership in PNB Holdings as property dividends;
- Execution of proxy in favor of LTG for the remaining 49.00% held by the Group;
- Appointment of key management personnel by the BOD of PNB Holdings, resulting in the Group having no officers and staff participating in the day-to-day operations of PNB Holdings; and
- Approval of the SEC of the property dividend declaration and distribution to all stockholders as of May 18, 2021.

The foregoing corporate actions were taken by PNB and LTG to allow PNB to focus on its core banking business. These demonstrate that the Group no longer exercises control over PNB Holdings as certain elements of control under PFRS 10, *Consolidated Financial Statements*, are no longer demonstrated.

Further, the Group no longer has a significant influence over PNB Holdings by virtue of the execution of a proxy in favor of LTG to vote all shares registered in the name of PNB on any and all matters in the Annual Stockholders' Meeting of PNB Holdings and the fact that LTG controls both PNB and PNB Holdings.

12.5 Investment in PNB General Insurers Co., Inc. (PNB Gen)

On December 29, 2020, the Parent Company and PNB Holdings entered into a Sale and Purchase Agreement (SPA) for the sale of all their respective shareholdings in PNB Gen to Alliedbankers Insurance Corporation (ABIC), an affiliate, for a total purchase price of ₱1.5 billion, which was paid as follows:

- PNB Holdings Purchase Price (₱521.8 million) – fully paid on December 28, 2020; and
- PNB Purchase Price (₱1.0 billion) – paid in four tranches until April 30, 2021, earning interest at 6.00% per annum.

The SPA also provides for a grant of an exclusive bancassurance arrangement with ABIC with a minimum guaranteed term of 15 years for an additional consideration of ₱50.0 million to the Parent Company, on top of the total purchase price.

On December 29, 2020, the Insurance Commission approved the above transaction. As of December 31, 2020, only the sale of PNB Holdings of its shares in PNB Gen met all the closing conditions for the sale. Accordingly, PNB Holdings closed and completed the sale of its 34.25% shareholdings in PNB Gen, with the excess of the purchase price over the carrying value of the proportionate interest of ₱344.7 million treated as an equity transaction in the consolidated financial statements of the Group as 'Other equity reserves'.

In 2021, the Parent Company completed the sale of its shares in PNB Gen, recognizing loss on sale amounting to ₱149.5 million and ₱134.9 million for the Group and the Parent Company, respectively, which was recorded under 'Gain on loss of control of subsidiaries - net'. Also in 2021, the Parent Company received interest income of ₱14.1 million from ABIC for this transaction.

12.6 Material Non-Controlling Interests

Proportion of equity interest held by material NCI follows:

		Equity interest of NCI		Accumulated balances of material NCI		Profit allocated to material NCI	
	Principal Activities	**2024**	2023	**2024**	2023	**2024**	2023
ABCHKL	Banking	**49.00%**	49.00%	**₱2,430,334**	₱2,230,261	**₱98,054**	₱71,784
OHBVI	Holding Company	**72.22%**	72.22%	**1,165,390**	1,095,965	**19,968**	24,332

The following table presents financial information of ABCHKL (unaudited) as of December 31, 2024 and 2023:

	2024	2023
Statement of Financial Position		
Current assets	**₱11,075,821**	₱10,285,643
Non-current assets	**1,718,803**	2,043,382
Current liabilities	**7,232,400**	7,177,792
Non-current liabilities	**670,967**	668,288
Statement of Comprehensive Income		
Revenues	**₱546,924**	₱477,646
Expenses	**346,815**	331,148
Net income	**200,109**	146,498
Total comprehensive income	**414,956**	110,472

(Forward)

	2024	2023
Statement of Cash Flows		
Net cash provided used in operating activities	**(₱87,328)**	(₱804,162)
Net cash provided by investing activities	**35,753**	35,392

The following table presents financial information of OHBVI (unaudited) as of December 31, 2024 and 2023:

	2024	2023
Statement of Financial Position		
Current assets	**₱1,613,622**	₱1,517,493
Statement of Comprehensive Income		
Revenues/Net income/Total comprehensive income	**₱27,649**	₱33,692
Statement of Cash Flows		
Net cash provided by operating activities	**₱96,129**	₱23,442

12.7 Investment in APLII

On June 6, 2016, the Parent Company entered into agreements with Allianz SE (Allianz), a German company engaged in insurance and asset management, for the sale of the 51.00% interest in PNB Life Insurance, Inc. (PNB Life) for a total consideration of USD66.0 million to form a new joint venture company named "Allianz-PNB Life Insurance, Inc."; and a 15-year exclusive distribution access to the branch network of the Parent Company (Exclusive Distribution Rights or EDR).

The purchase consideration of USD66.0 million was allocated between the sale of the 51.00% interest in PNB Life and the EDR amounting to USD44.9 million (₱2.1 billion) and USD21.1 million (₱1.0 billion), respectively. The consideration allocated to the EDR was recognized as 'Deferred revenue - Bancassurance' (Note 22) and is amortized to income over 15 years from date of sale. The Parent Company also receives variable annual and fixed bonus earn-out payments based on milestones achieved over the 15-year term of the distribution agreement.

After receiving approvals from the BSP on December 6, 2022 and June 14, 2021, the Parent Company recorded additional investments in APLII amounting to ₱392.0 million and ₱245.0 million, respectively. On June 27, 2024, the Parent Company recorded return of investment amounting to ₱122.5 million.

Summarized financial information of APLII (unaudited) as of December 31, 2024 and 2023 follows:

	2024	2023
Current assets	**₱3,045,524**	₱2,181,489
Noncurrent assets	**135,662,332**	113,166,291
Total assets	**138,707,856**	115,347,780
Current liabilities	**2,136,824**	1,404,749
Noncurrent liabilities	**132,365,045**	110,327,928
Total liabilities	**134,501,869**	111,732,677
Net assets	**4,205,987**	3,615,103
Percentage of ownership of the Group	**44%**	44%
Share in the net assets of the associate	**₱1,850,634**	₱1,590,645

The difference between the share in the net assets of APLII and the carrying value of the investments represents premium on acquisition/retained interest.

Summarized statement of comprehensive income of APLII (unaudited) in 2024 and 2023 follows:

	2024	2023
Revenues	**₱7,900,955**	₱6,867,294
Costs and expenses	**6,919,372**	6,257,991
Net income (loss)	**981,583**	609,303
Other comprehensive loss	**(470,126)**	(357,591)
Total comprehensive income (loss)	**₱511,457**	₱251,712
Group's share in comprehensive income (loss)	**₱225,041**	₱110,753

12.8 Significant Restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory supervisory frameworks within which insurance and banking subsidiaries operate.

13. Investment Properties

This account consists of real properties as follows:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Foreclosed or acquired in settlement of loans	**₱15,784,863**	₱14,399,995	**₱15,365,513**	₱13,932,044
Held for lease	**179,404**	179,563	**179,404**	179,563
Total	**₱15,964,267**	₱14,579,558	**₱15,544,917**	₱14,111,607

The composition of and movements in this account follow:

	Consolidated		
	2024		
	Land	**Buildings and Improvements**	**Total**
Cost			
Beginning balance	**₱14,262,534**	**₱4,465,437**	**₱18,727,971**
Additions	**998,131**	**1,270,489**	**2,268,620**
Disposals	**(288,870)**	**(107,707)**	**(396,577)**
Transfers/others	**3,989**	**(41,807)**	**(37,818)**
Balance at end of year	**14,975,784**	**5,586,412**	**20,562,196**
Accumulated Depreciation			
Balance at beginning of year	**–**	**1,829,513**	**1,829,513**
Depreciation (Note 11)	**–**	**215,569**	**215,569**
Disposals	**–**	**(65,592)**	**(65,592)**
Transfers/others	**–**	**(1,658)**	**(1,658)**
Balance at end of year	**–**	**1,977,832**	**1,977,832**
Allowance for Impairment Losses (Note 16)	**2,318,836**	**301,261**	**2,620,097**
Net Book Value at End of Year	**₱12,656,948**	**₱3,307,319**	**₱15,964,267**

	Consolidated		
	2023		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱14,471,137	₱3,337,560	₱17,808,697
Additions	1,475,118	1,498,014	2,973,132
Disposals	(1,689,521)	(336,100)	(2,025,621)
Transfers/others	5,800	(34,037)	(28,237)
Balance at end of year	14,262,534	4,465,437	18,727,971
Accumulated Depreciation			
Balance at beginning of year	–	1,838,042	1,838,042
Depreciation (Note 11)	–	191,153	191,153
Disposals	–	(199,165)	(199,165)
Transfers/others	–	(517)	(517)
Balance at end of year	–	1,829,513	1,829,513
Allowance for Impairment Losses (Note 16)	1,902,739	416,161	2,318,900
Net Book Value at End of Year	₱12,359,795	₱2,219,763	₱14,579,558

	Parent Company		
	2024		
	Land	**Buildings and Improvements**	**Total**
Cost			
Beginning balance	**₱13,709,658**	**₱4,352,211**	**₱18,061,869**
Additions	**998,131**	**1,270,489**	**2,268,620**
Disposals	**(288,870)**	**(96,711)**	**(385,581)**
Transfers/others	**(11,243)**	**(3,922)**	**(15,165)**
Balance at end of year	**14,407,676**	**5,522,067**	**19,929,743**
Accumulated Depreciation			
Balance at beginning of year	**–**	**1,656,063**	**1,656,063**
Depreciation (Note 11)	**–**	**195,518**	**195,518**
Disposals	**–**	**(60,305)**	**(60,305)**
Transfers/others	**–**	**(1,845)**	**(1,845)**
Balance at end of year	**–**	**1,789,431**	**1,789,431**
Allowance for Impairment Losses (Note 16)	**2,318,124**	**277,271**	**2,595,395**
Net Book Value at End of Year	**₱12,089,552**	**₱3,455,365**	**₱15,544,917**

	Parent Company		
	2023		
	Land	Buildings and Improvements	Total
Cost			
Beginning balance	₱13,915,473	₱3,188,687	₱17,104,160
Additions	1,475,118	1,498,014	2,973,132
Disposals	(1,689,521)	(336,100)	(2,025,621)
Transfers/others	8,588	1,610	10,198
Balance at end of year	13,709,658	4,352,211	18,061,869
Accumulated Depreciation			
Balance at beginning of year	–	1,688,372	1,688,372
Depreciation (Note 11)	–	167,339	167,339
Disposals	–	(199,165)	(199,165)
Transfers/others	–	(483)	(483)
Balance at end of year	–	1,656,063	1,656,063
Allowance for Impairment Losses (Note 16)	1,902,027	392,172	2,294,199
Net Book Value at End of Year	₱11,807,631	₱2,303,976	₱14,111,607

Foreclosed properties of the Parent Company still subject to redemption period by the borrowers amounted to ₱2.2 billion and ₱581.7 million, as of December 31, 2024 and 2023, respectively.

The total recoverable value of investment properties of the Group and the Parent Company that were impaired amounted to ₱13.4 billion and ₱9.6 billion as of December 31, 2024 and 2023, respectively. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

For the Group and the Parent Company, direct operating expenses on investment properties that generated rental income during the year (other than depreciation and amortization), included under 'Litigation and assets acquired expenses', amounted to ₱16.8 million, ₱33.0 million and ₱29.2 million in 2024, 2023, and 2022, respectively. Direct operating expenses on investment properties that did not generate rental income included under 'Litigation and assets acquired expenses', amounted to ₱231.7 million, ₱397.6 million and ₱208.3 million in 2024, 2023, and 2022, respectively (refer to Note 27.2).

14. Goodwill and Intangible Assets

These accounts consist of:

	Consolidated				**Parent Company**			
	2024		2023		**2024**		2023	
	Software Cost	**Goodwill**	Software Cost	Goodwill	**Software Cost**	**Goodwill**	Software Cost	Goodwill
Cost								
Balance at beginning of year	**₱6,039,747**	**₱10,184,843**	₱5,480,963	₱11,221,410	**₱6,983,715**	**₱10,325,201**	₱6,423,046	₱11,361,768
Additions	**946,940**	–	598,969	–	**943,546**	–	597,165	–
Impairment in value	–	–	–	(1,036,567)	–	–	–	(1,036,567)
Others	**(26,534)**	–	(40,185)	–	**(31,743)**	–	(36,496)	–
	6,960,153	**10,184,843**	6,039,747	10,184,843	**7,895,518**	**10,325,201**	6,983,715	10,325,201
Accumulated amortization								
Balance at beginning of year	**4,738,021**	–	3,637,073	–	**5,768,825**	–	4,689,462	–
Amortization (Note 11)	**1,160,592**	–	1,104,129	–	**1,146,235**	–	1,079,847	–
Others	**(23,415)**	–	(3,181)	–	**(27,002)**	–	(484)	–
	5,875,198	–	4,738,021	–	**6,888,058**	–	5,768,825	–
Net Book Value at End of Year	**₱1,084,955**	**₱10,184,843**	₱1,301,726	₱10,184,843	**₱1,007,460**	**₱10,325,201**	₱1,214,890	₱10,325,201

14.1 Software Cost

Software cost as of December 31, 2024 and 2023 includes capitalized development costs amounting to ₱2.0 billion, related to the Parent Company's core banking system.

14.2 Goodwill

The Parent Company accounted for the business combination with ABC under the acquisition method of PFRS 3. The Group has elected to measure the NCI in the acquiree at proportionate share of identifiable assets and liabilities. The business combination resulted in the recognition of goodwill amounting to ₱13.4 billion, allocated to the three CGUs which are also reportable segments.

Goodwill is reviewed for impairment annually in the fourth quarter of the reporting period, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment test is done by comparing the recoverable amount of each CGU with its carrying amount. The carrying amount of a CGU is derived based on its net assets plus the amount of goodwill allocated to the CGU. The recoverable amount is the higher of a CGU's fair value less costs to sell and its VIU.

In 2023 and 2021, the goodwill impairment test performed by the Parent Company resulted in an impairment in value of ₱1.0 billion in the Treasury CGU and ₱2.2 billion in the Corporate Banking CGU, respectively, with the recoverable amounts being lower than their carrying amounts.

As of December 31, 2024 and 2023, goodwill for each CGU amounted to:

	Gross carrying amount	**Accumulated impairment in value**	**Net carrying amount**
Retail Banking	**₱6,110,312**	**₱–**	**₱6,110,312**
Corporate Banking	**4,190,365**	**2,153,997**	**2,036,368**
Treasury	**3,074,730**	**1,036,567**	**2,038,163**
	₱13,375,407	**₱3,190,564**	**₱10,184,843**

As of December 31, 2024 and 2023, management believes that the carrying value of the goodwill will not materially exceed its recoverable value after consideration of all reasonably possible changes in the key assumptions discussed below.

The recoverable amounts of the CGUs have been determined on the basis of the VIU calculation using the discounted cash flows (DCF) model. The DCF model uses earnings projections based on financial budgets approved by senior management and the BOD of the Parent Company covering a three-year period and are discounted to their present value. Estimating future earning involves judgment which takes into account past and actual performance and expected developments in the respective markets and in the overall macro-economic environment.

The following rates were applied to the cash flow projections:

	2024			2023		
	Retail Banking	**Corporate Banking**	**Treasury**	Retail Banking	Corporate Banking	Treasury
Pre-tax discount rate	**11.43%**	**11.43%**	**11.43%**	11.92%	11.92%	10.06%
Projected growth rate	**5.73%**	**5.73%**	**5.73%**	5.30%	5.30%	5.30%

The calculation of VIU is most sensitive to estimates of future cash flows from the business, interest margin, discount rates, projected long-term growth rates (derived based on the forecast local gross domestic product) used to extrapolate cash flows beyond the budget period.

The discount rate applied has been determined based on cost of equity for the Retail, Corporate Banking and Treasury CGUs. The cost of equity is derived using the capital asset pricing model which is comprised of a market risk premium, risk-free interest rate and the beta factor, all of which were obtained from external sources of information.

15. Other Assets

This account consists of:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Financial				
Fund for electronic money products	**₱400,000**	₱350,000	**₱400,000**	₱350,000
Returned checks and other cash items	**25,003**	28,298	**25,003**	28,298
Security deposits (Note 33)	**19,662**	18,279	**–**	–
Miscellaneous	**2,808**	5,680	**2,147**	5,049
	447,473	402,257	**427,150**	383,347

(Forward)

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Nonfinancial				
Deferred charges (Note 33)	**₱3,969,199**	₱2,065,324	**₱3,965,120**	₱2,060,909
Creditable withholding taxes	**1,467,670**	1,309,256	**1,253,129**	1,098,777
Real estate inventories held under development (Note 33)	**521,114**	519,448	**521,114**	519,448
Prepaid expenses	**474,397**	362,254	**391,743**	305,023
Documentary stamps on hand	**406,790**	471,092	**406,703**	470,537
Retirement asset (Note 28)	**302,797**	17,283	**302,797**	–
Stationeries and supplies	**81,937**	99,536	**81,767**	99,283
Chattel mortgage properties - net of depreciation	**75,432**	304,817	**75,432**	304,817
Other investments	**26,842**	26,335	**22,970**	22,609
Miscellaneous	**1,427,061**	912,319	**1,135,727**	523,505
	8,753,239	6,087,664	**8,156,502**	5,404,908
	9,200,712	6,489,921	**8,583,652**	5,788,255
Less allowance for credit and impairment losses (Note 16)	**1,050,083**	1,035,620	**1,050,033**	1,035,570
	₱8,150,629	₱5,454,301	**₱7,533,619**	₱4,752,685

'Fund for electronic money products' represents the fund set up held in trust by the Parent Company's Trust Banking Group (TBG) for the specific purpose of liquidation of balances of e-money products of the Group in compliance with BSP Circular 1166. Such amount held in the trust account shall not fall below the required minimum balance of at least 50.0% of the outstanding e-money balances. The remaining 50.0% are covered by government securities booked under 'Investment securities at amortized cost' amounting to ₱364.0 million and ₱364.3 million as of December 31, 2024 and 2023, respectively (refer to Note 9.3).

'Deferred charges' include the share of the Group in the cost of transportation equipment acquired under the Group's car plan, rental payment made on bank premises, and expense prepayments expected to benefit the Bank for a future period exceeding one (1) year which are amortized monthly over five years.

'Real estate inventories held under development' represent parcels of land contributed by the Parent Company under joint arrangements with real estate developers to be developed as residential condominium units and subdivision lots.

'Chattel mortgage properties' pertain to motor vehicles, equipment and assets other than real estate properties, which were acquired by the Group in settlement of loans. As of December 31, 2024 and 2023, accumulated depreciation on the chattel mortgage properties amounted to ₱511.5 million and ₱337.6 million, respectively, for the Group and ₱511.5 million and ₱337.6 million, respectively, for the Parent Company. As of December 31, 2024 and 2023, the total recoverable value of certain chattel mortgage properties of the Group and the Parent Company that were impaired is at ₱396.5 million and ₱264.3 million, respectively.

'Miscellaneous financial assets' include revolving fund, petty cash fund and miscellaneous cash and other cash items. 'Miscellaneous nonfinancial assets' include postages, refundable deposits, notes taken for interest and sundry debits.

16. Impairment, Credit and Other Losses

16.1 Provision for Impairment, Credit and Other Losses

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Provision for credit losses	**₱3,772,753**	₱5,613,112	₱7,159,781	**₱3,725,453**	₱5,390,322	₱7,171,812
Provision for impairment and other losses	**95,358**	309,942	38,336	**56,803**	309,942	133,841
	₱3,868,111	₱5,923,054	₱7,198,117	**₱3,782,256**	₱5,700,264	₱7,305,653

16.2 Allowance for Impairment and Credit Losses

Changes in the allowance for credit losses on financial assets follow:

	Consolidated					
	2024					
	Securities Held Under Agreements to Resell	**Due from Other Banks**	**Interbank Loans Receivable**	**Financial Assets at FVOCI**	**Investment Securities at Amortized Cost**	**Total**
Balance at beginning of year	**₱14,152**	**₱9,898**	**₱8,045**	**₱45,673**	**₱155,835**	**₱233,603**
Provisions (reversals)	**32,088**	**(5,154)**	**(1,907)**	**23,250**	**(8,365)**	**39,912**
Balance at end of year	**₱46,240**	**₱4,744**	**₱6,138**	**₱68,923**	**₱147,470**	**₱273,515**

	Consolidated					
	2023					
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Total
Balance at beginning of year	₱2,188	₱9,898	₱1,369	₱121,585	₱3,847,850	₱3,982,890
Provisions (reversals)	11,964	–	6,676	(75,912)	(15,770)	(73,042)
Accounts charged-off	–	–	–	–	(3,676,245)	(3,676,245)
Balance at end of year	₱14,152	₱9,898	₱8,045	₱45,673	₱155,835	₱233,603

	Parent Company					
	2024					
	Securities Held Under Agreements to Resell	**Due from Other Banks**	**Interbank Loans Receivable**	**Financial Assets at FVOCI**	**Investment Securities at Amortized Cost**	**Total**
Balance at beginning of year	**₱14,152**	**₱9,873**	**₱8,045**	**₱46,776**	**₱155,835**	**₱234,681**
Provisions (reversals)	**32,088**	**(5,099)**	**-2,454**	**21,401**	**(8,365)**	**37,571**
Balance at end of year	**₱46,240**	**₱4,774**	**₱5,591**	**₱68,177**	**₱147,470**	**₱272,252**

	Parent Company					
	2023					
	Securities Held Under Agreements to Resell	Due from Other Banks	Interbank Loans Receivable	Financial Assets at FVOCI	Investment Securities at Amortized Cost	Total
Balance at beginning of year	₱2,188	₱9,873	₱1,369	₱119,452	₱3,847,850	₱3,980,732
Provisions (reversals)	11,964	–	6,676	(72,676)	(15,770)	(69,806)
Accounts charged-off	–	–	–	–	(3,676,245)	(3,676,245)
Balance at end of year	₱14,152	₱9,873	₱8,045	₱46,776	₱155,835	₱234,681

Movements in the allowance for impairment and other losses on non-financial assets follow:

	Consolidated							
	2024				2023			
	Property and Equipment	**Investment Properties**	**Other Assets**	**Total**	Property and Equipment	Investment Properties	Other Assets	Total
Balance at beginning of year	**₱1,133,292**	**₱2,318,900**	**₱1,035,620**	**₱4,487,812**	₱1,168,887	₱2,175,669	₱1,041,840	₱4,386,396
Provisions (reversals)		**199,452**	**(104,093)**	**95,359**	(38)	166,099	143,881	309,942
Disposals	**(8,513)**	**(17,078)**	**(26,745)**	**(52,336)**	(35,557)	(27,151)	(248)	(62,956)
Transfers and others	**–**	**118,823**	**145,301**	**264,124**	–	4,283	(149,853)	(145,570)
Balance at end of year	**₱1,124,779**	**₱2,620,097**	**₱1,050,083**	**₱4,794,959**	₱1,133,292	₱2,318,900	₱1,035,620	₱4,487,812

	Parent Company							
	2024				2023			
	Property and Equipment	**Investment Properties**	**Other Assets**	**Total**	Property and Equipment	Investment Properties	Other Assets	Total
Balance at beginning of year	**₱1,133,292**	**₱2,294,199**	**₱1,035,570**	**₱4,463,061**	₱1,168,887	₱2,150,968	₱1,025,047	₱4,344,902
Provisions (reversals)	**–**	**162,755**	**(105,952)**	**56,803**	(38)	166,099	143,881	309,942
Disposals	**(8,513)**	**(17,078)**	**(26,745)**	**(52,336)**	(35,557)	(27,151)	(248)	(62,956)
Transfers and others	**–**	**155,520**	**147,160**	**302,680**	–	4,283	(133,110)	(128,827)
Balance at end of year	**₱1,124,779**	**₱2,595,396**	**₱1,050,033**	**₱4,770,208**	₱1,133,292	₱2,294,199	₱1,035,570	₱4,463,061

The reconciliation of allowance for loans and receivables are shown below:

	Consolidated							
	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	**₱1,774,187**	**₱2,895,028**	**₱23,612,295**	**₱28,281,510**	1,455,038	5,954,356	17,270,216	24,679,610
Newly originated assets which remained in Stage 1 at yearend	**807,286**	**–**	**–**	**807,286**	825,411	–	–	825,411
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**704,905**	**397,431**	**1,102,336**	–	1,498,636	6,158,611	7,657,247
Transfers to Stage 1	**25,920**	**(25,799)**	**(121)**	**–**	22,816	(22,816)	–	–
Transfers to Stage 2	**(70,148)**	**839,542**	**(769,394)**	**–**	(572,482)	647,566	(75,084)	–
Transfers to Stage 3	**(280,840)**	**(346,220)**	**627,060**	**–**	(331,606)	(3,394,552)	3,726,158	–
Accounts charged off	**–**	**–**	**(686,290)**	**(686,290)**	–	–	(27,654)	(27,654)
Effect of collections, foreclosures, and provision	**(10,376)**	**(907,908)**	**1,380,542**	**462,258**	375,010	(1,788,162)	(3,439,952)	(4,853,104)
Ending Balance	**2,246,029**	**3,159,548**	**24,561,523**	**29,967,100**	1,774,187	2,895,028	23,612,295	28,281,510
LGU								
Beginning Balance	**391**	**6,684**	**63,216**	**70,291**	472	8,471	65,694	74,637
Effect of collections, foreclosures, and provision	**(104)**	**(1,306)**	**(5,172)**	**(6,582)**	(81)	(1,787)	(2,478)	(4,346)
Ending Balance	**287**	**5,378**	**58,044**	**63,709**	391	6,684	63,216	70,291
Credit Cards								
Beginning Balance	**508,446**	**109,883**	**696,783**	**1,315,112**	491,509	83,742	712,977	1,288,228
Newly originated assets which remained in Stage 1 at yearend	**78,851**	**–**	**–**	**78,851**	57,305	–	–	57,305
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**11,526**	**17,272**	**28,798**	–	6,813	9,999	16,812
Transfers to Stage 1	**49,370**	**(37,696)**	**(11,674)**	**–**	22,578	(16,917)	(5,661)	–
Transfers to Stage 2	**(16,596)**	**18,469**	**(1,873)**	**–**	(17,425)	17,465	(40)	–
Transfers to Stage 3	**(33,449)**	**(19,173)**	**52,622**	**–**	(25,370)	(12,031)	37,401	–
Accounts charged off	**–**	**–**	**(799,638)**	**(799,638)**	–	–	(892,571)	(892,571)
Effect of collections, foreclosures, and provision	**3,026**	**25,255**	**887,503**	**915,784**	(20,151)	30,811	834,678	845,338
Ending Balance	**589,648**	**108,264**	**840,995**	**1,538,907**	508,446	109,883	696,783	1,315,112
Retail SMEs								
Beginning Balance	**188,665**	**10,116**	**788,816**	**987,597**	200,621	26,631	1,337,812	1,565,064
Newly originated assets which remained in Stage 1 at yearend	**114,737**	**–**	**–**	**114,737**	180,263	–	–	180,263
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**13,621**	**12,785**	**26,406**	–	5,923	63,619	69,542
Transfers to Stage 1	**946**	**(946)**	**–**	**–**	110	–	(110)	–
Transfers to Stage 2	**(115)**	**430**	**(315)**	**–**	(1,051)	2,229	(1,178)	–
Transfers to Stage 3	**(26,339)**	**(6,257)**	**32,596**	**–**	–	(80,052)	80,052	–
Accounts charged off	**–**	**–**	**(115,370)**	**(115,370)**	–	–	(400,532)	(400,532)
Effect of collections, foreclosures, and provision	**1,071**	**3,095**	**16,923**	**21,089**	(191,278)	55,385	(290,847)	(426,740)
Ending Balance	**278,965**	**20,059**	**735,435**	**1,034,459**	188,665	10,116	788,816	987,597

(Forward)

	Consolidated							
	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Housing Loans								
Beginning Balance	**₱525,896**	**₱47,197**	**₱3,955,221**	**₱4,528,314**	₱447,670	₱115,108	₱3,785,067	₱4,347,845
Newly originated assets which remained in Stage 1 at yearend	**50,745**	**–**	**–**	**50,745**	49,994	–	–	49,994
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**2,016**	**13,444**	**15,460**	–	2,099	14,561	16,660
Transfers to Stage 1	**50,769**	**(3,234)**	**(47,535)**	**–**	43,356	(6,424)	(36,932)	–
Transfers to Stage 2	**(39,521)**	**53,677**	**(14,156)**	**–**	(30,074)	43,180	(13,106)	–
Transfers to Stage 3	**(60,880)**	**(25,729)**	**86,609**	**–**	(260,638)	(124,595)	385,233	
Effect of collections, foreclosures, and provision	**(430,615)**	**(15,134)**	**(392,607)**	**(838,356)**	275,588	17,829	(179,602)	113,815
Ending Balance	**96,394**	**58,793**	**3,600,976**	**3,756,163**	525,896	47,197	3,955,221	4,528,314
Auto Loans								
Beginning Balance	**25,693**	**686**	**1,078,920**	**1,105,299**	20,844	2,253	1,497,222	1,520,319
Newly originated assets which remained in Stage 1 at yearend	**5,154**	**–**	**–**	**5,154**	6,218	–	–	6,218
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**695**	**2,708**	**3,403**	–	125	450	575
Transfers to Stage 1	**188**	**(20)**	**(168)**	**–**	600	(131)	(469)	–
Transfers to Stage 2	**(459)**	**479**	**(20)**	**–**	(476)	525	(49)	–
Transfers to Stage 3	**(8,167)**	**(2,091)**	**10,258**	**–**	(21,039)	(10,155)	31,194	–
Accounts charged off	**–**	**–**	**(32,938)**	**(32,938)**	–	–	(47,526)	(47,526)
Effect of collections, foreclosures, and provision	**138**	**1,429**	**(341,684)**	**(340,117)**	19,546	8,069	(401,902)	(374,287)
Ending Balance	**22,547**	**1,178**	**717,076**	**740,801**	25,693	686	1,078,920	1,105,299
Other Loans								
Beginning Balance	**71,794**	**264,708**	**928,528**	**1,265,030**	15,780	78,197	1,168,060	1,262,037
Newly originated assets which remained in Stage 1 at yearend	**4,194**	**–**	**–**	**4,194**	42,043	–	–	42,043
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**–**	**23**	**23**	–	45,824	24,687	70,511
Transfers to Stage 1	**3,029**	**(85)**	**(2,944)**	**–**	1,364	(244)	(1,120)	–
Transfers to Stage 2	**(1,894)**	**5,594**	**(3,700)**	**–**	(148,740)	216,224	(67,484)	–
Transfers to Stage 3	**(2,523)**	**(44,240)**	**46,763**	**–**	(42,076)	(6,097)	48,173	–
Accounts charged off	**–**	**–**	**(19,654)**	**(19,654)**	–	–	–	–
Effect of collections, foreclosures, and provision	**(42,742)**	**(121,731)**	**(38,790)**	**(203,263)**	203,423	(69,196)	(243,788)	(109,561)
Ending Balance	**31,858**	**104,246**	**910,226**	**1,046,330**	71,794	264,708	928,528	1,265,030
Other Receivables								
Beginning Balance	**131,275**	**37,316**	**4,850,162**	**5,018,753**	87,993	148,230	3,970,848	4,207,071
Newly originated assets which remained in Stage 1 at yearend	**4,970**	**–**	**–**	**4,970**	3,310	–	–	3,310
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**2,971**	**5,511**	**8,482**	–	7,901	117,793	125,694
Transfers to Stage 1	**320**	**(268)**	**(52)**	**–**	162	(138)	(24)	–
Transfers to Stage 2	**(346)**	**2,209**	**(1,863)**	**–**	(4,115)	4,177	(62)	–
Transfers to Stage 3	**3,426**	**(3,615)**	**189**	**–**	(3,463)	(421,743)	425,206	–
Accounts charged off	**–**	**–**	**(1,271,421)**	**(1,271,421)**	–	–	(48,607)	(48,607)
Effect of collections, foreclosures, and provision	**40,969**	**550**	**258,617**	**300,136**	47,388	298,889	385,008	731,285
Ending Balance	**180,614**	**39,163**	**3,841,143**	**4,060,920**	131,275	37,316	4,850,162	5,018,753
Total Loans and Receivables								
Beginning Balance	**3,226,347**	**3,371,618**	**35,973,941**	**42,571,906**	2,719,927	6,416,988	29,807,896	38,944,811
Newly originated assets which remained in Stage 1 at yearend	**1,065,937**	**–**	**–**	**1,065,937**	1,164,544	–	–	1,164,544
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**735,734**	**449,174**	**1,184,908**	–	1,567,321	6,389,720	7,957,041
Transfers to Stage 1	**130,542**	**(68,048)**	**(62,494)**	**–**	90,986	(46,670)	(44,316)	–
Transfers to Stage 2	**(129,079)**	**920,400**	**(791,321)**	**–**	(774,363)	931,366	(157,003)	–
Transfers to Stage 3	**(408,772)**	**(447,325)**	**856,097**	**–**	(684,192)	(4,049,225)	4,733,417	–
Accounts charged off	**–**	**–**	**(2,925,311)**	**(2,925,311)**	–	–	(1,416,890)	(1,416,890)
Effect of collections, foreclosures, and provision	**(438,633)**	**(1,015,750)**	**1,765,332**	**310,949**	709,445	(1,448,162)	(3,338,883)	(4,077,600)
Ending Balance	**₱3,446,342**	**₱3,496,629**	**₱35,265,418**	**₱42,208,389**	₱3,226,347	₱3,371,618	₱35,973,941	₱42,571,906

	Parent Company							
	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	**₱1,648,613**	**₱2,895,028**	**₱24,029,657**	**₱28,573,298**	1,671,731	5,954,139	18,336,117	25,961,987
Newly originated assets which remained in Stage 1 at yearend	**807,286**	–	–	**807,286**	825,411	–	–	825,411
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**704,905**	**397,431**	**1,102,336**	–	1,498,636	6,158,611	7,657,247
Transfers to Stage 1	**25,920**	**(25,799)**	**(121)**	–	22,816	(22,816)	–	–
Transfers to Stage 2	**(70,148)**	**839,542**	**(769,394)**	–	(572,482)	647,566	(75,084)	–
Transfers to Stage 3	**(280,840)**	**(346,220)**	**627,060**	–	(331,606)	(3,394,552)	3,726,158	–
Accounts charged off	–	–	**(686,290)**	**(686,290)**	–	–	(27,654)	(27,654)
Loan settlement through dacion and assignment (Note 33)	–	–	–	–	–	–	(1,404,582)	(1,404,582)
Effect of collections, foreclosures, and provision	**(403,414)**	**(907,908)**	**1,777,596**	**466,274**	32,743	(1,787,945)	(2,683,909)	(4,439,111)
Ending Balance	**1,727,417**	**3,159,548**	**25,375,939**	**30,262,904**	1,648,613	2,895,028	24,029,657	28,573,298
LGU								
Beginning Balance	**391**	**6,684**	**63,216**	**70,291**	472	8,471	65,694	74,637
Effect of collections, foreclosures, and provision	**(104)**	**(1,306)**	**(5,172)**	**(6,582)**	(81)	(1,787)	(2,478)	(4,346)
Ending Balance	**287**	**5,378**	**58,044**	**63,709**	391	6,684	63,216	70,291
Credit Cards								
Beginning Balance	**508,446**	**109,883**	**696,783**	**1,315,112**	491,509	83,742	712,977	1,288,228
Newly originated assets which remained in Stage 1 at yearend	**78,851**	–	–	**78,851**	57,305	–	–	57,305
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**11,526**	**17,272**	**28,798**	–	6,813	9,999	16,812
Transfers to Stage 1	**49,370**	**(37,696)**	**(11,674)**	–	22,578	(16,917)	(5,661)	–
Transfers to Stage 2	**(16,596)**	**18,469**	**(1,873)**	–	(17,425)	17,465	(40)	–
Transfers to Stage 3	**(33,449)**	**(19,173)**	**52,622**	–	(25,370)	(12,031)	37,401	–
Accounts charged off	–	–	**(799,638)**	**(799,638)**	–	–	(892,571)	(892,571)
Effect of collections, foreclosures, and provision	**3,026**	**25,255**	**887,503**	**915,784**	(20,151)	30,811	834,678	845,338
Ending Balance	**589,648**	**108,264**	**840,995**	**1,538,907**	508,446	109,883	696,783	1,315,112
Retail SMEs								
Beginning Balance	**188,665**	**10,105**	**783,996**	**982,766**	182,003	23,329	798,798	1,004,130
Newly originated assets which remained in Stage 1 at yearend	**114,737**	–	–	**114,737**	180,263	–	–	180,263
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**13,621**	**12,785**	**26,406**	–	5,923	63,619	69,542
Transfers to Stage 1	**946**	**(946)**	–	–	110	–	(110)	–
Transfers to Stage 2	**(115)**	**430**	**(315)**	–	(1,051)	2,229	(1,178)	–
Transfers to Stage 3	**(26,339)**	**(6,257)**	**32,596**	–	–	(80,052)	80,052	–
Accounts charged off	–	–	**(115,370)**	**(115,370)**	–	–	(401,774)	(401,774)
Effect of collections, foreclosures, and provision	**1,071**	**3,106**	**21,743**	**25,920**	(172,660)	58,676	244,589	130,605
Ending Balance	**278,965**	**20,059**	**735,435**	**1,034,459**	188,665	10,105	783,996	982,766
Housing Loans								
Beginning Balance	**524,616**	**47,197**	**3,938,674**	**4,510,487**	445,982	114,780	3,776,024	4,336,786
Newly originated assets which remained in Stage 1 at yearend	**50,745**	–	–	**50,745**	49,994	–	–	49,994
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**2,016**	**13,444**	**15,460**	–	2,099	14,561	16,660
Transfers to Stage 1	**50,769**	**(3,234)**	**(47,535)**	–	43,356	(6,424)	(36,932)	–
Transfers to Stage 2	**(39,521)**	**53,677**	**(14,156)**	–	(30,074)	43,180	(13,106)	–
Transfers to Stage 3	**(60,880)**	**(25,729)**	**86,609**	–	(260,638)	(124,595)	385,233	–
Effect of collections, foreclosures, and provision	**(28,829)**	**(15,180)**	**(798,779)**	**(842,788)**	275,996	18,157	(187,106)	107,047
Ending Balance	**496,900**	**58,747**	**3,178,257**	**3,733,904**	524,616	47,197	3,938,674	4,510,487
Auto Loans								
Beginning Balance	**25,693**	**686**	**1,078,920**	**1,105,299**	20,844	2,253	1,497,222	1,520,319
Newly originated assets which remained in Stage 1 at yearend	**5,154**	–	–	**5,154**	6,218	–	–	6,218
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**695**	**2,708**	**3,403**	–	125	450	575
Transfers to Stage 1	**188**	**(20)**	**(168)**	–	600	(131)	(469)	–
Transfers to Stage 2	**(459)**	**479**	**(20)**	–	(476)	525	(49)	–
Transfers to Stage 3	**(8,167)**	**(2,091)**	**10,258**	–	(21,039)	(10,155)	31,194	–
Accounts charged off	–	–	**(32,938)**	**(32,938)**	–	–	(47,526)	(47,526)
Effect of collections, foreclosures, and provision	**138**	**1,429**	**(341,684)**	**(340,117)**	19,546	8,069	(401,902)	(374,287)
Ending Balance	**22,547**	**1,178**	**717,076**	**740,801**	25,693	686	1,078,920	1,105,299

(Forward)

	Parent Company							
	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Other Loans								
Beginning Balance	**₱71,784**	**₱264,708**	**₱928,528**	**₱1,265,020**	₱15,739	₱64,561	₱1,181,666	₱1,261,966
Newly originated assets which remained in Stage 1 at yearend	**4,194**	–	–	**4,194**	42,043	–	–	42,043
Newly originated assets which moved to Stages 2 and 3 at yearend	–	–	**23**	**23**	–	45,824	24,687	70,511
Transfers to Stage 1	**3,029**	**(85)**	**(2,944)**	–	1,364	(244)	(1,120)	–
Transfers to Stage 2	**(1,894)**	**5,594**	**(3,700)**	–	(148,740)	216,224	(67,484)	–
Transfers to Stage 3	**(2,523)**	**(44,240)**	**46,763**	–	(42,076)	(6,097)	48,173	–
Accounts charged off	–	–	**(19,654)**	**(19,654)**	–	–	–	–
Effect of collections, foreclosures, and provision	**(42,758)**	**(121,731)**	**(38,876)**	**(203,365)**	203,454	(55,560)	(257,394)	(109,500)
Ending Balance	**31,832**	**104,246**	**910,140**	**1,046,218**	71,784	264,708	928,528	1,265,020
Other Receivables								
Beginning Balance	**22,665**	**32,893**	**4,689,397**	**4,744,955**	34,342	37,308	3,926,135	3,997,785
Newly originated assets which remained in Stage 1 at yearend	**4,970**	–	–	**4,970**	3,310	–	–	3,310
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**2,971**	**5,511**	**8,482**	–	7,901	117,793	125,694
Transfers to Stage 1	**320**	**(268)**	**(52)**	–	162	(138)	(24)	–
Transfers to Stage 2	**(346)**	**2,209**	**(1,863)**	–	(4,115)	4,177	(62)	–
Transfers to Stage 3	**3,426**	**(3,615)**	**189**	–	(3,463)	(421,743)	425,206	–
Accounts charged off	–	–	**(1,269,650)**	**(1,269,650)**	–	–	(49,305)	(49,305)
Effect of collections, foreclosures, and provision	**35,247**	**550**	**209,778**	**245,575**	(7,571)	405,388	269,654	667,471
Ending Balance	**66,282**	**34,740**	**3,633,310**	**3,734,332**	22,665	32,893	4,689,397	4,744,955
Total Loans and Receivables								
Beginning Balance	**2,990,873**	**3,367,184**	**36,209,171**	**42,567,228**	2,862,622	6,288,583	30,294,633	39,445,838
Newly originated assets which remained in Stage 1 at yearend	**1,065,937**	–	–	**1,065,937**	1,164,544	–	–	1,164,544
Newly originated assets which moved to Stages 2 and 3 as at year-end	–	**735,734**	**449,174**	**1,184,908**	–	1,567,321	6,389,720	7,957,041
Transfers to Stage 1	**130,542**	**(68,048)**	**(62,494)**	–	90,986	(46,670)	(44,316)	–
Transfers to Stage 2	**(129,079)**	**920,975**	**(791,896)**	–	(774,363)	931,366	(157,003)	–
Transfers to Stage 3	**(408,772)**	**(447,325)**	**856,097**	–	(684,192)	(4,049,225)	4,733,417	–
Accounts charged off	–	–	**(2,923,540)**	**(2,923,540)**	–	–	(1,418,830)	(1,418,830)
Loan settlement through dacion and assignment (Note 33)	–	–	–	–	–	–	(1,404,582)	(1,404,582)
Effect of collections, foreclosures, and provision	**(435,623)**	**(1,016,360)**	**1,712,684**	**260,701**	331,276	(1,324,191)	(2,183,868)	(3,176,783)
Ending Balance	**₱3,213,878**	**₱3,492,160**	**₱35,449,196**	**₱42,155,234**	₱2,990,873	₱3,367,184	₱36,209,171	₱42,567,228

16.3 Gross Carrying Amounts of Loans and Receivables

Movements of the gross carrying amounts of loans and receivables are shown below:

	Consolidated							
	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	**₱511,739,263**	**₱27,482,301**	**₱32,976,162**	**₱572,197,726**	₱439,476,954	₱73,633,834	₱27,884,820	₱540,995,608
Newly originated assets which remained in Stage 1 at yearend	**313,540,235**	–	–	**313,540,235**	256,828,762	–	–	256,828,762
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**14,542,849**	**6,213,419**	**20,756,268**	–	12,486,650	7,244,151	19,730,801
Transfers to Stage 1	**1,626,834**	**(1,538,339)**	**(88,495)**	–	20,808,870	(20,808,870)	–	–
Transfers to Stage 2	**(1,709,484)**	**3,688,218**	**(1,978,734)**	–	(2,438,133)	2,776,640	(338,507)	–
Transfers to Stage 3	**(496,633)**	**(1,087,075)**	**1,583,708**	–	(851,326)	(5,941,406)	6,792,732	–
Accounts charged off	–	–	**(686,290)**	**(686,290)**	–	–	(27,654)	(27,654)
Collections and other movements	**(287,030,529)**	**(18,416,515)**	**(3,024,592)**	**(308,471,636)**	(202,085,864)	(34,664,547)	(8,579,380)	(245,329,791)
Ending Balance	**537,669,686**	**24,671,439**	**34,995,178**	**597,336,303**	511,739,263	27,482,301	32,976,162	572,197,726
LGU								
Beginning Balance	**2,183,286**	**28,139**	**54,900**	**2,266,325**	2,753,214	35,320	56,658	2,845,192
Collections and other movements	**(536,416)**	**(5,529)**	**(4,379)**	**(546,324)**	(569,928)	(7,181)	(1,758)	(578,867)
Ending Balance	**1,646,870**	**22,610**	**50,521**	**1,720,001**	2,183,286	28,139	54,900	2,266,325

(Forward)

	Consolidated							
	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Credit Cards								
Beginning Balance	**₱14,208,553**	**₱440,362**	**₱583,930**	**₱15,232,845**	₱13,157,391	₱315,914	₱909,376	₱14,382,681
Newly originated assets which remained in Stage 1 at yearend	**1,980,502**	**–**	**–**	**1,980,502**	1,165,134	–	–	1,165,134
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**52,126**	**31,425**	**83,551**	–	29,616	18,927	48,543
Transfers to Stage 1	**149,502**	**(125,603)**	**(23,899)**	**–**	69,818	(62,026)	(7,792)	–
Transfers to Stage 2	**(319,966)**	**323,698**	**(3,732)**	**–**	(325,428)	325,528	(100)	–
Transfers to Stage 3	**(547,031)**	**(87,958)**	**634,989**	**–**	(424,262)	(52,755)	477,017	–
Accounts charged off	**–**	**–**	**(799,638)**	**(799,638)**	–	–	(892,571)	(892,571)
Collections and other movements	**1,685,900**	**(112,752)**	**(6,523)**	**1,566,625**	565,900	(115,915)	79,073	529,058
Ending Balance	**17,157,460**	**489,873**	**416,552**	**18,063,885**	14,208,553	440,362	583,930	15,232,845
Retail SMEs								
Beginning Balance	**4,153,369**	**151,456**	**1,067,223**	**5,372,048**	3,995,703	342,969	1,961,582	6,300,254
Newly originated assets which remained in Stage 1 at yearend	**3,539,950**	**–**	**–**	**3,539,950**	3,924,066	–	–	3,924,066
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**114,725**	**50,153**	**164,878**	–	112,457	72,686	185,143
Transfers to Stage 1	**7,659**	**(7,659)**	**–**	**–**	4,227	–	(4,227)	–
Transfers to Stage 2	**(810)**	**2,953**	**(2,143)**	**–**	(21,867)	31,237	(9,370)	–
Transfers to Stage 3	**(71,839)**	**(7,659)**	**79,498**	**–**	–	(119,106)	119,106	–
Accounts charged off	**–**	**–**	**(115,370)**	**(115,370)**	–	–	(401,774)	(401,774)
Collections and other movements	**(3,267,400)**	**(129,967)**	**(88,078)**	**(3,485,445)**	(3,748,760)	(216,101)	(670,780)	(4,635,641)
Ending Balance	**4,360,929**	**123,849**	**991,283**	**5,476,061**	4,153,369	151,456	1,067,223	5,372,048
Housing Loans								
Beginning Balance	**20,130,870**	**248,682**	**7,921,739**	**28,301,291**	18,886,113	673,099	9,029,811	28,589,023
Newly originated assets which remained in Stage 1 as at yearend	**3,162,128**	**–**	**–**	**3,162,128**	3,153,824	–	–	3,153,824
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**17,757**	**44,110**	**61,867**	–	14,017	48,035	62,052
Transfers to Stage 1	**1,577,780**	**(105,411)**	**(1,472,369)**	**–**	1,234,984	(167,456)	(1,067,528)	–
Transfers to Stage 2	**(209,603)**	**281,574**	**(71,971)**	**–**	(160,577)	225,036	(64,459)	–
Transfers to Stage 3	**(204,135)**	**(105,411)**	**309,546**	**–**	(819,808)	(407,824)	1,227,632	–
Collections and other movements	**(3,287,196)**	**(19,811)**	**(1,473,794)**	**(4,780,801)**	(2,163,666)	(88,190)	(1,251,752)	(3,503,608)
Ending Balance	**21,169,844**	**317,380**	**5,257,261**	**26,744,485**	20,130,870	248,682	7,921,739	28,301,291
Auto Loans								
Beginning Balance	**5,216,360**	**22,973**	**1,263,450**	**6,502,783**	5,017,858	102,192	1,970,284	7,090,334
Newly originated assets which remained in Stage 1 at yearend	**2,515,108**	**–**	**–**	**2,515,108**	2,513,456	–	–	2,513,456
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**18,900**	**24,820**	**43,720**	–	4,842	4,158	9,000
Transfers to Stage 1	**32,064**	**(3,394)**	**(28,670)**	**–**	78,374	(17,998)	(60,376)	–
Transfers to Stage 2	**(15,561)**	**16,513**	**(952)**	**–**	(15,461)	16,928	(1,467)	–
Transfers to Stage 3	**(40,217)**	**(3,394)**	**43,611**	**–**	(83,541)	(33,541)	117,082	–
Accounts charged off	**–**	**–**	**(32,938)**	**(32,938)**	–	–	(47,526)	(47,526)
Collections and other movements	**(2,230,304)**	**(15,944)**	**(461,864)**	**(2,708,112)**	(2,294,326)	(49,450)	(718,705)	(3,062,481)
Ending Balance	**5,477,450**	**35,654**	**807,457**	**6,320,561**	5,216,360	22,973	1,263,450	6,502,783
Other Loans								
Beginning Balance	**8,187,643**	**2,087,478**	**1,650,129**	**11,925,250**	9,131,926	1,546,924	1,976,100	12,654,950
Newly originated assets which remained in Stage 1 at yearend	**5,119,859**	**–**	**–**	**5,119,859**	6,201,837	–	–	6,201,837
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**–**	**31**	**31**	–	1,244,295	39,581	1,283,876
Transfers to Stage 1	**47,303**	**(3,435)**	**(43,868)**	**–**	38,851	(7,370)	(31,481)	–
Transfers to Stage 2	**(7,521)**	**22,220**	**(14,699)**	**–**	(619,725)	836,675	(216,950)	–
Transfers to Stage 3	**(11,694)**	**(3,435)**	**15,129**	**–**	(141,647)	(20,036)	161,683	–
Accounts charged off	**–**	**–**	**(19,654)**	**(19,654)**	–	–	–	–
Collections and other movements	**(6,441,872)**	**(1,755,234)**	**(266,303)**	**(8,463,409)**	(6,423,599)	(1,513,010)	(278,804)	(8,215,413)
Ending Balance	**6,893,718**	**347,594**	**1,320,765**	**8,562,077**	8,187,643	2,087,478	1,650,129	11,925,250
Other Receivables								
Beginning Balance	**11,130,475**	**270,041**	**6,083,868**	**17,484,384**	15,069,109	289,229	3,828,316	19,186,654
Newly originated assets which remained in Stage 1 at yearend	**1,312,023**	**–**	**–**	**1,312,023**	1,334,540	–	–	1,334,540
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**64,105**	**40,349**	**104,454**	–	49,057	126,499	175,556
Transfers to Stage 1	**23,996**	**(13,905)**	**(10,091)**	**–**	123,622	(118,182)	(5,440)	–
Transfers to Stage 2	**(6,040)**	**17,059**	**(11,019)**	**–**	(23,562)	24,591	(1,029)	–
Transfers to Stage 3	**(6,464)**	**(8,587)**	**15,051**	**–**	(9,949)	(925,493)	935,442	–
Accounts charged off	**–**	**–**	**(1,271,421)**	**(1,271,421)**	–	–	(49,305)	(49,305)
Collections and other movements	**(3,667,397)**	**(154,373)**	**996,971**	**(2,824,799)**	(5,363,285)	950,839	1,249,385	(3,163,061)
Ending Balance	**8,786,593**	**174,340**	**5,843,708**	**14,804,641**	11,130,475	270,041	6,083,868	17,484,384

(Forward)

	Consolidated							
	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Total Loans and Receivables								
Beginning Balance	**₱576,949,819**	**₱30,731,432**	**₱51,601,401**	**₱659,282,652**	₱507,488,268	₱76,939,481	₱47,616,947	₱632,044,696
Newly originated assets which remained in Stage 1 at yearend	**331,169,805**	–	–	**331,169,805**	275,121,619	–	–	275,121,619
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**14,810,462**	**6,404,307**	**21,214,769**	–	13,940,934	7,554,037	21,494,971
Transfers to Stage 1	**3,465,138**	**(1,797,746)**	**(1,667,392)**	–	22,358,746	(21,181,902)	(1,176,844)	–
Transfers to Stage 2	**(2,268,985)**	**4,352,235**	**(2,083,250)**	–	(3,604,753)	4,236,635	(631,882)	–
Transfers to Stage 3	**(1,378,013)**	**(1,303,519)**	**2,681,532**	–	(2,330,533)	(7,500,161)	9,830,694	–
Accounts charged off	–	–	**(2,925,311)**	**(2,925,311)**	–	–	(1,418,830)	(1,418,830)
Collections and other movements	**(304,775,214)**	**(20,610,125)**	**(4,328,562)**	**(329,713,901)**	(222,083,528)	(35,703,555)	(10,172,721)	(267,959,804)
Ending Balance	**₱603,162,550**	**₱26,182,739**	**₱49,682,725**	**₱679,028,014**	₱576,949,819	₱30,731,432	₱51,601,401	₱659,282,652

	Parent Company							
	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Corporate Loans								
Beginning Balance	**₱499,062,930**	**₱27,447,702**	**₱32,943,593**	**₱559,454,225**	₱427,520,330	₱73,589,787	₱28,922,622	₱530,032,739
Newly originated assets which remained in Stage 1 at yearend	**311,255,404**	–	–	**311,255,404**	249,130,331	–	–	249,130,331
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**14,542,849**	**5,601,615**	**20,144,464**	–	12,486,650	7,244,151	19,730,801
Transfers to Stage 1	**1,626,834**	**(1,538,339)**	**(88,495)**	–	20,808,870	(20,808,870)	–	–
Transfers to Stage 2	**(1,709,484)**	**3,688,218**	**(1,978,734)**	–	(2,438,133)	2,776,640	(338,507)	–
Transfers to Stage 3	**(496,633)**	**(1,087,075)**	**1,583,708**	–	(851,326)	(5,941,406)	6,792,732	–
Accounts charged off	–	–	**(686,290)**	**(686,290)**	–	–	(27,654)	(27,654)
Loan settlement through dacion and assignment (Note 33)	–	–	–	–	–	–	(1,404,582)	(1,404,582)
Collections and other movements	**(284,347,175)**	**(18,416,515)**	**(2,857,712)**	**(305,621,402)**	(195,107,142)	(34,655,099)	(8,245,169)	(238,007,410)
Ending Balance	**525,391,876**	**24,636,840**	**34,517,685**	**584,546,401**	499,062,930	27,447,702	32,943,593	559,454,225
LGU								
Beginning Balance	**2,183,286**	**28,139**	**54,900**	**2,266,325**	2,753,214	35,320	56,658	2,845,192
Collections and other movements	**(536,416)**	**(5,529)**	**(4,379)**	**(546,324)**	(569,928)	(7,181)	(1,758)	(578,867)
Ending Balance	**1,646,870**	**22,610**	**50,521**	**1,720,001**	2,183,286	28,139	54,900	2,266,325
Credit Cards								
Beginning Balance	**14,208,553**	**440,362**	**583,930**	**15,232,845**	13,157,391	315,914	909,376	14,382,681
Newly originated assets which remained in Stage 1 at yearend	**1,980,502**	–	–	**1,980,502**	1,165,134	–	–	1,165,134
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**52,126**	**31,425**	**83,551**	–	29,616	18,927	48,543
Transfers to Stage 1	**149,502**	**(125,603)**	**(23,899)**	–	69,818	(62,026)	(7,792)	–
Transfers to Stage 2	**(319,966)**	**323,698**	**(3,732)**	–	(325,428)	325,528	(100)	–
Transfers to Stage 3	**(547,031)**	**(87,958)**	**634,989**	–	(424,262)	(52,755)	477,017	–
Accounts charged off	–	–	**(799,638)**	**(799,638)**	–	–	(892,571)	(892,571)
Collections and other movements	**1,685,900**	**(112,752)**	**(6,523)**	**1,566,625**	565,900	(115,915)	79,073	529,058
Ending Balance	**17,157,460**	**489,873**	**416,552**	**18,063,885**	14,208,553	440,362	583,930	15,232,845
Retail SMEs								
Beginning Balance	**4,153,253**	**151,473**	**1,057,121**	**5,361,847**	3,544,176	317,549	1,078,655	4,940,380
Newly originated assets which remained in Stage 1 at yearend	**3,539,950**	–	–	**3,539,950**	3,924,066	–	–	3,924,066
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**114,725**	**50,153**	**164,878**	–	112,457	72,686	185,143
Transfers to Stage 1	**7,659**	**(7,659)**	–	–	4,227	–	(4,227)	–
Transfers to Stage 2	**(810)**	**2,953**	**(2,143)**	–	(21,867)	31,237	(9,370)	–
Transfers to Stage 3	**(71,839)**	**(7,659)**	**79,498**	–	–	(119,106)	119,106	–
Accounts charged off	–	–	**(115,370)**	**(115,370)**	–	–	(401,774)	(401,774)
Collections and other movements	**(3,267,284)**	**(129,984)**	**(77,976)**	**(3,475,244)**	(3,297,349)	(190,664)	202,045	(3,285,968)
Ending Balance	**4,360,929**	**123,849**	**991,283**	**5,476,061**	4,153,253	151,473	1,057,121	5,361,847
Housing Loans								
Beginning Balance	**19,354,191**	**248,682**	**7,921,406**	**27,524,279**	18,020,708	640,238	9,002,446	27,663,392
Newly originated assets which remained in Stage 1 at yearend	**3,162,128**	–	–	**3,162,128**	3,046,281	–	–	3,046,281
Newly originated assets which moved to Stages 2 and 3 at yearend	–	**17,757**	**44,110**	**61,867**	–	14,017	48,035	62,052
Transfers to Stage 1	**1,577,780**	**(105,411)**	**(1,472,369)**	–	1,234,984	(167,456)	(1,067,528)	–
Transfers to Stage 2	**(204,457)**	**276,428**	**(71,971)**	–	(160,577)	225,036	(64,459)	–
Transfers to Stage 3	**(193,797)**	**(105,411)**	**299,208**	–	(819,808)	(378,350)	1,198,158	–
Collections and other movements	**(3,292,172)**	**(19,811)**	**(1,476,192)**	**(4,788,175)**	(1,967,397)	(84,803)	(1,195,246)	(3,247,446)
Ending Balance	**20,403,673**	**312,234**	**5,244,192**	**25,960,099**	19,354,191	248,682	7,921,406	27,524,279

(Forward)

	Parent Company							
	2024				2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Auto Loans								
Beginning Balance	**₱5,216,360**	**₱22,973**	**₱1,263,450**	**₱6,502,783**	₱5,017,858	₱102,192	₱1,970,284	₱7,090,334
Newly originated assets which remained in Stage 1 at yearend	**2,515,108**	**–**	**–**	**2,515,108**	2,513,456	–	–	2,513,456
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**18,900**	**24,820**	**43,720**	–	4,842	4,158	9,000
Transfers to Stage 1	**32,064**	**(3,394)**	**(28,670)**	**–**	78,374	(17,998)	(60,376)	–
Transfers to Stage 2	**(15,561)**	**16,513**	**(952)**	**–**	(15,461)	16,928	(1,467)	–
Transfers to Stage 3	**(40,217)**	**(3,394)**	**43,611**	**–**	(83,541)	(33,541)	117,082	–
Accounts charged off	**–**	**–**	**(32,938)**	**(32,938)**	–	–	(47,526)	(47,526)
Collections and other movements	**(2,230,304)**	**(15,944)**	**(461,864)**	**(2,708,112)**	(2,294,326)	(49,450)	(718,705)	(3,062,481)
Ending Balance	**5,477,450**	**35,654**	**807,457**	**6,320,561**	5,216,360	22,973	1,263,450	6,502,783
Other Loans								
Beginning Balance	**8,099,735**	**2,087,478**	**1,650,129**	**11,837,342**	9,039,529	1,546,924	1,976,100	12,562,553
Newly originated assets which remained in Stage 1 at yearend	**5,119,859**	**–**	**–**	**5,119,859**	6,201,837	–	–	6,201,837
Newly originated assets which moved to Stages 2 and 3 at yearend	**–**	**–**	**31**	**31**	–	1,244,295	39,581	1,283,876
Transfers to Stage 1	**47,303**	**(3,435)**	**(43,868)**	**–**	38,851	(7,370)	(31,481)	–
Transfers to Stage 2	**(3,492)**	**18,191**	**(14,699)**	**–**	(616,273)	833,223	(216,950)	–
Transfers to Stage 3	**(11,694)**	**(3,435)**	**15,129**	**–**	(141,647)	(20,036)	161,683	–
Accounts charged off	**–**	**–**	**(19,654)**	**(19,654)**				
Collections and other movements	**(6,439,617)**	**(1,755,234)**	**(379,683)**	**(8,574,534)**	(6,422,562)	(1,509,558)	(278,804)	(8,210,924)
Ending Balance	**6,812,094**	**343,565**	**1,207,385**	**8,363,044**	8,099,735	2,087,478	1,650,129	11,837,342
Other Receivables								
Beginning Balance	**10,449,820**	**266,357**	**5,830,168**	**16,546,345**	13,979,637	279,963	3,663,985	17,923,585
Newly originated assets which remained in Stage 1 at yearend	**1,312,023**	**–**	**–**	**1,312,023**	1,334,540	–	–	1,334,540
Newly originated assets which moved to Stages 2 and 3 as at year-end	**–**	**64,105**	**40,350**	**104,455**	–	49,057	126,499	175,556
Transfers to Stage 1	**23,996**	**(13,905)**	**(10,091)**	**–**	123,622	(118,182)	(5,440)	–
Transfers to Stage 2	**(6,040)**	**17,059**	**(11,019)**	**–**	(23,562)	24,591	(1,029)	–
Transfers to Stage 3	**(6,463)**	**(8,587)**	**15,050**	**–**	(9,949)	(925,493)	935,442	–
Accounts charged off	**–**	**–**	**(1,269,650)**	**(1,269,650)**	–	–	(49,305)	(49,305)
Collections and other movements	**(3,404,203)**	**(154,373)**	**962,755**	**(2,595,821)**	(4,954,468)	956,421	1,160,016	(2,838,031)
Ending Balance	**8,369,133**	**170,656**	**5,557,563**	**14,097,352**	10,449,820	266,357	5,830,168	16,546,345
Total Loans and Receivables								
Beginning Balance	**562,728,128**	**30,693,166**	**51,304,697**	**644,725,991**	493,032,843	76,827,887	47,580,126	617,440,856
Newly originated assets which remained in Stage 1 at yearend	**328,884,974**	**–**	**–**	**328,884,974**	267,315,645	–	–	267,315,645
Newly originated assets which moved to Stages 2 and 3 as at year-end	**–**	**14,810,462**	**5,792,473**	**20,602,935**	–	13,940,934	7,554,037	21,494,971
Transfers to Stage 1	**3,465,138**	**(1,797,746)**	**(1,667,392)**	**–**	22,358,746	(21,181,902)	(1,176,844)	–
Transfers to Stage 2	**(2,259,810)**	**4,343,060**	**(2,083,250)**	**–**	(3,601,301)	4,233,183	(631,882)	–
Transfers to Stage 3	**(1,367,674)**	**(1,303,519)**	**2,671,193**	**–**	(2,330,533)	(7,470,687)	9,801,220	–
Accounts charged off	**–**	**–**	**(2,923,540)**	**(2,923,540)**	–	–	(1,418,830)	(1,418,830)
Loan settlement through dacion and assignment (Note 33)	**–**	**–**	**–**	**–**	–	–	(1,404,582)	(1,404,582)
Collections and other movements	**(301,831,271)**	**(20,610,142)**	**(4,301,574)**	**(326,742,987)**	(214,047,272)	(35,656,249)	(8,998,548)	(258,702,069)
Ending Balance	**₱589,619,485**	**₱26,135,281**	**₱48,792,607**	**₱664,547,373**	₱562,728,128	₱30,693,166	₱51,304,697	₱644,725,991

17. Deposit Liabilities

17.1 Regulatory Reserve Requirements

As of December 31, 2024 and 2023, peso deposit liabilities are subject to reserves equivalent to 9.5%, while peso-denominated LTNCDs are subject to reserves equivalent to 4.0%.

Available reserves booked under 'Due from BSP' amounted to ₱44.6 billion and ₱78.4 billion as of December 31, 2024 and 2023, respectively (refer to Note 7).

17.2 LTNCDs

LTNCDs issued by the Parent Company consist of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value 2024	Carrying Value 2023
October 11, 2019	April 11, 2025	₱4,600,000	4.38%	Quarterly	**₱4,598,770**	₱4,591,288
February 27, 2019	August 27, 2024	8,220,000	5.75%	Quarterly	–	8,212,255
		₱12,820,000			**₱4,598,770**	₱12,803,543

17.3 Interest Expense on Deposit Liabilities

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Savings	**₱9,560,100**	₱6,989,245	₱1,589,891	**₱9,553,020**	₱6,984,663	₱1,605,241
Time	**6,130,302**	5,036,686	2,437,557	**6,111,730**	5,010,322	2,434,206
LTNCDs	**526,326**	776,034	1,140,954	**526,326**	776,034	1,140,954
Demand	**212,807**	203,681	203,265	**209,875**	200,798	202,752
	₱16,429,535	₱13,005,646	₱5,371,667	**₱16,400,951**	₱12,971,817	₱5,383,153

As of December 31, 2024 and 2023, noninterest-bearing deposit liabilities amounted to ₱26.8 billion and ₱27.1 billion, respectively, for the Group, and ₱27.0 billion and ₱27.7 billion, respectively, for the Parent Company.

The remaining deposit liabilities of the Group and the Parent Company generally earn annual fixed interest rates ranging from:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Peso-denominated	**0.10% - 6.1%**	0.10% - 7.50%	0.10% - 6.12%	**0.10% - 6.1%**	0.10% - 7.50%	0.10% - 6.12%
Foreign currency-denominated	**0.03% -5.5%**	0.10% - 6.10%	0.00% - 5.50%	**0.03% -5.5%**	0.10% - 6.10%	0.00% - 5.50%

In 2024, 2023 and 2022, interest expense on LTNCDs for both the Group and the Parent Company includes amortization of transaction costs amounting to ₱15.2 million, ₱23.5 million and ₱29.6 million, respectively. Unamortized transaction costs of the LTNCDs amounted to ₱1.3 million and ₱16.5 million as of December 31, 2024 and 2023, respectively.

18. Financial Liabilities at Fair Value Through Profit or Loss

As of December 31, 2024 and 2023, this account consists of currency forwards and spots with negative fair values amounting to ₱0.9 billion and ₱0.6 billion, respectively, for the Group and Parent Company (refer to Notes 23 and 35).

19. Bills and Acceptances Payable

19.1 Information on Bills and Acceptances Payable

This account consists of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Bills payable to:				
Foreign banks	**₱11,828,038**	₱10,607,231	**₱11,828,038**	₱10,607,231
BSP and local banks	**2,324,404**	395	**2,324,404**	395
	14,152,442	10,607,626	**14,152,442**	10,607,626
Acceptances outstanding (Note 10)	**6,056,009**	9,554,977	**6,056,009**	9,554,977
	₱20,208,451	₱20,162,603	**₱20,208,451**	₱20,162,603

The following are the carrying values and fair values of government debt securities pledged and transferred under Bills payable transactions of the Group and the Parent Company:

	2024		2023	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets at FVOCI (Note 9.2)	**₱11,859,179**	**₱11,859,179**	₱6,464,743	₱6,464,743
Investment securities at amortized cost (Note 9.3)	**2,392,401**	**2,397,775**	5,472,805	5,478,115
	₱14,251,580	**₱14,256,954**	₱11,937,548	₱11,942,858

19.2 Interest Expense on Bills Payable and Other Borrowings

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Lease liabilities (Note 29)	**₱175,831**	₱171,570	₱171,885	**₱172,824**	₱168,285	₱170,692
Bills payable	**191,541**	129,031	229,600	**192,131**	118,534	163,385
Others	**83,566**	35,246	32,488	**82,152**	32,769	29,467
	₱450,938	₱335,847	₱433,973	**₱447,107**	₱319,588	₱363,544

Bills payable of the Group and the Parent Company earn annual fixed interest rates ranging from:

	2024	2023	2022
Peso-denominated	**5.8% - 6.6%**	6.0% - 6.8%	1.9% - 5.5%
Foreign currency-denominated	**0.0% - 5.6%**	0.0% - 5.4%	0.3% - 4.3%

20. Accrued Taxes, Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Accrued taxes and other expenses	**₱6,652,716**	₱8,037,426	**₱6,456,764**	₱7,660,923
Accrued interest (Note 33)	**2,145,837**	2,427,947	**2,125,330**	2,388,727
	₱8,798,553	₱10,465,373	**₱8,582,094**	₱10,049,650

Accrued taxes and other expenses consist of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Financial liabilities:				
Promotional expenses	**₱1,100,694**	₱1,708,628	**₱1,100,500**	₱1,531,463
Rent and utilities payable	**414,424**	339,271	**410,792**	332,363
Information technology-related expenses	**145,090**	617,853	**145,090**	617,853
Repairs and maintenance	**105,759**	171,579	**105,759**	171,579
Professional fees	**50,431**	282,993	**25,877**	237,985
	1,816,398	3,120,324	**1,788,018**	2,891,243
Nonfinancial liabilities:				
Monetary value of leave credits	**1,813,772**	1,846,704	**1,784,289**	1,805,054
PDIC insurance premiums	**1,093,893**	1,055,331	**1,078,415**	1,039,853
Other taxes and licenses	**775,776**	889,776	**757,116**	878,562
Employee benefits	**103,099**	206,970	**95,198**	177,333
Other expenses	**1,049,778**	918,321	**953,728**	868,878
	4,836,318	4,917,102	**4,668,746**	4,769,680
	₱6,652,716	₱8,037,426	**₱6,456,764**	₱7,660,923

'Other expenses' include janitorial, representation and entertainment, communication and other operating expenses.

21. Bonds Payable

This account consists of:

Issue Date	Maturity Date	Face Value	Coupon Rate	Interest Repayment Terms	Carrying Value	
					2024	2023
October 23, 2024	October 23, 2029	USD 300,000	4.85%	Semi-annually	**₱17,304,421**	₱–
June 27, 2019	September 27, 2024	750,000	3.28%	Semi-annually	–	41,490,871
		USD1,050,000			**₱17,304,421**	₱41,490,871

On October 14, 2024, The Parent Company issued US$300 million benchmark-sized Sustainability Regulation S offering of 5-year senior notes (the "Notes") under its US$2 billion Euro Medium Term Note programme (the "Programme"). The 5-year bond was priced at T+102 basis points, with a fixed coupon rate of 4.85%.

The Parent Company's issued bonds are fixed-rate medium-term senior notes, which are drawdowns from its Medium Term Note Programme (the MTN Programme) established on April 13, 2018 with an initial nominal size of US$1.0 billion. On June 14, 2019, the Parent Company increased the size of its MTN Programme to US$2.0 billion. Both issuances are listed in the Singapore Exchange Securities Trading Limited.

As of December 31, 2024 and 2023, the unamortized transaction costs of bonds payable amounted to ₱49.1 million and ₱26.3 million, respectively. In 2024 and 2023, amortization of transaction costs amounting to ₱38.7 million and ₱66.5 million, respectively, were charged to 'Interest expense on bonds payable' in the statements of income.

22. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Financial				
Accounts payable	**₱3,714,056**	₱2,988,517	**₱3,379,103**	₱2,661,756
Bills purchased - contra (Note 10)	**3,196,612**	1,362,515	**3,196,612**	1,362,515
Due to other banks (Note 33)	**2,038,261**	744,625	**1,861,960**	509,915
Dormant credits	**1,700,209**	1,280,886	**1,625,299**	1,215,351
Manager's checks and demand drafts outstanding	**1,383,750**	1,296,191	**1,383,750**	1,296,191
Accounts payable - electronic money	**759,059**	628,449	**759,059**	628,449
Payment order payable	**180,883**	221,340	**180,883**	221,340
Deposits on lease contracts	**72,975**	76,028	**72,975**	76,028
Transmission liability	**48,612**	49,101	**–**	–
Margin deposits and cash letters of credit	**27,719**	686,130	**6,244**	673,639
Deposit for keys on safety deposit boxes	**15,639**	15,919	**15,639**	15,919
	13,137,775	9,349,701	**12,481,524**	8,661,103
Nonfinancial				
Due to Treasurer of the Philippines	**1,431,240**	1,444,009	**1,431,240**	1,444,009
Provisions (Notes 12 and 34)	**878,874**	1,068,215	**848,300**	992,950
Deferred revenue - Credit card-related	**598,593**	672,373	**598,593**	672,373
Withholding tax payable	**473,641**	374,139	**470,812**	370,340
Deferred revenue - Bancassurance (Note 12)	**322,031**	395,231	**322,031**	395,231
Deferred tax liabilities (Note 30)	**167,524**	166,091	**–**	–
SSS, Philhealth, Employer's compensation premiums and Pag-IBIG contributions payable	**65,404**	54,638	**65,301**	54,617
Retirement benefit liability (Note 28)	**9,455**	281,585	**–**	269,390
Miscellaneous	**1,021,519**	935,940	**853,788**	693,850
	4,968,281	5,392,221	**4,590,065**	4,892,760
	₱18,106,056	₱14,741,922	**₱17,071,589**	₱13,553,863

'Deferred revenue - Bancassurance' pertains to the allocated portion of the consideration received for the disposal of APLII related to the EDR and the exclusive bancassurance arrangement for the non-life insurance business with ABIC (refer to Note 12.7). In 2024 and 2023, amortization of other deferred revenue amounting to ₱73.2 million were recognized under 'Service fees and commission income' (refer to Note 26.1).

'Miscellaneous' include interoffice floats, remittance-related payables, overages, advance rentals and sundry credits.

23. Derivative Financial Instruments

The tables below show the fair values of the derivative financial instruments entered into by the Group and the Parent Company, recorded as 'Financial assets at FVTPL' (refer to Note 9.1) or 'Financial liabilities at FVTPL' (refer to Note 18), together with the notional amounts.

The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding as of December 31, 2024 and 2023 and are not indicative of either market risk or credit risk (amounts in thousands, except average forward rate).

	Consolidated			
	2024			
	Assets	**Liabilities**	**Average Forward Rate***	**Notional Amount***
Currency forwards and spots:				
BUY:				
USD	**₱296,412**	**₱251,056**	**USD1.00**	**3,957,296**
SGD	**2,230**	**–**	**0.74**	**70**
EUR	**–**	**140,877**	**1.04**	**32,133**
JPY	**–**	**7,510**	**0.01**	**1,613,534**
CNY	**–**	**48**	**0.14**	**6,300**
GBP	**–**	**31**	**1.25**	**815**
SELL:				
USD	**706,649**	**518,175**	**1.00**	**1,199,419**
EUR	**75,962**	**340**	**1.04**	**36,133**
SGD	**1,895**	**20**	**0.74**	**3,107**
CAD	**1,121**	**–**	**0.69**	**1,000**
GBP	**924**	**22**	**1.25**	**1,795**
JPY	**826**	**–**	**0.01**	**53,344**
NZD	**682**	**–**	**0.56**	**500**
HKD	**406**	**1,213**	**0.13**	**2,953,553**
PHP	**–**	**4,749**	**0.02**	**3,186,225**
AUD	**–**	**12**	**0.62**	**500**
	₱1,087,107	**₱924,053**		

**The notional amounts pertain to original currencies.*

	Consolidated			
	2023			
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
JPY	₱90,263	₱190,651	USD0.01	17,322,000
USD	40,763	351,871	1.00	1,344,799
SGD	456	–	0.76	11
SELL:				
USD	615,180	7,147	1.00	1,661,278
HKD	2,493	1	0.13	345,477
GBP	44	395	1.27	1,970
SGD	–	2,840	0.76	863
EUR	–	2,006	1.11	3,300
CAD	–	405	0.76	800
PHP	–	300	0.02	830,850
NZD	–	195	0.63	400
	₱749,199	₱555,811		

**The notional amounts pertain to original currencies.*

	Parent Company			
	2024			
	Assets	**Liabilities**	**Average Forward Rate***	**Notional Amount***
Currency forwards and spots:				
BUY:				
USD	**₱296,006**	**₱249,876**	**USD1.00**	**1,006,743**
SGD	**2,230**	**–**	**0.74**	**70**
EUR	**–**	**140,876**	**1.04**	**32,133**
JPY	**–**	**7,510**	**0.01**	**1,613,534**
CNY	**–**	**48**	**0.14**	**6,300**
GBP	**–**	**31**	**1.25**	**815**
SELL:				
USD	**706,649**	**518,175**	**1.00**	**1,199,419**
EUR	**75,962**	**340**	**1.04**	**36,133**
SGD	**1,895**	**20**	**0.74**	**3,107**
CAD	**1,121**	**–**	**0.69**	**1,000**
GBP	**924**	**22**	**1.25**	**1,795**
JPY	**826**	**–**	**0.01**	**53,344**
NZD	**682**	**–**	**0.56**	**500**
PHP	**–**	**4,749**	**0.13**	**3,186,225**
HKD	**–**	**33**	**0.02**	**3,000**
AUD	**–**	**13**	**0.62**	**500**
	₱1,086,295	**₱921,693**		

**The notional amounts pertain to original currencies.*

	Parent Company			
	2023			
	Assets	Liabilities	Average Forward Rate*	Notional Amount*
Currency forwards and spots:				
BUY:				
USD	₱38,270	₱351,871	USD1.00	1,300,926
JPY	90,263	190,651	0.01	17,322,000
SGD	456	–	0.76	11
SELL:				
USD	615,180	7,147	0.02	1,661,278
SGD	–	2,840	0.76	863
EUR	–	2,006	1.11	3,300
CAD	–	405	0.76	800
GBP	44	395	1.27	1,970
PHP	–	300	0.02	830,850
NZD	–	195	0.63	400
HKD	–	1	0.13	2,700
	₱744,213	₱555,811		

**The notional amounts pertain to original currencies.*

The rollforward analysis of net derivative assets in 2024 and 2023 follows:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Balance at the beginning of the year:				
Derivative assets	**₱749,199**	₱1,361,951	**₱744,213**	₱1,359,828
Derivative liabilities	**555,811**	1,039,776	**555,811**	1,039,776
	193,388	322,175	**188,402**	320,052
Changes in fair value				
Currency forwards and spots*	**(74,512)**	(135,968)	**(79,497)**	(136,672)
Interest rate swaps and warrants**	**(1,115)**	609	**(1,115)**	609
	(75,627)	(135,359)	**(80,612)**	(136,063)
Net availments (settlements)	**45,293**	6,572	**56,812**	4,413
Balance at end of year:				
Derivative assets	**1,087,107**	749,199	**1,086,295**	744,213
Derivative liabilities	**924,053**	555,811	**921,693**	555,811
	₱163,054	₱193,388	**₱164,602**	₱188,402

* *Presented as part of 'Foreign exchange gains - net'*
** *Recorded under 'Trading and investment securities gains - net' (refer to Note 9.5)*

24. Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets (gross of allowance for impairment and credit losses) and liabilities of the Group and Parent Company analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from reporting date:

	Consolidated					
	2024			2023		
	Less than Twelve Months	**Over Twelve Months**	**Total**	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	**₱20,638,033**	**₱–**	**₱20,638,033**	₱21,151,391	₱–	₱21,151,391
Due from BSP	**55,128,316**	**–**	**55,128,316**	95,410,350	–	95,410,350
Due from other banks	**20,188,638**	**–**	**20,188,638**	21,253,754	–	21,253,754
Interbank loans receivable (Note 8)	**22,793,332**	**–**	**22,793,332**	35,642,485	–	35,642,485
Securities held under agreements to resell (Note 8)	**103,526,359**	**–**	**103,526,359**	69,708,690	–	69,708,690
Financial assets at FVTPL (Note 9)	**17,920,985**	**–**	**17,920,985**	10,516,864	–	10,516,864
Financial assets at FVOCI (Note 9)	**125,158,359**	**86,584,424**	**211,742,783**	112,174,065	52,357,427	164,531,492
Investment securities at amortized cost (Note 9)	**17,873,615**	**94,696,237**	**112,569,852**	21,997,197	101,359,065	123,356,262
Loans and receivables (Note 10)	**330,821,051**	**349,052,823**	**679,873,874**	311,983,380	347,975,013	659,958,393
Other assets (Note 15)	**427,311**	**20,162**	**447,473**	383,478	18,779	402,257
	714,475,999	**530,353,646**	**1,244,829,645**	700,221,654	501,710,284	1,201,931,938
Nonfinancial Assets						
Property and equipment (Note 11)	**–**	**25,122,850**	**25,122,850**	–	25,026,058	25,026,058
Investment in an associate (Note 12)	**–**	**3,446,613**	**3,446,613**	–	3,199,124	3,199,124
Investment properties (Note 13)	**–**	**20,562,196**	**20,562,196**	–	18,727,971	18,727,971
Deferred tax assets (Note 30)	**–**	**7,460,676**	**7,460,676**	–	6,981,726	6,981,726
Goodwill (Note 14)	**–**	**10,184,843**	**10,184,843**	–	10,184,843	10,184,843
Intangible assets (Note 14)	**–**	**10,004,004**	**10,004,004**	–	8,329,479	8,329,479
Residual value of leased assets (Note 10)	**–**	**–**	**–**	5,658	–	5,658
Other assets (Note 15)	**6,942,022**	**1,811,217**	**8,753,239**	4,517,656	1,570,008	6,087,664
	6,942,022	**78,592,399**	**85,534,421**	4,523,314	74,019,209	78,542,523

(Forward)

	Consolidated					
	2024			2023		
	Less than Twelve Months	**Over Twelve Months**	**Total**	Less than Twelve Months	Over Twelve Months	Total
Less: Allowance for impairment and credit losses (Note 16)			**₱47,207,940**			₱47,247,648
Unearned and other deferred income (Note 10)			**845,859**			681,399
Accumulated depreciation and amortization (Notes 11, 13 and 14)			**24,699,414**			21,996,014
			₱1,257,610,853			₱1,210,549,400
Financial Liabilities						
Deposit liabilities (Note 17)	**₱966,381,587**	**₱5,290,561**	**₱971,672,148**	₱917,137,058	₱10,833,860	₱927,970,918
Financial liabilities at FVTPL (Note 18)	**924,053**	**–**	**924,053**	555,811	–	555,811
Bills and acceptances payable (Note 19)	**20,208,451**	**–**	**20,208,451**	19,047,156	1,115,447	20,162,603
Accrued interest payable (Note 20)	**2,145,487**	**350**	**2,145,837**	2,426,973	974	2,427,947
Accrued other expenses payable (Note 20)	**1,816,398**	**–**	**1,816,398**	3,120,324	–	3,120,324
Bonds payable (Note 21)	**–**	**17,304,421**	**17,304,421**	41,490,871	–	41,490,871
Other liabilities (Note 22)	**11,510,963**	**1,626,812**	**13,137,775**	8,134,350	1,215,351	9,349,701
	1,002,986,939	**24,222,144**	**1,027,209,083**	991,912,543	13,165,632	1,005,078,175
Nonfinancial Liabilities						
Lease liabilities (Note 29)	**997,127**	**2,811,870**	**3,808,997**	815,279	3,017,605	3,832,884
Accrued taxes and other expenses (Note 20)	**3,204,301**	**1,632,017**	**4,836,318**	3,529,374	1,387,728	4,917,102
Income tax payable	**159,233**	**–**	**159,233**	180,364	–	180,364
Other liabilities (Note 22)	**2,294,638**	**2,673,643**	**4,968,281**	2,188,421	3,203,800	5,392,221
	6,655,299	**7,117,530**	**13,772,829**	6,713,438	7,609,133	14,322,571
	₱1,009,642,238	**₱31,339,674**	**₱1,040,981,912**	₱998,625,981	₱20,774,765	₱1,019,400,746

	Parent Company					
	2024			2023		
	Less than Twelve Months	**Over Twelve Months**	**Total**	Less than Twelve Months	Over Twelve Months	Total
Financial Assets						
Cash and other cash items	**₱20,522,258**	**₱–**	**₱20,522,258**	₱21,052,526	₱–	₱21,052,526
Due from BSP	**55,128,316**	**–**	**55,128,316**	95,410,350	–	95,410,350
Due from other banks	**11,482,953**	**–**	**11,482,953**	13,636,497	–	13,636,497
Interbank loans receivable (Note 8)	**21,287,758**	**–**	**21,287,758**	33,445,364	–	33,445,364
Securities held under agreements to resell (Note 8)	**103,526,359**	**–**	**103,526,359**	69,708,690	–	69,708,690
Financial assets at FVTPL (Note 9)	**17,770,142**	**–**	**17,770,142**	10,363,259	–	10,363,259
Financial assets at FVOCI (Note 9)	**125,166,623**	**86,103,711**	**211,270,334**	112,186,240	51,950,731	164,136,971
Investment securities at amortized cost (Note 9)	**17,845,947**	**94,341,918**	**112,187,865**	21,859,529	101,026,771	122,886,300
Loans and receivables (Note 10)	**319,396,422**	**345,979,459**	**665,375,881**	301,689,657	343,699,637	645,389,294
Other assets (Note 15)	**426,650**	**500**	**427,150**	382,847	500	383,347
	692,553,428	**526,425,588**	**1,218,979,016**	679,734,959	496,677,639	1,176,412,598
Nonfinancial Assets						
Property and equipment (Note 11)	**–**	**23,745,945**	**23,745,945**	–	23,505,599	23,505,599
Investment in subsidiaries and an associate (Note 12)	**–**	**21,630,204**	**21,630,204**	–	20,567,070	20,567,070
Investment properties (Note 13)	**–**	**19,929,744**	**19,929,744**	–	18,061,869	18,061,869
Deferred tax assets (Note 30)	**–**	**7,478,726**	**7,478,726**	–	6,929,669	6,929,669
Goodwill (Note 14)	**–**	**10,325,201**	**10,325,201**	–	10,325,201	10,325,201
Intangible assets (Note 14)	**–**	**9,747,958**	**9,747,958**	–	8,836,155	8,836,155
Other assets (Note 15)	**6,349,157**	**1,807,345**	**8,156,502**	3,839,071	1,565,837	5,404,908
	6,349,157	**94,665,123**	**101,014,280**	3,839,071	89,791,400	93,630,471
Less: Allowance for impairment and credit losses (Note 16)			**47,129,515**			47,218,194
Unearned and other deferred income (Note 10)			**828,479**			663,302
Accumulated amortization and depreciation (Notes 11, 13 and 14)			**23,778,201**			21,787,417
			₱1,248,257,101			₱1,200,374,156

(Forward)

	Parent Company					
	2024			2023		
	Less than Twelve Months	**Over Twelve Months**	**Total**	Less than Twelve Months	Over Twelve Months	Total
Financial Liabilities						
Deposit liabilities (Note 17)	**₱962,448,890**	**₱4,796,286**	**₱967,245,176**	₱912,423,822	₱10,358,261	₱922,782,083
Financial liabilities at FVTPL (Note 18)	**921,693**	**–**	**921,693**	555,811	–	555,811
Bills and acceptances payable (Note 19)	**20,208,451**	**–**	**20,208,451**	19,047,156	1,115,447	20,162,603
Accrued interest payable (Note 20)	**2,125,330**	**–**	**2,125,330**	2,388,727	–	2,388,727
Accrued other expenses payable (Note 20)	**1,788,018**	**–**	**1,788,018**	2,891,243	–	2,891,243
Bonds payable (Note 21)	**–**	**17,304,421**	**17,304,421**	41,490,871	–	41,490,871
Other liabilities (Note 22)	**10,854,712**	**1,626,812**	**12,481,524**	7,445,752	1,215,351	8,661,103
	998,347,094	**23,727,519**	**1,022,074,613**	986,243,382	12,689,059	998,932,441
Nonfinancial Liabilities						
Lease liabilities (Note 29)	**928,850**	**2,793,869**	**3,722,719**	770,705	2,952,611	3,723,316
Accrued taxes and other expenses (Note 20)	**3,048,642**	**1,620,104**	**4,668,746**	3,381,952	1,387,728	4,769,680
Income tax payable	**76,516**	**–**	**76,516**	103,470	–	103,470
Other liabilities (Note 22)	**1,956,451**	**2,633,614**	**4,590,065**	1,759,137	3,133,623	4,892,760
	6,010,459	**7,047,587**	**13,058,046**	6,015,264	7,473,962	13,489,226
	₱1,004,357,553	**₱30,775,106**	**₱1,035,132,659**	₱992,258,646	₱20,163,021	₱1,012,421,667

25. Equity

25.1 Capital Stock

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

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

The history of share issuances of the Parent Company since its initial public offering follows:

Date	Type of issuance	Number of common shares	Par value	Offer price
July 2019	Stock rights	276,625,172	₱40.00	₱43.38
February 2014	Stock rights	162,931,262	40.00	71.00
February 2013	Share-for-share swap with ABC common and preferred shares	423,962,500	40.00	97.90
September 2000	Pre-emptive stock rights	71,850,215	100.00	60.00
September 1999	Stock rights	68,740,086	100.00	137.80
December 1995	Third public offering	7,200,000	100.00	260.00
April 1992	Second public offering	8,033,140	100.00	265.00
June 1989	Initial public offering	10,800,000	100.00	100.00

In January 2013, the SEC approved the conversion of the Parent Company's 195,175,444 authorized preferred shares into common shares, thereby increasing its authorized common shares to 1,250,000,001. Further, in July 2014, the SEC approved the Parent Company's Articles of Incorporation for the increase in authorized capital by 500,000,000 common shares to 1,750,000,001.

The Parent Company's shares are listed in the PSE. As of December 31, 2024 and 2023, the Parent Company had 35,918 and 36,081 stockholders, respectively.

On July 22, 2019, the Parent Company successfully completed its Stock Rights Offering (SRO) of 276,625,172 common shares with a par value of ₱40.0 per share at a price of ₱43.38 each, raising gross proceeds of ₱12.0 billion. Out of the total transaction costs from the SRO, underwriting fees amounting to ₱10.0 million paid to PNB Capital, being one of the joint lead managers, was eliminated against 'Capital paid in excess of par value' in the consolidated financial statements.

25.2 Surplus

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11-2008 differs to a certain extent from the computation following BSP guidelines.

As of December 31, 2024 and 2023, surplus amounting to ₱9.6 billion, representing the balances of the following equity items that have been applied to eliminate the Parent Company's deficit through quasi-reorganizations in 2002 and 2000 (refer to Note 12), is not available for dividend declaration without prior approval from the SEC and the BSP:

Revaluation increment on land and buildings	₱7,691,808
Accumulated translation adjustment	1,315,685
Accumulated equity in net earnings of investees	563,048
	₱9,570,541

25.3 Surplus Reserves

This account consists of:

	2024	2023
Reserves under BSP Circular 1011 (Note 10)	**₱4,187,284**	₱3,912,672
Reserves for trust business (Note 32)	**674,753**	660,258
Reserves for self-insurance	**105,000**	105,000
	₱4,967,037	₱4,677,930

'Reserves under BSP Circular 1011' represents the appropriation for the excess of 1% general loan loss provisions over the computed ECL for Stage 1 accounts in accordance with BSP Circular 1011.

'Reserves for self-insurance' represents the amount set aside to cover losses due to fire or defalcation by, and other unlawful acts, of the Parent Company's personnel or third parties.

25.4 Accumulated Translation Adjustment

As part of the Group's rehabilitation program in 2002, the SEC approved on November 7, 2002 the application of the accumulated translation adjustment of ₱1.6 billion to eliminate the Parent Company's remaining deficit of ₱1.3 billion, including ₱0.6 billion accumulated equity in net earnings as of December 31, 2001, after applying the total reduction in par value amounting to ₱7.6 billion.

The SEC approval is subject to the following conditions:

- remaining translation adjustment of ₱310.7 million as of December 31, 2001 (shown as part of 'Capital paid in excess of par value' in the statement of financial position) will not be used to wipe out losses that may be incurred in the future without prior approval of SEC;
- for purposes of dividend declaration, any future surplus account of the Parent Company shall be restricted to the extent of the deficit wiped out by the translation adjustment.

25.5 Other Equity Reserves

On August 26, 2016, the Parent Company's BOD approved the grant of centennial bonus to its employees, officers and directors on record as of July 22, 2016, in the form of the Parent Company's shares of stock. The acquisition and distribution of the estimated 3.0 million shares were over a period of five years, were subject to service conditions. The grant is accounted for as equity-settled share-based payments. Grant date was April 27, 2017 when the fair value of the centennial bonus shares was at ₱65.20. In 2021, the Parent Company awarded 306 thousand centennial bonus shares and applied the settlement of the awards against 'Other equity reserves' amounting to ₱29.0 million.

As discussed in Note 9.2, the Bank and PAL Holdings, Inc. completed a share swap transaction in April 2024 wherein the Bank exchanged the 19.86 million PAL shares held to 309.15 million PAL Holdings, Inc. shares. The share swap transaction resulted in the recycling of OCI to Surplus in the amount of ₱894.90 million and recognition of Other Equity Reserves amounting to ₱940.17 million. PAL Holdings, Inc. shares are recognized in the books as FVOCI amounting P1.53 billion as of December 31, 2024.

25.6 Capital Management

The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Parent Company and its financial allied subsidiaries are subject to the regulatory requirements of the BSP. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Parent Company may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous periods. The Group has complied with all externally imposed capital requirements throughout the year.

25.6.1 BSP Reporting for Capital Management

Under existing BSP regulations, the determination of the Group's compliance with regulatory requirements and ratios is based on the amount of the Group's unimpaired capital (regulatory net worth) reported to the BSP, which is determined based on RAP, which differ from PFRS Accounting Standards in some respects. In addition, the risk-based capital ratio of a bank or Capital Adequacy Ratio (CAR), expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% at all times for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and risk-weighted assets are computed based on RAP. Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the MB of the BSP.

On May 16, 2002, the BSP approved the booking of additional appraisal increment on properties of ₱431.8 million and recognition of the same in determining the CAR, and booking of translation adjustment of ₱1.6 billion representing the increase in peso value of the investment in foreign subsidiaries for purposes of the quasi-reorganization and rehabilitation of the Parent Company, provided that the same shall be excluded for dividend purposes.

As of December 31, 2024 and 2023, CAR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	2024		2023	
Consolidated	**Actual**	**Required**	Actual	Required
CET1 Capital (Gross)	**₱207,245**		₱182,490	
Less: Regulatory Adjustments to CET1	**48,157**		47,253	
CET1 Capital (Net) / Tier 1 Capital	**159,088**		135,237	
Add: Tier 2 Capital	**7,345**		6,822	
Total qualifying capital	**₱166,433**	**₱82,815**	₱142,059	₱80,251
Total risk-weighted assets	**₱828,154**		₱802,506	
CET1 / Tier 1 capital ratio	**19.21%**		16.85%	
Total capital ratio	**20.10%**		17.70%	

	2024		2023	
Parent Company	**Actual**	**Required**	Actual	Required
CET1 Capital (Gross)	**₱202,695**		₱178,004	
Less: Regulatory Adjustments to CET1	**66,225**		64,326	
CET1 Capital (Net) / Tier 1 Capital	**136,470**		113,678	
Add: Tier 2 Capital	**7,130**		6,602	
Total qualifying capital	**₱ 143,600**	**₱80,179**	₱120,280	₱77,514
Total risk-weighted assets	**₱801,791**		₱775,138	
CET1 / Tier 1 capital ratio	**17.02%**		14.67%	
Total capital ratio	**17.91%**		15.52%	

BSP regulations set out a minimum CET1 ratio of 6.0% and Tier 1 capital ratio of 7.5%; capital conservation buffer of 2.5% comprised of CET1 capital; and total CAR of 10.0%.

In line with its ICAAP document, the Parent Company maintains a capital level that not only meets the BSP's CAR requirement, but also covers all material risks that it may encounter in the course of its business. The ICAAP process highlights close integration of capital planning and strategic management with risk management. The Parent Company has in place a risk management framework that involves a collaborative process for assessing and managing identified Pillar 1 and Pillar 2 risks. The Parent Company complies with the required annual submission of updated ICAAP.

25.6.2 BSP Reporting for Basel III Leverage Ratio

BSP also requires the Basel III Leverage Ratio (BLR), which is designed to act as a supplementary measure to the risk-based capital requirements. BLR intends to restrict the build-up of leverage in the banking sector to avoid destabilizing deleveraging processes, which can damage the broader financial system and the economy. Likewise, it reinforces the risk-based requirements with a simple, non-risk based "backstop" measure. BLR is computed as the capital measure (Tier 1 capital) divided by the total exposure measure and should not be less than 5.00%.

As of December 31, 2024 and 2023, BLR reported to the BSP with certain adjustments is shown in the table below (amounts, except ratios, are expressed in millions):

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Tier 1 capital	**₱157,434**	₱135,237	**₱136,471**	₱113,678
Total exposure measure	**1,295,205**	1,242,728	**1,267,623**	1,213,940
BLR	**12.16%**	10.88%	**10.77%**	9.36%

BLR is computed based on RAP.

26. Other Operating Income

26.1 Service Fees and Commission Income

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Deposit-related	**₱1,888,995**	₱1,773,546	₱1,585,441	**₱1,888,997**	₱1,773,546	₱1,585,441
Loan-related	**1,167,087**	1,098,218	1,122,258	**1,153,321**	1,086,777	1,114,379
Credit card-related	**1,141,819**	816,028	669,862	**1,141,819**	816,028	669,862
Remittance (Note 33)	**677,432**	674,873	680,875	**358,390**	353,722	357,161
Interchange fees	**591,637**	647,084	458,456	**591,637**	647,084	458,456
Bancassurance (Note 22)	**469,038**	476,056	873,039	**469,038**	476,056	873,039
Underwriting fees	**321,111**	433,172	1,032,640	**–**	–	–
Trust fees (Note 32)	**379,959**	373,721	317,782	**379,959**	373,721	317,782
Miscellaneous	**324,792**	298,558	257,256	**255,227**	227,949	187,249
	₱6,961,870	₱6,591,256	₱6,997,609	**₱6,238,388**	₱5,754,883	₱5,563,369

'Credit card-related fees' and 'Interchange fees' were generated from the credit card business of the Parent Company.

'Miscellaneous' includes income from securities brokering activities and other fees and commission.

26.2 Net Gains on Sale or Exchange of Assets

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Net gains from foreclosure and repossession of investment properties	**₱1,002,157**	₱238,112	₱1,751,739	**₱1,002,157**	₱238,112	₱1,751,739
Net gains from sale of investment properties	**569,409**	3,277,077	5,703,909	**569,409**	3,276,848	5,701,642
Net gains from sale of other assets	**284,675**	313,864	241,807	**284,496**	313,864	241,807
Net gains from sale of property and equipment (Note 11)	**138,801**	712,514	34,913	**135,248**	793,070	32,027
Net gains from sale of receivables	**–**	–	42,786	**–**	–	42,786
	₱1,995,042	₱4,541,567	₱7,775,154	**₱1,991,310**	₱4,621,894	₱7,770,001

27. Miscellaneous Income and Expenses

27.1 Miscellaneous Income

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Recoveries	**₱169,156**	₱215,834	₱303,435	**₱168,903**	₱215,178	₱221,253
Income from assets acquired	**148,891**	74,074	95,736	**148,891**	74,074	95,736
Rental income (Notes 29 and 33)	**116,604**	257,758	275,865	**74,020**	133,392	47,345
Dividends	**25,093**	50,833	51,211	**23,196**	11,189	11,139
Others	**229,227**	272,895	410,445	**85,019**	191,074	345,960
	₱688,971	₱871,394	₱1,136,692	**₱500,029**	₱624,907	₱721,433

'Others' consist of income from wire transfers, tellers' overages, and loan-related penalty payments received by the Group, and other income relating to loans, credit card and trade transactions.

27.2 Miscellaneous Expenses

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Secretarial, janitorial and messengerial	**₱2,150,609**	₱1,939,219	₱1,790,422	**₱2,141,634**	₱1,929,196	₱1,779,543
Insurance	**1,957,262**	2,000,871	1,778,214	**1,941,535**	1,985,502	1,763,300
Marketing expenses	**1,487,066**	794,060	1,070,147	**1,479,877**	787,800	1,063,239
Information technology	**887,861**	1,001,111	1,193,975	**852,990**	968,654	1,165,865
Litigation and assets acquired expenses (Note 13)	**492,334**	662,610	373,740	**492,315**	661,214	373,549
Travelling	**454,731**	331,658	339,868	**448,431**	325,628	333,898
Stationery and supplies	**286,864**	217,194	269,669	**277,570**	208,160	260,333
Management and other professional fees	**250,228**	274,788	279,363	**200,311**	225,202	220,880
Common use service area (CUSA) charges (Note 33)	**219,235**	220,143	188,770	**219,235**	220,143	188,772
Entertainment, amusement and recreation (EAR) (Note 30)	**168,122**	30,031	154,987	**151,706**	16,778	145,423
Postage, telephone and cable	**156,991**	153,964	156,800	**123,335**	124,527	127,895
Value-added tax on leases	**138,676**	187,479	141,988	**138,676**	187,479	141,988
Freight	**50,455**	45,676	41,599	**50,450**	45,666	41,547
Repairs and maintenance	**45,777**	49,585	79,303	**45,777**	49,585	79,303
Fuel and lubricants	**12,185**	14,620	16,301	**10,083**	11,232	13,751
Others (Note 33)	**195,376**	295,162	176,796	**103,490**	202,181	111,144
	₱8,953,772	₱8,218,171	₱8,051,942	**₱8,677,415**	₱7,948,947	₱7,810,430

'Others' include stationery and supplies used, donation, fines, penalties, periodicals, magazines and other charges.

28. Retirement Plan

The Parent Company and certain subsidiaries of the Group have separate funded, noncontributory defined benefit retirement plans covering substantially all its officers and regular employees. Under these retirement plans, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The amounts of net defined benefit asset/(liability) in the statements of financial position follow:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Net plan assets (included in 'Other assets – miscellaneous') (Note 15)	**₱302,797**	₱17,283	**₱302,797**	₱–
Retirement benefit liability (included in 'Other liabilities') (Note 22)	**9,455**	281,585	**–**	269,390
	₱293,342	(₱264,302)	**₱302,797**	(₱269,390)

The Parent Company also provides certain post-employee benefit through a guarantee of a specified return on contributions in one of its employee investment plans (EIP).

The latest actuarial valuations for these retirement plans were made as of December 31, 2024.

The following table shows the actuarial assumptions as of December 31, 2024 and 2023 used in determining the retirement benefit obligation of the Group:

			Parent Company			
	Consolidated		**Regular Plans**		**EIP**	
	2024	2023	**2024**	2023	**2024**	2023
Discount rate	**6.10% - 6.12%**	6.03% - 7.15%	**6.12%**	6.03%	**6.12%**	6.03%
Salary rate increase	**5.00% - 10.00%**	5.00% - 10.00%	**5.00%**	5.00%	**–**	–

The Group and the Parent Company employ asset-liability matching strategies to maximize investment returns at the least risk to reduce contribution requirements while maintaining a stable retirement plan. Retirement plans are invested to ensure that liquid funds are available when benefits become due, to minimize losses due to investment pre-terminations and maximize opportunities for higher potential returns at the least risk.

The current plan assets of the Group and the Parent Company are allocated to cover benefit payments in the order of their proximity to the present time. Expected benefit payments are projected and classified into short-term or long-term liabilities. Investment instruments that would match the liabilities are identified. This strategy minimizes the possibility of the asset-liability match being distorted due to the Group's and the Parent Company's failure to contribute in accordance with its general funding strategy.

The changes in the fair value of plan assets and present value obligation and are as follows:

	Consolidated												
	2024												
		Net benefit costs *						Remeasurements in other comprehensive income					
	January 1, 2024	**Current service cost**	**Past service cost**	**Net interest**	**Settlement loss**	**Subtotal**	**Benefits paid**	**Return on plan asset excluding amount included in net interest**	**Actuarial changes arising from experience adjustments**	**Actuarial changes arising from changes in financial assumptions**	**Subtotal**	**Contributions by employer**	**December 31, 2024**
Fair value of plan assets	**₱8,553,223**	**₱–**	**₱–**	**₱514,478**	**(₱21,594)**	**₱492,884**	**(₱895,037)**	**₱92,270**	**₱–**	**₱–**	**₱92,270**	**₱1,038,037**	**₱9,281,377**
Present value of pension obligation	**8,817,525**	**529,998**	**1,793**	**528,971**	**(7,588)**	**1,053,174**	**(895,037)**	**–**	**(45,106)**	**57,479**	**12,373**	**–**	**8,988,035**
	(₱264,302)	**(529,998)**	**(₱1,793)**	**(₱14,493)**	**(14,006)**	**(₱560,290)**	**₱–**	**₱92,270**	**₱45,106**	**(₱57,479)**	**₱79,897**	**₱1,038,037**	**₱293,342**

**Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income*

In 2024, PNB Capital and PNB Securities amended certain provisions of its defined benefit retirement plan and EIP, resulting in the recognition of past service costs amounting to ₱1.8 million.

	Consolidated												
	2023												
		Net benefit costs *						Remeasurements in other comprehensive income					
	January 1, 2023	Current service cost	Past service cost	Net interest	Settlement loss	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2023
Fair value of plan assets	₱7,883,698	₱–	₱–	₱545,884	₱–	₱545,884	(₱909,969)	(₱123,225)	₱–	₱–	(₱123,225)	₱1,156,835	₱8,553,223
Present value of pension obligation	8,262,548	518,273	–	569,815	508	1,088,596	(909,969)	–	398,325	(21,975)	376,350	–	8,817,525
	(₱378,850)	(₱518,273)	₱–	(₱23,931)	(₱508)	(₱542,712)	₱–	(₱123,225)	(₱398,325)	₱21,975	(₱499,575)	₱1,156,835	(₱264,302)

**Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income*

In 2023, as part of the winding down of PMLFC, it has settled its obligations to all plan members under its defined benefit retirement plan, recognizing settlement loss amounting to ₱0.5 million.

	Parent Company											
	2024											
		Net benefit costs *					**Remeasurements in other comprehensive income**					
	January 1, 2024	**Current service cost**	**Past service cost**	**Net interest**	**Subtotal**	**Benefits paid**	**Return on plan asset excluding amount included in net interest**	**Actuarial changes arising from experience adjustments**	**Actuarial changes arising from changes in financial assumptions**	**Subtotal**	**Contributions by employer**	**December 31, 2024**
Fair value of plan assets	**₱8,496,808**	**₱–**	**₱–**	**₱512,358**	**₱512,358**	**(₱893,922)**	**₱92,314**	**₱–**	**₱–**	**₱92,314**	**₱1,036,922**	**₱9,244,480**
Present value of pension obligation	**8,766,198**	**524,106**	**–**	**526,310**	**1,050,416**	**(893,922)**	**–**	**64,010**	**(45,019)**	**18,991**	**–**	**8,941,683**
	(₱269,390)	**(₱524,106)**	**₱–**	**(₱13,952)**	**(₱538,058)**	**₱–**	**₱92,314**	**(₱64,010)**	**₱45,019**	**₱73,323**	**₱1,036,922**	**₱302,797**

**Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income*

	Parent Company											
	2023											
		Net benefit costs *					Remeasurements in other comprehensive income					
	January 1, 2023	Current service cost	Past service cost	Net interest	Subtotal	Benefits paid	Return on plan asset excluding amount included in net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions by employer	December 31, 2023
Fair value of plan assets	₱7,823,268	₱–	₱–	₱542,152	₱542,152	(₱899,272)	(₱120,898)	₱–	₱–	(₱120,898)	₱1,151,558	₱8,496,808
Present value of pension obligation	8,205,719	508,794	–	566,258	1,075,052	(899,272)	–	407,223	(22,524)	384,699	–	8,766,198
	(₱382,451)	(₱508,794)	₱–	(₱24,106)	(₱532,900)	₱–	(₱120,898)	(₱407,223)	₱22,524	(₱505,597)	₱1,151,558	(₱269,390)

**Net benefit costs are included in 'Compensation and fringe benefits' in the statements of income*

The Group and the Parent Company expect to contribute ₱49.8 million and ₱34.2 million, respectively, to the defined benefit plans in 2025. The average duration of the retirement liability of the Group and the Parent Company as of December 31, 2024 is 14 years.

Shown below is the maturity analysis of the undiscounted benefit payments:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Less than one year	**₱2,087,036**	₱2,006,787	**₱2,086,609**	₱2,006,149
More than one year to five years	**5,591,080**	5,561,003	**5,567,348**	5,536,660
More than five years to 10 years	**4,327,867**	4,216,312	**4,299,336**	4,181,267
More than 10 years to 15 years	**4,073,951**	3,796,315	**4,054,070**	3,776,079
More than 15 years	**8,396,828**	7,756,720	**8,059,770**	7,387,120

The fair values of plan assets by each class as at the end of the reporting periods are as follows:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Cash and cash equivalents (Note 33)	**₱1,278,835**	₱2,704,983	**₱1,272,878**	₱2,692,996
Equity investments				
Electricity, gas and water	**1,167,625**	1,023,715	**1,167,625**	1,023,715
Real estate, renting and business activities	**1,095,950**	377,728	**1,092,132**	376,478
Manufacturing	**569,242**	549,340	**569,242**	549,340
Financial institutions (Note 33)	**217,952**	157,649	**216,170**	152,059
Others	**47,810**	50,946	**44,302**	42,631
Debt investment				
Government securities	**2,720,023**	2,296,273	**2,706,530**	2,283,209
Private debt securities	**457,976**	218,317	**451,613**	212,419
Investment in UITFs (Note 33)	**956,607**	566,714	**954,822**	556,626
Loans and receivables	**668,250**	561,330	**668,250**	561,330
Interest and other receivables	**102,890**	48,797	**102,647**	48,493
	9,283,160	8,555,792	**9,246,211**	8,499,296
Accrued expenses	**(1,783)**	(2,569)	**(1,731)**	(2,488)
	₱9,281,377	₱8,553,223	**₱9,244,480**	₱8,496,808

All equity and debt investments held have quoted prices in active markets. Fair value of investments in UITFs is based on their published net asset value per share. The remaining plan assets do not have quoted market prices in an active market, thus, their fair value is determined using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of loans and receivables.

The fair value of the plan assets as of December 31, 2024 and 2023 for the Group includes investments in the Parent Company shares of stock with fair value amounting to ₱227.7 million and ₱152.1 million, respectively (refer to Note 33.3).

The plan assets have diverse investments and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	2024			
	Consolidated		**Parent Company**	
	Possible fluctuations	**Increase (decrease)**	**Possible fluctuations**	**Increase (decrease)**
Discount rate	**+1.00%**	**(₱477,127)**	**+1.00%**	**(₱472,397)**
	-1.00%	**531,118**	**-1.00%**	**525,378**
Salary increase rate	**+1.00%**	**497,980**	**+1.00%**	**492,376**
	-1.00%	**(472,301)**	**-1.00%**	**(467,537)**
Employee turnover rate	**+10.00%**	**58,540**	**+10.00%**	**58,074**
	-10.00%	**(58,540)**	**-10.00%**	**(58,074)**

	2023			
	Consolidated		Parent Company	
	Possible fluctuations	Increase (decrease)	Possible fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱476,282)	+1.00%	(₱470,919)
	-1.00%	531,114	-1.00%	524,667
Salary increase rate	+1.00%	491,712	+1.00%	485,411
	-1.00%	(460,915)	-1.00%	(455,512)
Employee turnover rate	+10.00%	61,646	+10.00%	61,050
	-10.00%	(61,646)	-10.00%	(61,050)

Full actuarial valuations were performed to test the sensitivity of the defined benefit obligation to a 1.00% increment in salary increase rate and a 1.00% decrement in the discount rate. The results also provide a good estimate of the sensitivity of the defined benefit obligation to a 1.00% decrement in salary increase rate and a 1.00% increment in the discount rate.

29. Leases

29.1 Group as Lessee

The Group has entered into commercial leases for its branch sites, ATM offsite location and other equipment. These non-canceleable leases have lease terms of 1 to 25 years. Most of these lease contracts include escalation clauses, an annual rent increase of 2.00% to 10.00%. The Group's right-of-use assets pertain to its corporate, branch sites and subsidiaries' offices under lease arrangements.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Rent expense charged against current operations (included in 'Occupancy and equipment-related costs' in the statements of income) amounted to ₱395.6 million, ₱264.1 million and ₱270.2 million in 2024, 2023 and 2022, respectively, for the Group, of which ₱291.7 million, ₱187.0 million and ₱201.6 million in 2024, 2023, and 2022, respectively, pertain to the Parent Company. Rent expenses in 2024, 2023 and 2022 pertain to expenses from short-term leases and leases of low-value assets.

As of December 31, 2024 and 2023, the Group has no contingent rent payable.

As of December 31, 2024 and 2023, the carrying amounts of 'Lease liabilities' are as follows:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Balance at beginning of year	**₱3,832,884**	₱3,636,391	**₱3,723,316**	₱3,604,077
Additions	**956,755**	1,340,509	**907,278**	1,185,129
Payments	**(1,127,583)**	(1,314,516)	**(1,052,523)**	(1,232,928)
Interest expense (Note 19)	**175,831**	171,570	**172,824**	168,285
Transfers	**(28,890)**	(1,070)	**(28,176)**	(1,247)
	₱3,808,997	₱3,832,884	**₱3,722,719**	₱3,723,316

The Parent Company has lease contracts with its affiliates (Note 33).

Future minimum rentals payable under non-cancelable leases follow:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Within one year	**₱1,119,742**	₱1,072,255	**₱1,064,269**	₱987,562
Beyond one year but not more than five years	**3,138,644**	3,171,247	**3,048,968**	3,057,198
More than five years	**265,883**	388,583	**152,045**	292,988
	₱4,524,269	₱4,632,085	**₱4,265,282**	₱4,337,748

29.2 Group as Lessor Under Operating Leases

The Parent Company has entered into commercial property leases on its investment properties. These non-cancelable leases have lease terms of one to five years. Some leases include escalation clauses (such as 5.00% per year). In 2024, 2023 and 2022, total rent income (included under 'Miscellaneous income') amounted to ₱116.6 million, ₱257.8 million and ₱275.9 million, respectively, for the Group and ₱74.0 million, ₱133.4 million and ₱47.3 million, respectively, for the Parent Company (refer to Note 27.1).

Future minimum rentals receivable of the Group under non-cancelable operating leases follow:

	2024	2023
Within one year	**₱35,891**	₱246,175
Beyond one year but not more than five years	**42,254**	77,745
	₱78,145	₱323,920

29.3 Group as Lessor Under Finance Leases

Leases where the Group substantially transfers to the lessee all risks and benefits incidental to ownership of the leased asset are classified as finance leases and are presented as receivable at an amount equal to the Group's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Group's net investment outstanding in respect of the finance lease (effective interest method). Lease payments relating to the period are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

The future minimum lease receivables under finance leases are disclosed under 'Loans and Receivables' in Note 10.2.

30. Income and Other Taxes

30.1 Philippine Tax Landscape and Regulations

Under Philippine tax laws, the Parent Company and certain subsidiaries are subject to percentage and other taxes (presented as 'Taxes and licenses' in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp tax.

Income taxes include the corporate income tax, discussed below, and final taxes paid which represents final withholding tax on gross interest income from government securities and other deposit substitutes and income from the FCDU transactions. These income taxes, as well as the deferred tax benefits and provisions, are presented as 'Provision for income tax' in the statements of income.

On March 26, 2021, Republic Act No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% depending on the criteria set by the law effective July 1, 2020. With the implementation of CREATE, interest expense allowed as a deductible expense shall be reduced by 20.00% of the interest income subjected to final tax, compared to the 33.00% reduction prior to the CREATE.

The regulations also provide for MCIT of 2.00% (prior to CREATE) and 1.00% from (July 1, 2020 to June 30, 2023 before reverting to 2.00%) on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Group's and the Parent Company's income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2021 and 2020, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulations (RR) No. 25-2020.

Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense for a service company like the Parent Company and some of its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue. EAR charged against current operations (included in 'Miscellaneous expenses' in the statements of income) amounted to ₱168.1 million in 2024, ₱30.0 million in 2023, and ₱155.0 million in 2022 for the Group, and ₱151.7 million in 2024, ₱16.8 million in 2023, and ₱145.4 million in 2022 for the Parent Company (refer to Note 27.2).

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and offshore banking units (OBUs) is taxed at 15.00%. Income derived by the FCDU from foreign currency-denominated transactions with non-residents, OBUs, local commercial banks including branches of foreign banks, is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

30.2 Provision for Income Tax

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Current						
Regular	**₱1,589,423**	₱1,404,428	₱3,463,008	**₱1,460,234**	₱1,327,057	₱3,238,970
Final	**4,011,481**	2,914,558	1,807,104	**3,980,539**	2,877,681	1,784,869
	5,600,904	4,318,986	5,270,112	**5,440,773**	4,204,738	5,023,839
Deferred	**(501,172)**	(311,611)	(338,884)	**(544,600)**	(356,770)	(339,814)
	₱5,099,732	₱4,007,375	₱4,931,228	**₱4,896,173**	₱3,847,968	₱4,684,025

30.3 Deferred Taxes

The amounts of net deferred tax assets in the statements of financial position follow:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Deferred tax assets	**₱7,460,676**	₱6,981,726	**₱7,478,726**	₱6,929,669
Deferred tax liabilities (Note 22)	**167,524**	166,091	**–**	–
	₱7,293,152	₱6,815,635	**₱7,478,726**	₱6,929,669

The components of net deferred tax assets reported in the statements of financial position follow:

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Deferred tax assets on:				
Allowance for impairment, credit and other losses	**₱9,700,391**	₱9,281,393	**₱9,776,691**	₱9,331,283
Accumulated depreciation on properties	**546,490**	512,469	**546,490**	512,469
Accrued expenses	**444,217**	493,210	**442,771**	451,264
Unrealized trading losses on financial assets	**230,423**	–	**230,423**	–
Deferred revenues	**114,373**	185,317	**114,373**	185,317
Retirement liability	**50,842**	50,428	**–**	–
Unrealized losses on financial assets at FVTPL and FVOCI	**17,332**	–	**17,300**	–
Others	**6,587**	10,202	**–**	–
	11,110,655	10,533,019	**11,128,048**	10,480,333
Deferred tax liabilities on:				
Fair value adjustments on asset foreclosures and dacion transactions	**1,917,719**	1,590,559	**1,769,381**	1,442,221
Revaluation increment on land and buildings	**898,676**	1,516,383	**898,676**	1,516,383
Unrealized foreign exchange gains	**538,754**	186,371	**538,754**	186,339
Gain on remeasurement of previously held interest	**246,651**	246,651	**246,651**	246,651
Fair value adjustments due to business combination	**119,659**	155,541	**119,659**	155,541
Retirement assets	**75,699**	–	**75,699**	–
Unrealized gains on financial assets at FVTPL and FVOCI	**502**	3,571	**502**	3,529
Others	**19,843**	18,308	**–**	–
	3,817,503	3,717,384	**3,649,322**	3,550,664
	₱7,293,152	₱6,815,635	**₱7,478,726**	₱6,929,669

As of December 31, 2024 and 2023, the Group's net deferred tax liabilities as disclosed in 'Other liabilities' (refer to Note 22) include deferred tax liabilities on fair value adjustments due to business combination amounting to ₱148.3 million.

Benefit from deferred tax charged to OCI pertains to deferred tax on remeasurement gains on retirement plan amounting to ₱0.8 million and nil in 2024 and 2023, respectively, for the Group.

Provision for deferred tax charged directly to OCI pertains to deferred tax on net unrealized losses on financial assets at FVOCI amounting to ₱1.0 million for the Group and the Parent Company in 2024, and ₱0.2 million for the Group and the Parent Company in 2023.

Unrecognized deferred tax assets
The Parent Company and certain subsidiaries did not recognize deferred tax assets on the following unused tax credit and losses and temporary differences since they believe that the related tax benefits will not be realized in the future:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Allowance for impairment and credit losses	**₱4,459,922**	₱8,262,820	**₱4,459,922**	₱8,262,820
Unamortized past service cost	**2,099,740**	1,576,711	**2,099,740**	1,576,711
NOLCO	**972,676**	959,254	**–**	–
Lease liability	**564,752**	402,146	**562,990**	399,340
Derivative liabilities	**–**	555,811	**–**	555,811
Unrealized losses on financial assets	**–**	147,661	**–**	147,661
Unrealized foreign exchange loss	**–**	95,747	**–**	95,747
Retirement liability	**–**	269,391	**–**	269,391
	₱8,097,090	₱12,269,541	**₱7,122,652**	₱11,307,481

Details of the Group's NOLCO follow:

Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2020	₱89,960	₱–	₱89,960	2025
2021	50,841	–	50,841	2026
2022	830,749	–	830,749	2025
2023	1,126	–	1,126	2026
	₱972,676	₱–	₱972,676	

Unrecognized deferred tax liabilities
As of December 31, 2024 and 2023, there was a deferred tax liability of ₱986 million and ₱895.9 million for temporary differences of ₱3.9 billion and ₱3.6 billion related to investment in certain subsidiaries, respectively. However, this liability was not recognized because the Parent Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

30.4 Statutory Income Tax Reconciliation

The reconciliation between the statutory income tax rate to effective income tax rate follows:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Statutory income tax rate	**25.00%**	25.00%	25.00%	**25.00%**	25.00%	25.00%
Tax effects of:						
Net unrecognized deferred tax assets	**(7.03)**	(11.20)	(6.04)	**(7.13)**	(11.74)	(6.36)
Non-deductible expenses	**5.62**	12.28	14.69	**5.20**	12.16	13.73
Tax-paid income	**(3.12)**	(2.76)	(2.01)	**(3.14)**	(2.82)	(2.05)
FCDU loss (income) before tax	**(0.75)**	(0.61)	1.49	**(0.76)**	(0.61)	1.52
Tax-exempt income	**(0.29)**	(4.36)	(2.91)	**(0.29)**	(4.38)	(2.96)
Optional standard deduction	**(0.02)**	(0.11)	(0.36)	–	–	–
Effective income tax rate	**19.41%**	18.24%	29.86%	**18.88%**	17.61%	28.88%

31. Earnings Per Share

Earnings per share attributable to equity holders of the Parent Company is computed as follows:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
a) Net income attributable to equity holders of the Parent Company	**₱21,052,896**	₱17,979,257	₱11,532,318	**₱21,036,661**	₱18,002,948	₱11,532,318
b) Weighted average number of common shares for basic earnings per share (Note 25)	**1,525,765**	1,525,765	1,525,765	**1,525,765**	1,525,765	1,525,765
c) Basic/Diluted earnings per share (a/b)	**₱13.80**	₱11.78	₱7.56	**₱13.79**	₱11.80	₱7.56

In 2024, 2023 and 2022, there are no potential common shares with dilutive effect on the basic earnings per share.

32. Trust Operations

Securities and other properties held by the Parent Company through its TBG in fiduciary or agency capacities for its customers are not included in the accompanying statements of financial position since these are not assets of the Parent Company. Such assets held in trust were carried at a value of ₱190.6 billion and ₱168.0 billion as of December 31, 2024 and 2023, respectively. In connection with the trust functions of the Parent Company, government securities amounting to ₱1.9 billion and ₱1.8 billion (included under 'Investment securities at amortized cost') as of December 31, 2024 and 2023, respectively, are deposited with the BSP in compliance with trust regulations (refer to Note 9.3).

Trust fee income in 2024, 2023 and 2022 amounting to ₱380.0 million, ₱373.7 million and ₱317.8 million, respectively, is included under 'Service fees and commission income' (refer to Note 26.1).

In compliance with existing banking regulations, the Parent Company transferred from surplus to surplus reserves the amounts of ₱14.5 million, ₱29.9 million and ₱24.7 million in 2024, 2023 and 2022, respectively, which correspond to 10.00% of the net income realized in the preceding years from its trust, investment management and other fiduciary business until such related surplus reserve constitutes 20.00% of its regulatory capital (refer to Note 25.3).

33. Related Party Transactions

33.1 Summary of Significant Related Party Transactions

Details on significant related party transactions of the Group and the Parent Company follow (transactions with subsidiaries have been eliminated in the consolidated financial statements). Transactions reported under subsidiaries represent companies where the Parent Company has control, while those under related parties represent companies which are under common control.

	2024		
Category	**Amount/ Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Significant Investors			
Deposit liabilities		**₱3,054,420**	Peso and foreign currency deposits with annual rates ranging from 0.00% to 6.25%
Net deposits	**₱777,494**		Net deposits during the period
Interest expense	**123,710**		Interest expense on deposits
Accrued interest payable		**8,729**	Accrued interest on deposit liabilities
Subsidiaries			
Credit facilities		**11,293,839**	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/ trust receipt lines; also includes irrevocable standby letters of credit;
Interbank loans receivable		**3,015**	Foreign currency-denominated interbank term loans with interest rates ranging from 2.95% to 5.05% with ACB, including foreign exchange revaluations
Availments	**162,078**		
Settlements and other movements	**211,743**		
Due from other banks		**197,801**	Foreign currency-denominated demand deposits
Accrued interest receivable		**2**	Interest accrual on receivables from customers and interbank loans receivable
Accounts receivable		**36,152**	Related to remittance transactions and amounts which are subject to clearing
Deposit liabilities		**4,230,583**	Peso and foreign currency-denominated deposits with annual fixed interest rates ranging from 0.0% to 5.70% and maturities up to 4 years
Net deposits	**1,075,214**		Net withdrawals during the period
Bills payable		–	Foreign currency-denominated bills payable with ACB with interest rate of 4.0%
Availments	**28,300**		
Settlements	**28,300**		
Due to other banks		**13,880**	Foreign currency-denominated clearing accounts used for funding and settlement of remittances
Accrued interest payable		**30,733**	Accrued interest on deposit liabilities and bills payable
Interest income	**1,549**		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	**213,269**		Interest expense on deposit liabilities and bills payable
Miscellaneous other income	**3,271**		Management and other professional fees; includes share of subsidiaries in maintenance costs of the HR system
Securities transactions			
Purchases	**5,026,632**		Outright purchase of securities
Sales	**1,621,332**		Outright sale of securities
Trading loss	**431**		Loss from sale of investment securities

(Forward)

	2024		
Category	**Amount/ Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Other Related Parties			
Receivables from customers		**₱43,455,926**	Partly secured by real estate, vehicles, deposits, government securities, among others; with interest rates ranging from 2.75% to 12.00% with remaining maturity terms ranging from 2 days to over 24 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱87.8 million including foreign exchange revaluations.
Loan releases	**₱195,397,876**		
Loan collections and other movements	**207,240,908**		
Credit facilities		**92,058,444**	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Sales contract receivable		**734**	Receivable from sale of property paid in installments; with interest rate of 6.0% and maturing in July 2027
Financial assets at FVOCI		**26,687,751**	Majority represents the retained 49.00% interest in PNB Holdings, with unrealized gain of ₱2.1 billion recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		**175,958**	Accrued interest on receivables from customers
Security deposit		**175,513**	Amount given to fulfill the terms of the lease contract
Accounts Receivable		**116,760**	Receivable from conveyance of real estate inventories held under development
Right-of-use assets		**2,959,837**	Lease of office space with terms up to 10 years and the corresponding accumulated amortization
Accumulated depreciation of right-of-use assets		**1,236,440**	
Deposit liabilities		**49,367,453**	Peso-denominated and foreign currency-denominated demand, savings and time deposits with maturity terms ranging from 7 days to over 5 years and with interest rates ranging from 0.0% to 6.88%
Net deposits	**3,033,990**		Net deposits during the period
Accrued interest payable		**162,221**	Accrued interest payable from various deposits
Lease liabilities		**1,920,896**	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		**655,134**	Accruals in relation to promotional and utilities expenses
Deferred revenue		**37,778**	Unamortized portion of income related to the bancassurance agreement with ABIC
Accrued other expenses		**655,134**	Accruals in relation to promotional and utilities expenses
Deferred revenue		**37,778**	Unamortized portion of income related to the bancassurance agreement with ABIC
Service fees and commission income	**3,333**		Amortization of fees under the bancassurance agreement with ABIC
Interest income	**1,621,730**		Interest income on receivables from customers
Interest expense	**1,678,513**		Interest expense on deposit liabilities, bonds payable, bills payable and lease liabilities
Depreciation expense	**463,922**		Depreciation of right-of-use asset relating to leases of office spaces
Occupancy and equipment-related costs	**109,984**		Rentals from short-term leases
Miscellaneous expenses	**691,214**		Includes CUSA charges for the Parent Company's share in common areas on premises owned by PNB Holdings; promotional expenses for Mabuhay Miles redemption; includes management fees paid to Eton Properties Philippines, Inc.; and other expenses

(Forward)

Category	2024 Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Securities transactions			
Purchases	**₱16,557,303**		Outright purchase of securities
Sales	**12,200,349**		Outright sale of securities
Trading gain	**4,671**		Gain from sale of securities
Associate			
Credit facilities		**₱120,000**	Pre-settlement risk line
Deposit liabilities		**881,014**	Peso and foreign currency-denominated deposits with annual interest rates ranging from 0.01% to 5%
Net deposits	**752,849**		
Accrued interest payable		**2**	Accrued interest on deposit liabilities
Rental deposits		**27**	Advance rental and security deposits received for three months
Deferred revenue		**322,031**	Unamortized portion of income related to the sale of APLII
Service fees and commission income	**73,199**		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Interest expense	**1,036**		Interest expense on deposit liabilities
Key Management Personnel			
Loans to officers		**162,370**	Housing loans to senior officers with interest rates ranging from 3% to 17.55%; Secured and unimpaired
Loan releases	**₱204,885**		
Loan collections	**43,586**		
Accrued interest receivable		**399**	Accrued interest on loans
Interest income	**9,811**		Interest income on housing loans
Deposit liabilities		**910,771**	Peso and foreign currency-denominated deposits with interest rates ranging from 0.0% to 4.75%
Net deposits	**42,921**		Net deposits during the period
Interest expense	**10,368**		Interest expense on deposits
Accrued interest payable		**1,227**	Accrued interest on deposit liabilities
Sales Contract Receivable		**1,359**	Receivable from personnel with interest rate of 5%, and maturing from Dec 2025 to Aug 2027

Category	2023 Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Significant Investors			
Deposit liabilities		₱2,276,926	Peso and foreign currency deposits with annual rates ranging from 0.00% to 6.25%
Net deposits	₱953,917		Net deposits during the period
Interest expense	65,774		Interest expense on deposits
Accrued interest payable		2,188	Accrued interest on deposit liabilities
Subsidiaries			
Receivables from customers		–	Peso loans with terms ranging from 31 days to 354 days with annual rate of 9.00%; with reversal of provisions amounting to ₱165.6 million; written off in December 2023 (see discussion below)
Loan releases	465,142		
Loan collections	165,560		
Loan settlement through dacion and assignment	1,404,582		
Credit facilities		10,638,270	Includes omnibus line and revocable revolving credit lines, domestic bills purchase lines and letters of credit/ trust receipt lines; also includes irrevocable standby letters of credit;

(Forward)

	2023		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Interbank loans receivable		₱52,680	Foreign currency-denominated interbank term loans with interest rates ranging from 3.92% to 3.94% with ACB
Availments	₱83,579		
Settlements	46,606		
Due from other banks		288,020	Foreign currency-denominated demand deposits
Accrued interest receivable		1,076	Interest accrual on receivables from customers and interbank loans receivable
Accounts receivable		17,276	Related to remittance transactions and amounts which are subject to clearing
Deposit liabilities		3,155,369	Peso and foreign currency-denominated deposits with annual fixed interest rates ranging from 0.0% to 4.95% and maturities up to 4 years
Net withdrawals	339,101		Net withdrawals during the period
Bills payable		–	Foreign currency-denominated bills payable with ACB with interest rate of 4.0%
Settlements	13,758		
Due to other banks		65	Foreign currency-denominated clearing accounts used for funding and settlement of remittances with GRFC, IIC, PNB Europe, and ACB
Accrued interest payable		21,113	Accrued interest on deposit liabilities and bills payable
Interest income	187,821		Interest income on receivables from customers, due from other banks and interbank loans receivable
Interest expense	201,534		Interest expense on deposit liabilities and bills payable
Service fees and commission income	5,209		Various services rendered by PNB to its subsidiaries covered by a service level agreement; also includes PNB's share in service fees
Miscellaneous other income	2,580		Management and other professional fees; includes share of subsidiaries in maintenance costs of the HR system
Service fees and commission expense	57		Fees and other commission expense
Securities transactions			
Purchases	1,097,734		Outright purchase of securities
Sales	690,027		Outright sale of securities
Trading loss	42		Loss from sale of investment securities
Other Related Parties			
Receivables from customers		55,298,956	Partly secured by real estate, vehicles, deposits, government securities, among others; with interest rates ranging from 2.75% to 12.00% with remaining maturity terms ranging from 7 days to over 8 years and payment terms ranging from monthly to quarterly payments; with aggregate allowance for credit losses of ₱169.6 million
Loan releases	31,771,690		
Loan collections	18,659,908		
Credit facilities		77,116,535	Includes omnibus line and revocable revolving credit lines and domestic bills purchase lines; also includes irrevocable standby letters of credit which are partly secured by either cash or government securities
Sales contract receivable		2,173	Receivable from sale of property paid in installments; with interest rate of 5.0% and maturing in July 2027
Financial assets at FVOCI		24,587,068	Majority represents the retained 49.00% interest in PNB Holdings, with unrealized gain of ₱1.7 billion recorded in OCI (refer to Note 12.4 for further discussion)
Accrued interest receivable		297,551	Accrued interest on receivables from customers
Security deposit		176,082	Amount given to fulfill the terms of the lease contract
Right-of-use assets		3,136,508	Lease of office space with terms up to 10 years and the

(Forward)

Category	2023 Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Accumulated depreciation of right-of-use assets		₱1,081,498	corresponding accumulated amortization
Deposit liabilities		46,333,463	Peso-denominated and foreign currency-denominated demand, savings and time deposits with maturity terms ranging from 7 days to over 13 years
Net deposits	₱5,980,997		Net deposits during the period
Accrued interest payable		267,825	Accrued interest payable from various deposits
Bills payable		–	Short-term borrowings with interest rate of 6.41%
Availment	400,000		
Settlement	400,000		
Lease liabilities		2,107,960	Lease of office space with terms ranging from 20 months to 10 years
Accrued other expenses		402,589	Accruals in relation to promotional and utilities expenses
Deferred revenue		41,111	Unamortized portion of income related to the bancassurance agreement with ABIC
Service fees and commission income	3,334		Amortization of fees under the bancassurance agreement with ABIC
Interest income	1,997,271		Interest income on receivables from customers
Interest expense	1,644,192		Interest expense on deposit liabilities, bonds payable, bills payable and lease liabilities
Depreciation expense	671,137		Depreciation of right-of-use asset relating to leases of office spaces
Occupancy and equipment-related costs	760,547		Rentals from short-term leases
Miscellaneous expenses	572,875		Includes CUSA charges for the Parent Company's share in common areas on premises owned by PNB Holdings; promotional expenses for Mabuhay Miles redemption; includes management fees paid to Eton Properties Philippines, Inc.; and other expenses
Rental income	151		Payment received for the use or occupation of property
Service fees and commission expenses	114		Fees and other commission expense
Securities transactions			
Purchases	7,106,329		Outright purchase of securities
Sales	9,103,280		Outright sale of securities
Remittance transactions			
Fund transfers	3,957,891		Peso equivalent of funds transferred
Service fees	10,976		Income share and commission on remittance transactions
Purchase of merchandise	249		Cost of various merchandise purchased
Associate			
Credit facilities		120,000	Pre-settlement risk line
Deposit liabilities		128,165	Peso and foreign currency-denominated deposits with annual interest rates ranging from 0% to 0.10%
Net withdrawals	339,881		
Accrued interest payable		41	Accrued interest on deposit liabilities
Rental deposits		27	Advance rental and security deposits received for three months
Deferred revenue		548,993	Unamortized portion of income related to the sale of APLII
Service fees and commission income	431,287		Bancassurance fees earned based on successful referrals and income related to the sale of APLII
Interest expense	1,300		Interest expense on deposit liabilities

(Forward)

	2023		
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Key Management Personnel			
Loans to officers		₱1,071	Housing loans to senior officers with interest rates ranging from 3% to 15%; Secured and unimpaired
Loan releases	₱1,071		
Loan collections	2,778		
Accrued interest receivable		12	Accrued interest on loans
Interest income	277		Interest income on housing loans
Deposit liabilities		119,449	Peso and foreign currency-denominated deposits with interest rates ranging from 0.0% to 4.75%
Net deposits	118,975		Net deposits during the period
Interest expense	3,372		Interest expense on deposits
Accrued interest payable		801	Accrued interest on deposit liabilities

Remedies over a loan exposure to a related party
In April 2022, the Parent Company entered into a dacion agreement with a related party over an investment property with fair value at the time of dacion of ₱1.4 billion in settlement of certain loans. The remedy to settle the loan also provided for the conversion of the remaining debt to equity shares of the former borrower, where the Bank received 19.9 million shares. These shares were subsequently subjected to a share swap, as discussed in Note 9.2.

Transactions relating to the investment in PNB Holdings
As discussed in Note 12.4, the Parent Company executed a proxy in favor of LTG to vote for the remaining 49.00% held by the Group in PNB Holdings. As a result, the Group accounted for its retained interest in PNB Holdings as financial asset at FVOCI with no recycling to profit and loss. The Group and the Parent Company recognized in 2021 a gain of ₱33.5 billion from the loss of control and remeasurement of the retained interest in PNB Holdings (refer to Note 12.4).

In relation to the property dividend declaration, the Parent Company, as a withholding agent, remitted ₱404.4 million to the BIR in January 2022, representing final withholding taxes on the property dividends of concerned stockholders. This was recorded under 'Accounts receivable' in the statement of financial position. The Parent Company collected ₱162.7 million of its receivable from stockholders in 2024.

Financial assets at FVTPL traded through PNB Securities
As of December 31, 2024 and 2023, the Parent Company's financial assets at FVTPL include equity securities traded through PNB Securities with a fair value of ₱2.9 million and ₱2.6 million, respectively. The Parent Company recognized trading gains (losses) amounting to ₱0.2 million in 2024, (₱0.04 million) in 2023 and ₱0.1 million in 2022 from the transactions facilitated by PNB Securities.

Joint arrangements with Eton Properties Philippines, Inc. (EPPI)
The Parent Company and EPPI signed two agreements for the development of two real estate properties of the Parent Company included under 'Other assets' (refer to Note 15) and with carrying values of ₱1.2 billion at the time of signing. EPPI and the Group are under common control. These two projects are among the Parent Company's strategies in reducing its non-performing assets. The Parent Company made available the aforementioned properties which was approved by BSP. EPPI, on the other hand, provided its resources and technical expertise for the development of the properties. Income from the sale of the properties are shared by the Parent Company and EPPI in accordance with the terms of the agreement.

In July 2016, the Parent Company executed deeds of conveyance to EPPI on the areas of the land under the arrangement. The execution of the deeds of conveyance was made to facilitate the issuance of the condominium certificates of title to the buyers.

On December 27, 2024, EPPI and the Bank have agreed to terminate the arrangement due to market conditions. The termination of the arrangement involved the settlement of unsold condominium units and undeveloped properties between EPPI and the Bank. As of December 31, 2024, the carrying value of the properties subject of the arrangement included in 'Other assets' amounted to ₱220.64 million representing undeveloped property.

Transactions with PMLFC and PMERC
The Parent Company entered into the following transactions with PMLFC and PMERC as part of their winding down procedures:

- On various dates in 2022 and 2023, PMLFC transferred to the Parent Company certain receivables either via direct purchase or assignment. Details are as follows:

Year of transfer	Underlying contract	Aggregate carrying values	Total consideration paid
2022	Direct Purchase	₱122,306	₱115,866
2023	Direct Purchase	51,235	51,612
	Receivables Purchase Agreement	287,040	278,998
	Deed of Assignment	210,734	185,572

- On various dates in 2023, the BOD of the Parent Company approved to accept certain properties of PMLFC and PMERC as settlement through dacion en pago to partially pay their respective outstanding loans to the Parent Company. Details are as follows:

Date of BOD approval	Borrower	Subject properties/ assets	Aggregate fair values	Dacion amount
April 28, 2023	PMLFC	Condominium units	₱100,258	₱100,258
April 28, 2023	PMERC	Equipment and other properties held for lease (EOPL)	261,407	245,984
December 15, 2023	PMLFC	Repossessed chattels	7,867	3,933

  In 2023, rental income amounting to ₱54.6 million from the EOPL that were subject of the April 2023 dacion have accrued to the Parent Company after the dacion was implemented.

- Considering the transfer of the major assets of PMLFC and PMERC to the Parent Company and no other remaining leviable properties of PMLFC and PMERC to foreclose, on December 15, 2023, the BOD of the Parent Company approved to write off the remaining balance of the loans of PMLFC and PMERC amounting to ₱736.4 million and ₱242.4 million, respectively.

33.2 Remuneration of Key Management Personnel and Directors

The compensation of the key management personnel for the Group and Parent Company follows:

	2024	2023	2022
Short-term employee benefits	**₱527,036**	₱526,038	₱517,114
Post-employment benefits	**60,916**	53,041	47,424
	₱587,952	₱579,079	₱564,538

Non-executive directors are entitled to a per diem as follows: ₱50,000 for each BOD meeting attended and ₱25,000 for each BOD committee meeting attended, provided that in no case shall the total per diem exceed ₱0.25 million per month for committee meetings. No other emoluments are granted to non-executive directors of the Parent Company except for the aforementioned per diem. There is no profit-sharing arrangement between the Parent Company and its BOD. In 2024 and 2023, total per diem given to non-executive directors amounted to ₱96.3 million and ₱71.3 million, respectively, recorded in 'Miscellaneous expenses' in the statements of income. Directors' remuneration covers all BOD activities and membership of committees and subsidiary companies.

33.3 Transactions with Retirement Plans

Management of the retirement funds of the Group and the Parent Company is handled by TBG. The fair values and carrying values of the funds of the Group amounted to ₱9.3 billion and ₱8.6 billion as of December 31, 2024 and 2023, respectively, and the fair values of the funds of the Parent Company amounted to ₱9.2 billion and ₱8.5 billion as of December 31, 2024 and 2023, respectively.

Relevant information on transactions with the retirement plans follows:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Investment in PNB UITFs	**₱946,347**	₱559,461	**₱944,562**	₱556,626
Deposits with PNB	**13,274**	313,976	**10,774**	313,813
Investment in PNB shares	**227,678**	152,059	**227,678**	152,059
Investment in Mutual Fund PNB	**1,782**			
Total Fund Assets	**₱1,189,081**	₱1,025,496	**₱1,183,014**	₱1,022,498
Unrealized gain (loss) on PNB shares	**₱75,618**	(₱4,110)	**₱75,618**	(₱4,110)
Unrealized gain on PNB UITF	**11,535**	1,440	**11,535**	1,440
Interest income	**12,860**	27,584	**11,345**	26,063
	100,013	24,914	**98,498**	23,393
Trust fees	**(10,220)**	(9,496)	**(10,066)**	(9,350)
Net Fund Income	**₱89,793**	₱15,418	**₱88,432**	₱14,043

As of December 31, 2024 and 2023, the retirement funds of the Group and the Parent Company include 8,219,406 PNB shares, respectively, classified as financial assets at FVTPL. There are no limitations and restrictions over the PNB shares while the corresponding voting rights are exercised by a trust officer or any of its designated alternate officer of TBG.

In addition to the regular retirement funds, TBG also manages the funds of the Parent Company's EIP and fund for e-money products.

34. Provisions, Contingent Liabilities and Other Commitments

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

There were no significant settlements made in 2024 and 2023.

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

35. Offsetting of Financial Assets and Liabilities

The effects of rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements to the Group and the Parent Company's financial statements are disclosed in the succeeding tables.

Consolidated

			2024			
				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
Financial assets recognized at end of reporting period by type	**Gross carrying amounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Financial instruments**	**Fair value of financial collateral**	**Net exposure [c-d]**
	[a]	**[b]**	**[c]**	**[d]**		**[e]**
Derivative assets	**₱87,097,900**	**₱86,010,793**	**₱1,087,107**	**₱104,745**	**₱–**	**₱982,362**
Securities held under agreements to resell (Note 8)	**103,480,119**	**–**	**103,480,119**	**–**	**104,909,516**	**–**
Total	**₱190,578,019**	**₱86,010,793**	**₱104,567,226**	**₱104,745**	**₱104,909,516**	**₱982,362**

			2023			
				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Financial instruments	Fair value of financial collateral	Net exposure [c-d]
	[a]	[b]	[c]	[d]		[e]
Derivative assets	₱108,139,719	₱107,390,520	₱749,199	₱37,098	₱–	₱712,101
Securities held under agreements to resell (Note 8)	69,694,538	–	69,694,538	–	57,785,321	11,909,217
Total	₱177,834,257	₱107,390,520	₱70,443,737	₱37,098	₱57,785,321	₱12,621,318

	2024					
				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
Financial liabilities recognized at end of reporting period by type	**Gross carrying amounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Financial instruments**	**Fair value of financial collateral**	**Net exposure [c-d]**
	[a]	**[b]**	**[c]**	**[d]**		**[e]**
Derivative liabilities	**₱61,485,068**	**₱60,561,015**	**₱924,053**	**₱350,702**	**₱–**	**₱573,351**
Securities sold under agreements to repurchase (Notes 9 and 19)*	**12,338,999**	–	**12,338,999**	–	**14,221,461**	–
Total	**₱73,824,067**	**₱60,561,015**	**₱13,263,052**	**₱350,702**	**₱14,221,461**	**₱573,351**

** Included in bills and acceptances payable in the statements of financial position*

	2023					
				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Financial instruments	Fair value of financial collateral	Net exposure [c-d]
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities	₱65,163,569	₱64,607,758	₱555,811	₱196,010	₱–	₱359,801
Securities sold under agreements to repurchase (Notes 9 and 19)*	10,053,531	–	10,053,531	–	11,972,805	–
Total	₱75,217,100	₱64,607,758	₱10,609,342	₱196,010	₱11,972,805	₱359,801

** Included in bills and acceptances payable in the statements of financial position*

Parent Company

	2024					
				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
Financial assets recognized at end of reporting period by type	**Gross carrying amounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Financial instruments**	**Fair value of financial collateral**	**Net exposure [c-d]**
	[a]	**[b]**	**[c]**	**[d]**		**[e]**
Derivative assets	**₱87,097,088**	**₱86,010,793**	**₱1,086,295**	**₱102,386**	**₱–**	**₱983,909**
Securities held under agreements to resell (Notes 8 and 19)	**103,480,119**	**–**	**103,480,119**	**–**	**104,909,516**	**–**
Total	**₱190,577,207**	**₱86,010,793**	**₱104,566,414**	**₱102,386**	**104,909,516**	**₱983,909**

	2023					
				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Financial instruments	Fair value of financial collateral	Net exposure [c-d]
	[a]	[b]	[c]	[d]		[e]
Derivative assets	₱108,134,733	₱107,390,520	₱744,213	₱37,098	₱–	₱707,115
Securities held under agreements to resell (Notes 8 and 19)	69,694,538	–	69,694,538	–	57,785,321	11,909,217
Total	₱177,829,271	₱107,390,520	₱70,438,751	₱37,098	₱57,785,321	₱12,616,332

	2024					
				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
Financial liabilities recognized at end of reporting period by type	**Gross carrying amounts (before offsetting)**	**Gross amounts offset in accordance with the offsetting criteria**	**Net amount presented in statements of financial position [a-b]**	**Financial instruments**	**Fair value of financial collateral**	**Net exposure [c-d]**
	[a]	**[b]**	**[c]**	**[d]**		**[e]**
Derivative liabilities	**₱61,482,708**	**₱60,561,015**	**₱921,693**	**₱348,343**	**₱–**	**₱573,350**
Securities sold under agreements to repurchase (Notes 9 and 19)*	**12,338,999**	**–**	**12,338,999**	**–**	**14,221,461**	**–**
Total	**₱73,821,707**	**₱60,561,015**	**₱13,260,692**	**₱348,343**	**₱14,221,461**	**₱573,350**

** Included in bills and acceptances payable in the statements of financial position*

	2023					
				Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Financial instruments	Fair value of financial collateral	Net exposure [c-d]
	[a]	[b]	[c]	[d]		[e]
Derivative liabilities	₱65,163,569	₱64,607,758	₱555,811	₱196,010	₱–	₱359,801
Securities sold under agreements to repurchase (Notes 9 and 19)*	10,053,531	–	10,053,531	–	11,972,805	–
Total	₱75,217,100	₱64,607,758	₱10,609,342	₱196,010	₱11,972,805	₱359,801

** Included in bills and acceptances payable in the statements of financial position*

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. This includes amounts related to financial collateral both received and pledged, excluding the extent of over-collateralization.

36. Events After the Reporting Date

There are no significant reportable events which occurred from December 31, 2024 until the date of this report.

37. Notes to Statements of Cash Flows

37.1 Cash Flows from Financing Activities

The changes in liabilities arising from financing activities in 2024 and 2023 follow:

	Consolidated			
	2024			
	Beginning balance	**Net cash flows**	**Others**	**Ending balance**
Bills and acceptances payable	**₱20,162,603**	**₱378,200**	**(₱332,352)**	**₱20,208,451**
Bonds payable	**41,490,871**	**(26,079,791)**	**1,893,341**	**17,304,421**
Lease liabilities	**3,832,884**	**(1,127,583)**	**1,103,696**	**3,808,997**
	₱65,486,358	**(₱26,829,174)**	**₱2,664,685**	**₱41,321,869**

	Consolidated			
	2023			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱14,980,373	₱4,937,366	₱244,864	₱20,162,603
Bonds payable	58,439,097	(16,560,000)	(388,226)	41,490,871
Lease liabilities	3,636,391	(1,314,516)	1,511,009	3,832,884
	₱77,055,861	(₱12,937,150)	₱1,367,647	₱65,486,358

	Parent Company			
	2024			
	Beginning balance	**Net cash flows**	**Others**	**Ending balance**
Bills and acceptances payable	**₱20,162,603**	**₱378,200**	**(₱332,352)**	**₱20,208,451**
Bonds payable	**41,490,871**	**(26,079,791)**	**1,893,341**	**17,304,421**
Lease liabilities	**3,723,316**	**(1,052,523)**	**1,051,926**	**3,722,719**
	₱65,376,790	**(₱26,754,114)**	**₱2,612,915**	**₱41,235,591**

	Parent Company			
	2023			
	Beginning balance	Net cash flows	Others	Ending balance
Bills and acceptances payable	₱13,888,035	₱6,029,703	₱244,865	₱20,162,603
Bonds payable	58,439,097	(16,560,000)	(388,226)	41,490,871
Lease liabilities	3,604,077	(1,232,928)	1,352,167	3,723,316
	₱75,931,209	(₱11,763,225)	₱1,208,806	₱65,376,790

Others include the effects of foreign exchange revaluations, additional lease liabilities, amortization of transaction costs, and accretion of interest.

37.2 Non-Cash Transactions

The following are non-cash transactions of the Group and the Parent Company in 2024 and 2023 relating to their long-term leases:

	Consolidated		**Parent Company**	
	2024	2023	**2024**	2023
Additions to right-of-use assets (Note 11)	**₱950,548**	₱1,425,032	**₱936,169**	₱1,292,130
Additional lease liabilities (Note 29)	**956,755**	1,340,509	**907,278**	1,185,129

On December 17, 2021, the BOD of PNB Capital approved the declaration of cash dividends amounting to ₱300.0 million. The Parent Company received such cash dividends from PNB Capital on June 29, 2022 (refer to Note 12.2).

The Group and the Parent Company acquired investment properties through foreclosure, dacion and rescission amounting to ₱2.3 billion, ₱3.0 billion, and ₱4.3 billion in 2024, 2023 and 2022, respectively (refer to Note 13). Included in the foreclosures in 2024 and 2023 are dacion transactions in settlement of certain loans in exchange for an investment property (refer to Note 33.1). Foreclosures in 2023 also include the debt-to-equity conversion of the remaining loan exposures of a former borrower (refer to Note 33.1).

The Group and the Parent Company applied creditable withholding taxes against its income tax payable amounting to ₱1.5 billion, ₱1.2 billion and ₱2.4 billion in 2024, 2023 and 2022, respectively.

38. Approval of the Release of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were authorized for issue by the Parent Company's BOD on February 25, 2025.

39. Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010, which provides that the notes to the financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

39.1 Taxes Paid or Accrued During the Taxable Year

The Parent Company paid or accrued the following types of taxes for the tax period January to December 2024 (in absolute amounts):

Taxes and licenses

	Amount
Gross receipts tax	₱2,705,491,144
Documentary stamp taxes	4,200,000,000
Real estate tax	38,153,906
Local taxes	211,094,722
Others	101,375,401
	₱7,256,115,173

Withholding taxes

	Remitted	Outstanding
Withholding taxes on compensation and benefits	₱963,287,855	₱177,975,255
Final income taxes withheld on interest on deposits and yield on deposit substitutes	2,672,422,915	233,287,067
Expanded withholding taxes	240,096,410	22,821,111
Withholding taxes on the amount withdrawn from the decedent's deposit account	21,808,620	2,114,025
VAT withholding taxes	46,206,773	3,454,043
Other final taxes	263,128,522	34,488,472
	₱4,206,951,095	₱474,139,973

39.2 Tax Cases and Assessments

As of December 31, 2024 and 2023, the Parent Company has no final tax assessment but has outstanding cases filed in courts for various claims for tax refund. Management is of the opinion that the ultimate outcome of these cases will not have a material impact on the financial statements of the Parent Company.

40. Report on the Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks

40.1 Basic Quantitative Indicators of Financial Performance

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2024	2023	2022	**2024**	2023	2022
Return on average equity	**10.39%**	9.95%	7.00%	**10.49%**	10.15%	7.10%
Return on average assets	**1.72%**	1.53%	0.99%	**1.72%**	1.54%	0.99%
Net interest margin on average earning assets	**4.50%**	4.23%	3.61%	**4.50%**	4.23%	3.62%

40.2 Description of Capital Instruments Issued

As of December 31, 2024 and 2023, the Parent Company has only one class of capital stock, which are common shares.

40.3 Significant Credit Exposures as to Industry Sector

An industry sector analysis of the Group's and the Parent Company's receivables from customers before taking into account allowance for credit losses is shown below.

	Consolidated				Parent Company			
	2024		2023		**2024**		2023	
	Carrying Amount	**%**	Carrying Amount	%	**Carrying Amount**	**%**	Carrying Amount	%
Primary target industry:								
Wholesale and retail	**₱118,612,698**	**17.86**	₱122,887,990	19.15	**₱112,781,724**	**17.34**	₱116,820,739	18.60
Financial intermediaries	**96,992,698**	**14.60**	92,281,412	14.38	**97,024,603**	**14.92**	92,321,118	14.70
Electricity, gas and water	**100,800,669**	**15.18**	83,942,305	13.08	**100,800,669**	**15.50**	83,942,305	13.36
Manufacturing	**68,291,738**	**10.28**	63,947,942	9.96	**66,250,095**	**10.19**	61,863,476	9.85
Transport, storage and communication	**35,413,742**	**5.33**	46,249,754	7.21	**34,979,930**	**5.38**	45,835,091	7.30
Agriculture, hunting and forestry	**8,960,007**	**1.35**	8,187,717	1.28	**8,801,474**	**1.35**	8,032,017	1.28
Public administration and defense	**1,739,998**	**0.26**	4,101,202	0.64	**1,739,998**	**0.27**	4,101,202	0.65
Secondary target industry:								
Real estate, renting and business activities	**109,274,926**	**16.45**	110,728,706	17.25	**106,134,407**	**16.32**	107,586,053	17.13
Construction	**46,132,885**	**6.95**	38,833,938	6.05	**46,132,885**	**7.09**	38,775,374	6.17
Others	**78,017,344**	**11.74**	70,637,302	11.00	**75,817,596**	**11.64**	68,902,271	10.96
	₱664,236,705	**100.00**	₱641,798,268	100.00	**₱650,463,381**	**100.00**	₱628,179,646	100.00

40.4 Breakdown of Total Loans

40.4.1 As to Security

The information relating to receivables from customers (gross of allowance for credit losses) as to secured and unsecured and as to collateral follows:

	Consolidated				Parent Company			
	2024		2023		**2024**		2023	
	Carrying Amount	**%**	Carrying Amount	%	**Carrying Amount**	**%**	Carrying Amount	%
Secured:								
Real estate mortgage	**₱68,136,306**	**10.26**	₱126,721,614	19.74	**₱57,583,167**	**8.85**	₱115,956,460	18.46
Chattel mortgage	**6,919,452**	**1.04**	15,319,855	2.39	**6,824,061**	**1.05**	15,104,719	2.40
Bank deposit hold-out	**3,855,505**	**0.58**	7,439,901	1.16	**3,686,444**	**0.57**	7,195,384	1.15
Others	**17,558,212**	**2.64**	1,551,354	0.24	**16,404,021**	**2.52**	191,774	0.03
	96,469,475	**14.52**	151,032,724	23.53	**84,497,693**	**12.99**	138,448,337	22.04
Unsecured	**567,767,230**	**85.48**	490,765,544	76.47	**565,965,689**	**87.01**	489,731,309	77.96
	₱664,236,705	**100.00**	₱641,798,268	100.00	**₱650,463,382**	**100.00**	₱628,179,646	100.00

40.4.2 As to Status

The table below shows the status of the Group and the Parent Company's loans (gross allowance for credit losses) as to performing and non-performing loans (NPL) per product line:

	Consolidated			
	2024		2023	
	Performing	**NPL**	Performing	NPL
Corporate	**₱564,341,348**	**₱34,714,958**	₱541,116,157	₱33,347,894
Commercial	**12,490,418**	**1,547,719**	14,804,205	2,493,093
Credit cards	**17,060,935**	**1,002,950**	14,394,103	838,742
Consumer	**25,364,872**	**7,700,175**	24,647,541	10,156,533
	₱619,257,573	**₱44,965,802**	₱594,962,006	₱46,836,262

	Parent Company			
	2024		2023	
	Performing	**NPL**	Performing	NPL
Corporate	**₱552,110,058**	**₱34,156,343**	₱528,492,120	₱33,228,430
Commercial	**12,291,386**	**1,547,719**	15,315,245	1,883,944
Credit cards	**17,060,935**	**1,002,950**	14,394,103	838,742
Consumer	**24,633,945**	**7,646,716**	23,923,855	10,103,207
	₱606,096,324	**₱44,353,728**	₱582,125,323	₱46,054,323

Loans and receivables are considered NPL, even without any missed contractual payments, when considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, are considered NPL if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement. Microfinance and other small loans with similar credit characteristics are considered NPL after contractual due date or after they have become past due. Restructured loans are considered NPL. However, if prior to restructuring, the loans were categorized as performing, such classification is retained.

NPLs remain classified as such until (a) there is sufficient evidence to support that full collection of principal and interests is probable and payments of interest and/or principal are received for at least six (6) months; or (b) written-off.

In 2022, the Parent Company adopted BSP Memorandum No. M-2021-056, *Regulatory Treatment of Restructured Loans for Purposes of Measuring Expected Credit Losses*, which provides guidance on the regulatory treatment of loans with terms and conditions that have been modified due to the impact of the COVID-19 pandemic, especially consumption loans, for purposes of measuring ECL and classifying the accounts as NPL.

The table below shows the gross and net NPL ratios of the Group and the Parent Company as reported to the BSP (with certain adjustments) as of December 31, 2024 and 2023:

	2024		2023	
	Gross NPL	**Net NPL**	Gross NPL	Net NPL
Consolidated	**5.68%**	**1.81%**	6.26%	2.46%
Parent Company	**5.72%**	**1.77%**	6.29%	2.49%

40.5 Information on Related Party Loans

In the ordinary course of business, the Parent Company has loans and other transactions with its subsidiaries and affiliates, and with certain Directors, Officers, Stockholders and Related Interests (DOSRI). These loans and other transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The amount of direct credit accommodations to each of the Parent Company's DOSRI, 70.00% of which must be secured, should not exceed the amount of their respective deposits and book value of their respective investments in the Parent Company.

In the aggregate, DOSRI loans generally should not exceed the Parent Company's equity or 15.00% of the its total loan portfolio, whichever is lower. Total outstanding exposures to each of the Parent Company's subsidiaries and affiliates shall not exceed 10.00% of the Group's net worth, the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding exposures to subsidiaries and affiliates shall not exceed 20.00% of the net worth of the Parent Company. As of December 31, 2024 and 2023, the Parent Company is in compliance with such regulations.

The information relating to the DOSRI loans of the Parent Company follows:

	2024		2023	
	DOSRI loans	**Related party loans (inclusive of DOSRI loans)**	DOSRI loans	Related party loans (inclusive of DOSRI loans)
Total outstanding loans	**₱136,867**	**₱37,817,926**	₱2,701	₱36,185,463
Percent of DOSRI/related party loans to total loan portfolio	**0.02%**	**4.87%**	0.00%	4.95%
Percent of unsecured DOSRI/related party loans to total DOSRI/related party loans	**0.00%**	**85.25%**	0.00%	83.48%
Percent of past due DOSRI/related party loans to total DOSRI/related party loans	**0.00%**	**0.00%**	45.40%	0.31%
Percent of non-performing DOSRI/related party loans to total DOSRI/related party loans	**0.04%**	**0.00%**	43.08%	0.31%

40.6 Aggregate Amount of Secured Liabilities and Assets Pledged as Security

As of December 31, 2024 and 2023, 'Bills payable' amounting to ₱12.3 billion and ₱10.1 billion in Note 19, respectively, are secured by a pledge of certain 'Financial assets at FVOCI' amounting to ₱12.0 billion and ₱6.5 billion respectively, and 'Investment securities at amortized cost' amounting to ₱5.5 billion.

40.7 Contingencies and Commitments Arising from Off-Balance Sheet Items

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

	Consolidated		Parent Company	
	2024	2023	**2024**	2023
Derivative forwards	**₱132,737,169**	₱195,661,001	**₱126,839,248**	₱190,805,863
Trust department accounts	**190,585,195**	168,037,276	**190,585,195**	168,037,276
Standby letters of credit	**77,763,321**	65,344,786	**77,493,348**	65,255,715
Unutilized credit card lines	**51,886,113**	45,354,961	**51,886,113**	45,354,961
Deficiency claims receivable	**27,250,819**	23,953,740	**27,250,819**	23,953,740
Derivative spots	**22,847,762**	21,141,791	**22,847,762**	21,141,791
Unused commercial letters of credit	**353,457**	440,767	**353,457**	440,767
Inward bills for collection	**1,019,948**	434,566	**996,613**	431,741
Outward bills for collection	**210,031**	236,311	**89,460**	118,836
Confirmed export letters of credit	**100,940**	93,852	**100,940**	93,852
Items held as collateral	**23,101**	58,887	**23,092**	58,876
Shipping guarantees issued	**21,284**	23,101	**21,284**	20,975
Other contingent accounts	**38,677**	7,182	**2,663**	7,181

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Philippine National Bank
PNB Financial Center
President Diosdado Macapagal Boulevard
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philippine National Bank and its Subsidiaries (the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated February 25, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
Tax Identification No. 216-950-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-107-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465263, January 2, 2025, Makati City

February 25, 2025

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Philippine National Bank
PNB Financial Center
President Diosdado Macapagal Boulevard
Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philippine National Bank and its Subsidiaries (the Group) as at December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated February 25, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Company's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Ray Francis C. Balagtas

Ray Francis C. Balagtas
Partner
CPA Certificate No. 108795
Tax Identification No. 216-950-288
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
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February 25, 2025

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
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AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2024

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PART I
Schedule A

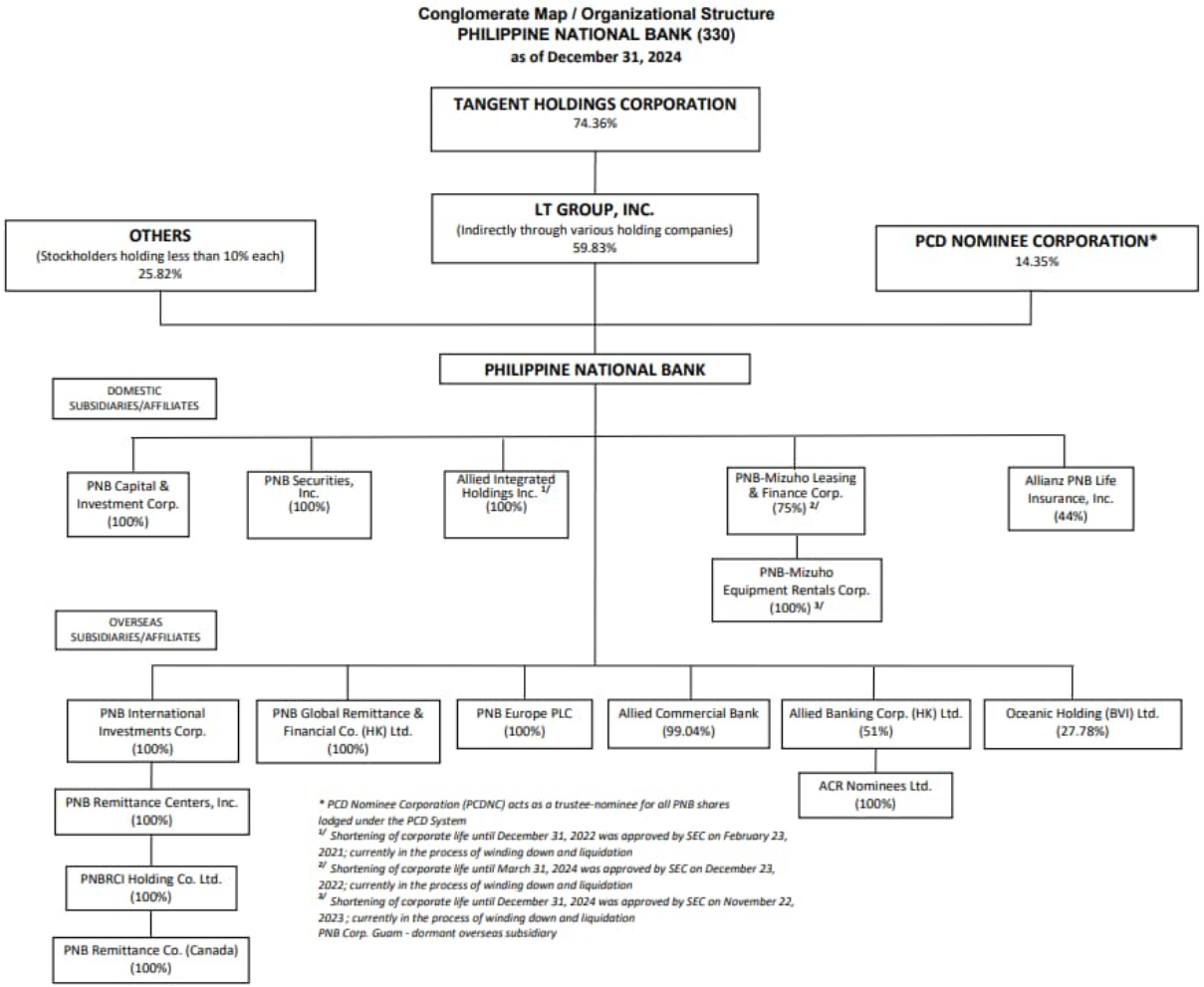
PHILIPPINE NATIONAL BANK (PARENT COMPANY)
AVAILABLE FOR DIVIDEND DECLARATION
December 31, 2024
(In thousands)

Unappropriated Retained Earnings, beginning of reporting period		**₱29,294,067**
Add: Category A - Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	₱ –	
Effect of restatements or prior period adjustments	–	
Others - Recycling of cumulative gains of derecognized equity securities at fair value through other comprehensive income (FVOCI) from other comprehensive income (OCI)	901,869	901,869
Less: Category B - Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	–	
Retained Earnings appropriated during the reporting period	289,107	
Effect of restatements or prior-period adjustments	–	
Others – Gains realized from share swap transaction	894,900	1,184,007
Unappropriated Retained Earnings, as adjusted		**29,011,929**
Add: Net income for the current year		**21,036,661**
Less: Category C.1 - Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	941,773	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	814,721	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
Unrealized fair value gain of investment property	5,308,143	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards	–	
Sub-total		**7,064,637**
Add: Category C.2 - Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	–	
Realized fair value gain of investment property	–	
Other realized gains or adjustments to the retained earnings as a of certain transactions accounted for under the PFRS Accounting Standards	–	
Subtotal		–

Add: <u>Category C.3</u> - Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	₱559,018	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at FVTPL	5,982	
Reversal of previously recorded fair value gain of investment property	4,326,663	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS Accounting Standards, previously recorded	–	
Sub-total		**₱4,891,663**
Adjusted Net Income		**18,863,687**
Add: <u>Category D</u> - Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Sub-total		–
Add: <u>Category E</u> - Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	–	
Total amount of reporting relief granted during the year	–	
Others	–	
Sub-total		–
Add: <u>Category F</u> - Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(647,715)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and setup of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS Accounting Standards/ GAAP - gain (loss)	–	
Others	–	
Sub-total		**(647,715)**
Total Retained Earnings, end of the reporting period available for dividend		**₱47,227,901**

Schedule B

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
December 31, 2024



PART II

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2024

Financial Assets at Fair Value through Profit or Loss
(Amounts in thousands except for Number of Shares)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Government securities				
Banko Sentral ng Pilipinas	–	₱6,030,000	₱6,019,627	₱–
Fixed Rate Treasury Notes	–	3,949,606	4,195,943	193,770
Republic of the Philippines (ROP) Bonds	–	249,827	239,806	13,038
Retail Treasury Bonds	–	5,180,534	5,143,528	277,914
Treasury Bills	–	605,828	582,917	–
US Treasury Notes	–	–	–	4,204
	–	**16,015,795**	**16,181,821**	**488,926**
Private debt securities				
Petron Preferred Shares	–	–	–	46,740
San Miguel Global Power Holdings Corp.	–	2,300	2,195	16,761
SM Prime Holdings, Inc.	–	500,950	499,831	24,399
Vista Land & Lifescapes, Inc.	–	148,000	147,165	8,436
	–	**651,250**	**649,191**	**96,336**
Equity securities				
GT Capital Pref Series B	1,000	824	990	–
San Miguel Corp - Pref 2I	25,970	1,909	1,876	–
	26,970	**2,733**	**2,866**	**–**
Derivatives				
3 Barracuda Energy Corp.	–	1,349,721	10,801	–
Add Vantage Global Holdings Inc	–	11,569	347	–
Allied Banking Corporation - Hongkong	–	–	812	–
Apex Petrochem OPC	–	819,175	10,844	–
Australia and New Zealand Bank- Manila	–	2,030,500	60,328	–
Banco de Oro Private Bank	–	433,838	9,592	–
Banco de Oro Universal Bank	–	14,542,343	152,154	–
Bank of China- Manila	–	57,890	45	–
Bank of the Philippine Islands	–	578,450	5,575	–
China Banking Corporation	–	2,689,715	28,531	–
Chinatrust Philippines Commercial Bank Corp.	–	294,900	5,141	–
Citibank N.A.- Manila	–	3,353,940	56,555	–
Den Norske Bank As Oslo	–	8,677	1	–
Gicar Construction, Inc.	–	23,716	1,866	–
Goldcrest Marketing Corporation	–	31,408	98	–
Hongkong and Shanghai Banking Corp.	–	1,829,320	35,878	–
Individuals	–	950,610	67,919	10,750
Internationale Nederlanden Bank- Manila	–	5,880,325	82,302	–
JPMorgan Chase Bank- Manila	–	5,891,830	105,005	–
Landbank of the Philippines	–	173,580	275	–
Metropolitan Bank & Trust Company	–	6,602,335	100,209	–
Pasay Harbor City Corporation	–	2,036,619	73,174	–

(Forward)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Petron Corporation	–	₱7,257,652	₱70,826	₱–
Philippine Business Bank	–	173,615	80	–
Philippine National Bank- Singapore	–	26,048	25	–
Republic of the Philippines	–	15,911,713	–	–
Rizal Commercial Banking Corp.	–	2,629,075	30,194	–
Security Bank Corporation	–	3,694,670	44,681	–
Standard Chartered Bank- London	–	1,472,398	3,131	—
Standard Chartered Bank- Manila	–	7,035,530	110,113	—
The Roman Catholic Archbishop of Caceres	–	10,701	318	–
UBS AG Zurich	–	207,271	2,819	–
Unioil Petroleum Phils., Inc.	–	468,628	5,160	–
Union Bank of the Philippines	–	1,741,275	5,498	–
United Overseas Bank		1,963	1,963	
Wells Fargo Bank N.A.	—	242,209	4,840	—
Xchanged Inc.	—	23,138	7	—
	–	**90,486,347**	**1,087,107**	**10,750**
Total Financial Assets at Fair Value through Profit or Loss	**26,970**	**₱107,156,125**	**₱17,920,985**	**₱596,012**

Financial Assets at Fair Value through Other Comprehensive Income
(Amounts in thousands except for Number of Shares)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Government securities				
Bangko Sentral ng Pilipinas	–	₱66,447,280	₱66,195,702	₱5,723,943
China National Offshore Oil Corp LTD	–	–	–	15,189
Fixed Rate Treasury Notes	–	50,755,021	51,405,452	1,924,683
Kingdom of Saudi Arabia	–	2,950,095	2,933,248	99,303
Monetary Authority of Singapore Bills	–	340,540	339,016	11,370
Power Sector Assets and Liabilities Management Corporation	–	–	–	16,891
Republic of Indonesia	–	219,661	218,512	1,252
Republic of the Philippines (ROP) Bonds	–	7,503,318	7,033,595	167,775
Retail Treasury Bonds	–	39,114,000	38,629,899	1,575,024
United States of America	–	1,076,801	1,069,349	136,248
	–	168,406,716	167,824,773	9,671,678
Private debt securities				
Aboitiz Power Corp.	–	562,300	554,404	29,665
AC Energy Finance International Limited	–	2,360,076	1,578,263	115,481
Arthaland Corporation	–	3,525	3,517	1,347
Ayala Land Inc.	–	394,530	395,087	25,128
Banco De Oro	–	–	–	593
Export-Import Bank of Korea	–	–	–	24,606
First Pacific Company Limited	–	896,598	874,021	-
First Pacific Company Resources	–	–	–	29,337
Globe Telecoms, Inc.	–	3,600,619	2,945,137	120,160
Hutchison Whampoa Limited	–	–	–	58,930
International Container Terminal Services Inc.	–	3,193,911	3,074,470	103,077
Manila Water Co. Inc.	–	1,775,263	1,696,831	42,271
Megaworld Corp	–	17,354	16,764	11,589
Petron Corporation	–	2,447,017	2,437,644	127,545
Rizal Commercial Banking Corp	–	289,225	291,643	23,029
San Miguel Global Power Holdings Corp.	–	–	–	5,783
Sinopec Group Overseas Development Corp	–	200,722	199,434	2,859
SM Investments Corp	–	–	–	5,934
SM Prime Holdings, Inc,	–	15,000	14,827	703
SMC Luzon Tollway Corp	–	1,500,000	1,496,158	7,511
STI Education Services Group, Inc.	–	–	–	662
	–	17,256,140	15,578,200	736,210
Equity securities				
Alliedbankers Insurance Corporation	25,000,000	20,000	20,000	–
Alphaland Balesin Island Resort Corporation	1	2,500	2,500	–
Apo Golf & Country Club Inc.	1	100	315	–
Asia Pacific Trust & Development	–	1,500	–	–
Bacnotan Steel Industries Inc.	3,345,000	–	–	–
Baguio City Country Club	1	60	6,000	–
Bancnet, Incorporated	49,999	5,000	5,000	–
BAP Credit Guaranty Corporation	29,800	1,138	1,138	–
Bayan Telecommunication	8,244	8	–	–
Bayan Telecommunication 31% Tranche B.	83,997	14,851	–	–
Camp John Hay	1	650	250	–
Camp John Hay Golf Club	2	160	500	–

(Forward)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Capitol Hills Golf and Country Club, Inc.	10	₱400	₱400	₱–
Cebu Country Club, Inc.	1	29	18,000	–
Club Filipino	2	112	700	–
Cruz Telephone Company Inc.	30	3	–	–
Development Academy of the Philippines	1,500	1,500	–	–
Eagle Ridge Golf & Country Club Inc.	30	3,450	19,500	–
Eastridge Golf Course & Village (A)	2	1,800	1,517	–
Evercrest Golf Club Resort Inc.	2	500	–	–
Evercrest Golf Club Resort Inc. (A)	2	1,000	1,000	–
Fairways & Bluewater Resort Golf & Country Club Inc.	294	359,695	51,760	–
Fastech Synergy Philippines Inc	1,337,807	8,519	–	–
Fil-Am Resources Inc.	2,500,000	27	–	–
Forest Hills Golf and Country Club Inc.	1	170	170	–
Golf & Country Club of Iligan	1	1		
Heavenly Garden Dev. Corp.	5,000	500	500	–
Iloilo Golf & Country Club	1	88	14	–
Inco Mining Corp.	46,875	2	–	–
Infanta Minerals	1,000,000	10	–	–
Lepanto Consolidated Mining Co. (A)	4,973	1	–	–
Lepanto Consolidated Mining Co. (B)	1,776	–	–	–
LGU Guarantee Corp.	100,000	10,000	2	–
Luisita Golf & Country Club Inc.	1	840	400	–
Makati (Sports) Club Inc. (A)	1	210	1,500	–
Manila Electric Co.	8,884	89	1	–
Manila Golf & Country Club Inc.	2	27,027	320,000	–
Manila Polo Club	1	2,600	50,000	–
Manila Southwoods Golf & Country Club Inc. (A)	1	850	5,654	–
Manila Southwoods Golf & Country Club Inc. (B)	1	1,500	6,000	–
Marikudo Country Club Inc.- Iloilo City	1	18	–	–
Mimosa Golf & Country Club	1	827	400	–
Mount Malarayat Golf & Country Club	15	35,380	15,000	–
Mount Malarayat Golf Club C	1	–	1,000	–
Mount Malarayat I	1	1,512	1,000	–
Negros Occidental Golf & Country Club	5	100	150	–
Northern Telephone Company, Inc	1,800	18	–	–
Orchard Golf & Country Club, Inc.	2	2,200	4,500	–
PAL Holdings Inc.	322,102,299	1,908,068	1,552,666	–
Palicpican Beach and Sport Club	2	170	170	–
Paper Industries Corporation of the Philippines	13,525	19	–	–
Petron Corporation	–	84,340	88,557	–
Philex Mining Corp.	151	–	1	–
Philippine Central Depository & Trust Corp.	31,690	2,392	6,431	–
Philippine Central Depository Inc.	28,466	3,692	5,776	–
Philippine Clearing House Corporation	42,000	4,200	2,101	–
Philippine Columbian Association	1	40	90	–
Philippine Dealing System-Fixed Income	73,000	7,300	14,813	–
Philippine Dealing System-Holding	97,436	7,300	19,772	–
Philippine Overseas Drilling & Oil Dev't	695,625	31	5	–
Philippine Racing Club, Inc.	30,331,103	319,083	209,285	–
Philippine Telegraph & Telephone Corporation	5,000,650	10	–	–

(Forward)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Philippine Electric Corporation	202,440	₱95	₱–	₱–
Philippine Long Distance Company	401	4	1	–
Philippine Oil Development Co., Inc.	500,000	13	–	–
PICOP Resources Inc.	19,008,000	798	–	–
PLDT Preferred Shares	108,375	1,084	–	–
PNB Holdings Corporation	229,967,290	22,989,974	25,132,435	–
Primo Oleo Chemicals Inc.	6,638,151	66,382	66,382	–
Proton Chemical Industries Common Shares	44,419	–	–	–
Pueblo De Oro Golf and Country Club, Inc.	2	1,411	718	–
Puerto Azul Sports & Beach Club	2	170	500	–
Quezon City (Sports) Club, Inc.	1	32	714	–
Republic Telephone Co. Inc.	6,052	5	–	–
Riviera Golf Club Inc.	2	2,627	4,070	–
Rural Bank of Ibajay, Inc.	340	11	16	–
Santa Elena Golf & Country Club	1	852	24,000	–
Santa Elena Golf Club-A	2	4,600	48,000	–
Sierra Grande Country Club Inc.	100	32	32	–
Southern Iloilo Telephone Co. Inc.	20	2	–	–
Subic Bay Golf & Country Club Inc.	1	950	–	–
Subic Bay Yatch Club	58	93,000	11,600	–
Tagaytay Highlands International Golf Club, Inc.	1	500	2,679	–
Tagaytay Midlands Golf Club Inc.	1	500	2,555	–
Tayud Golf & Country Club, Incorporated	1	6	–	–
Universal Rightfield Property Holdings Inc.	2,883,000	69	–	–
Valle Verde Country Club Inc.	1	–	450	–
Valley Golf & Country Club Inc.	4	106	16,000	
Victoria Golf & Country Club	1	110	120	–
Wack Wack Golf & Country Club	7	74,790	595,000	–
Western Minolco Corporation	11,382,000	17	–	–
	662,682,691	**26,081,730**	**28,339,810**	**–**
Total Financial Assets at Fair Value Through Other Comprehensive Income	**662,682,691**	**₱211,744,586**	**₱211,742,783**	**₱10,407,888**

Investment Securities at Amortized Cost
(Amounts in thousands except for Number of Shares)

Name of Issuing Entity and Association of each Issue	Number of Shares	Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet based on bid prices on the balance sheet date	Income received and accrued
Government securities				
Bangko Sentral ng Pilipinas	–	₱231,380	₱259,154	₱9,144
China National Offshore Oil Corp Ltd.	–	809,830	805,446	76,028
Fixed Rate Treasury Notes	–	46,975,077	49,782,896	3,163,430
Kingdom of Saudi Arabia	–	173,535	173,056	8,274
Landbank of the Philippines	–	114,103	111,594	10,311
Power Sector Assets & Liabilities Management Corporation	–	867,675	986,901	73,239
Republic of Indonesia	–	2,839,310	2,867,706	112,044
Republic of the Philippines (ROP) Bonds	–	8,986,358	8,946,816	298,939
Retail Treasury Bonds	–	31,855,585	32,169,239	1,759,866
Treasury Bills	–	262,000	260,590	23,156
United States of America	–	57,845	55,685	86,574
US Treasury Notes	–	387,562	381,987	12,113
	–	**93,560,260**	**96,801,070**	**5,633,118**
Private debt securities				
AC Energy Finance International Limited	–	–	–	2,503
Agricultural Bank of China LTD HK	–	–	–	7,039
AT&T Inc.	–	–	–	925
Ayala Land Inc.	–	641,900	641,616	38,258
Bank of China	–	462,760	464,727	90,117
Bank of the Philippine Island	–	–	–	1,691
Export- Import Bank of Korea	–	520,605	520,382	15,393
Filinvest Development Cayman Islands	–	2,024,575	2,021,143	85,039
International Container Terminal Services Inc.	–	15,618	15,656	898
Jollibee Worldwide PTE LTD- SG	–	5,715,086	5,697,426	220,725
Kookmin Bank Co Ltd	–	–	–	39,629
Korea Development Bank	–	231,380	232,334	5,235
Maynilad Water Services	–	479,680	479,144	15,972
Pilipinas Hino Incorporated	–	6,988	–	–
Rizal Commercial Banking Corp	–	–	–	7,239
Sinopec Group Overseas Development LTD	–	57,845	58,208	3,422
SM Prime Holdings, Inc.	–	–	–	5,900
SMC Tollways Corp	–	3,500,000	3,496,376	17,525
State Bank of India	–	–	–	14,191
Vista Land and Lifescapes, Inc	–	2,000,000	1,994,300	165,000
	–	**15,656,437**	**15,621,312**	**736,701**
Total Investment Securities at Amortized Cost	**–**	**₱109,216,697**	**₱112,422,382**	**₱6,369,819**

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2024

(In thousand pesos)

Name and Designation of Debtor	Balance at Beginning of Period (12/31/2023)	Net Releases	Net Collections and Other Movements	Amounts Written-off	Balance at End of Period (12/31/2024)	Due Within One Year	Due Beyond One Year
Activasia Inc.	₱118,388	₱333,378	(₱304,759)	₱–	₱147,007	₱140,000	₱7,007
Alcazar, Raul Cartel	475	–	(217)	–	258	–	258
Asia Brewery (Xiamen) Ltd.	467,101	`–	(23,207)	–	443,894	–	443,894
Bernabe, Barbie Ann Gonzales	–	438	(74)	–	364	–	364
BNP Paribas of Tokyo – PAL Deal	445,665	–	(64,550)	–	381,115	–	381,115
Build Erect Corporation	111,115	-	(22,620)	–	88,495	–	88,495
Bumanlag, Judith Ernacio	–	843	(196)	–	647	–	647
Cawit, Rachel Hechanova	–	910	(176)	–	734	–	734
Ching, Dennis Lee	–	1,781	(307)	–	1,474	–	1,474
Citicore, Renewable Energy Corporation	–	5,000,000	–	–	5,000,000	–	5,000,000
Danz Grand Marketing Inc.	–	12,000	(12,000)	–	–	–	–
Dobles, Christian Jerome Ordonez	2,006	–	(2,006)	–	–	–	–
EEI Corporation	207,365	–	(207,365)	–	–	–	–
Espiritu, Reynaldo Chua	–	3,775	(808)	–	2,967	–	2,967
Eton Properties (Xiamen) Ltd.	640,269	–	6,049	–	646,318	–	646,318
Facun, Jillian Marie Villanueva	–	482	(95)	–	387	–	387
Foremost Farm	80,750	–	(7,000)	–	73,750	–	73,750
Franco, Karl Fernand Ramos	–	1,231	(181)	–	1,050	–	1,050
Full Circle Craft Distillers Co., Inc.	13,000	13,000	(13,000)	–	13,000	13,000	–
Golden Investment TMK	9,412,902	–	(8,613,507)	–	799,395	–	799,395
Horizon Land Property Development.	2,000,000	–	(2,000,000)	–	–	–	–
Lao, Helen Ong	–	6,600	(915)	–	5,685	3,000	2,685
Lexus Manila Inc.	–	100,000	–	–	100,000	100,000	–
Lisbona, Manuel Antonio Grageda	2,039	3,600	(3,077)	–	2,562	2,562	–
Macroasia Airport Services Corporation	100,368	–	(100,368)	–	–	–	–

(Forward)

Name and Designation of Debtor	Balance at Beginning of Period (12/31/2023)	Net Releases	Net Collections and Other Movements	Amounts Written-off	Balance at End of Period (12/31/2024)	Due Within One Year	Due Beyond One Year
Macroasia Corporation	₱–	₱100,000	(₱50,000)	₱–	₱50,000	₱50,000	₱–
Macroasia SATS Food Industries Corp.	314,630	100,000	(212,646)	–	201,984	105,556	96,428
Majent Management Development Corporation	740	–	(203)	–	537	–	537
Marero, Apolomarco Gatbalayan	–	1,364	(228)	–	1,136	–	1,136
Mendoza, Roberto Santiago	–	772	(131)	–	641	–	641
Metro Pacific Investments Corporation	15,640,750	–	(161,500)	–	15,479,250	–	15,479,250
NAIC Water Supply Corporation	145,833	–	(79,166)	–	66,667	66,667	–
Next Century Building System	1,332	1,312	(2,644)	–	–	–	–
Ng, David Go	32,575	29,100	(31,050)	–	30,625	30,625	–
Petron Corporation	15,200,000	97,872,598	(113,072,598)	–	–	–	–
Phoenix Aviation Leasing Limited	4,485,509	–	(358,026)	–	4,127,483	–	4,127,483
Prima Aircraft Leasing Limited	1,264,858	–	(119,648)	–	1,145,210	–	1,145,210
Rapid Movers and Forwarders Co., Inc.	34,511	16,007	(20,755)	–	29,763	7,557	22,206
San Miguel Foods Inc	2,150,000	86,989,524	(79,944,524)	–	9,195,000	9,195,000	–
Seventy 7 Seeds, Inc.	34,189	–	(34,189)	–	–	–	–
Summa Water Resources Inc.	50,000	90,815	(100,724)	–	40,091	–	40,091
Taguba, Florencio Zambo Jr Viernes	–	459	(131)	–	328	–	328
Tan, Roberto Ong	–	30,000	–	–	30,000	30,000	–
Tanduary Distillers, Inc.	–	682,004	(547,236)	–	134,768	134,768	–
Toyota Financial Services Phil.	2,150,000	3,700,000	(900,000)	–	4,950,000	1,650,000	3,300,000
Toyota Manila Bay Corporation	–	100,000	–	–	100,000	100,000	–
The Table Group, Inc.	189,575	–	(189,575)	–	–	–	–
Velez, Ma. Cristina Domecilo	–	998	(27)	–	971	–	971
Victorias Milling Company Inc.	1,940	–	(1,940)	–	–	–	–
Key Management Personnel	1,071	204,885	(43,586)	–	162,370	17,543	144,827
	₱55,298,956	**₱195,397,876**	**(₱207,240,906)**	**₱–**	**₱43,455,926**	**₱11,646,278**	**₱31,809,648**

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2024

(In thousand pesos)

Name and Designation of Debtor	Balance at Beginning of Period (12/31/2023)	Net Releases	Net Collections and Other Movements	Amounts Written-off	Balance at End of Period (12/31/2024)	Due Within One Year	Due Beyond One Year

None to report

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE D – LONG TERM DEBT
DECEMBER 31, 2024

(In thousand pesos)

Type of Issue and Type of Obligation	Amount Authorized by Indenture	Due Within One Year	Due Beyond One Year	Interest Rates	Maturity Date
Long Term Negotiable Certificates of Deposits					
Issued October 11, 2019	₱4,600,000	₱4,598,770	–	4.38%	April 11, 2025
	4,600,000	4,598,770	–		
Bills Payable					
Various	14,152,442	14,152,442	–	Various	Various
Bonds Payable	USD 300,000	–	17,304,421	4.85%	October 23, 2029
		₱18,751,212	**₱17,304,421**		

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2024

Name of Related Parties	Balance at Beginning of Period	Balance at Ending of Period	Nature, Terms and Conditions

None to report

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2024

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person of which statement is filed	Nature of Guarantee

None to report

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2024

(Absolute number of shares)

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	1,750,000,001	1,525,764,850	–	1,201,799,937	149,326	323,815,587

PART III

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2024 AND 2023

Ratios	Formula	2024	2023
Liquidity Ratios			
a. Current ratio	Current assets / Current liabilities	**71.45%**	70.57%
b. Liquid assets ratio	Liquid assets [1/] / Liquid liabilities [2/]	**36.42%**	36.88%
c. Net loans to total deposits	Net loans [3/] / Total deposits	**64.43%**	65.11%
Solvency Ratio			
a. Debt-to-equity ratio	Total liabilities / Total equity	**4.81**	5.33
Asset-to-Equity Ratio			
a. Asset-to-equity ratio	Total assets / Total equity	**5.81**	6.33
Interest Rate Coverage Ratio			
a. Times interest earned ratio	Earnings before interest and taxes / Interest expense	**2.5x**	2.5x
Profitability Ratios			
a. Return on assets	Net income / Average total assets [4/]	**1.72%**	1.53%
b. Return on equity	Net income / Average total equity [5/]	**10.39%**	9.95%
Capital Adequacy Ratios			
a. Tier 1 capital ratio	Tier 1 capital / Total risk-weighted assets	**19.21%**	16.85%
b. Capital adequacy ratio	Total qualifying capital / Total risk-weighted assets	**20.10%**	17.70%

Ratios	Formula	2024	2023
Other Ratios			
a. Net interest margin	Net interest income / Average interest-earning assets	**4.50%**	4.23%
b. Efficiency ratio	Total operating expenses / Total operating income	**49.57%**	49.56%
c. Loan coverage ratio	Total loan loss provisions [6/] / Total loans[7/]	**5.74%**	6.45%
d. Nonperforming loans coverage ratio	Total loan loss provisions [6/] / Total nonperforming loans	**84.84%**	88.53%

[1/] *Composed of due from Bangko Sentral ng Pilipinas, due from other banks, interbank loans receivable, securities held under agreements to resell, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income, net of applicable allowance for credit losses, that are due within one year*

[2/] *Composed of financial liabilities that are due within one year*

[3/] *'Net loans' caption refers to receivables from customers, net of allowance for credit losses and unearned interest and discount*

[4/] *Computed as the average of the beginning and ending balances of total assets*

[5/] *Computed as the average of the beginning and ending balances of total equity*

[6/] *Allowance for credit losses on loans (contra-asset account against receivables from customers). Effective March 31, 2024, allowance for credit losses on loans arising from appropriation of retained earnings in representing the excess of 1% general loan loss provisions over the computed ECL for Stage 1 accounts as prescribed by BSP Circular 1011 were excluded in determining the cover.*

[7/] *"Gross loans" caption refers to receivable from customers, gross of allowance for credit losses and unearned interest and discount*

PHILIPPINE NATIONAL BANK AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION DECEMBER 31,2024 AND 2023

(in thousand pesos)	**2024**	2023
Total Audit Fees (Section 2.1a)[1]	**₱38,093**	₱39,788
Non-audit services fees		
Other assurance services	**10,253**	2,791
Tax services	**2,328**	2,809
All other services	**2,909**	717
Total Non-audit Fees (Section 2.1b)[2]	**15,490**	6,317
Total Audit and Non-audit Fees	**₱53,583**	₱46,105

Audit and Non-audit fees of other related entities (Section 2.1c)[3]

(in thousand pesos)	**2024**	2023
Audit fees	**₱–**	₱–
Non-audit services fees		
Other assurance services	**–**	–
Tax services	**–**	–
All other services	**–**	–
Total Non-audit fees	**–**	–
Total Audit and Non-audit fees	**₱–**	₱–

Notes:

[1] Section 2.1a: Disclose agreed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network firms (as applicable) for the audit of the covered company's stand-alone and/or consolidated financial statements and the covered company's consolidated subsidiaries' financial statements on which the external auditor/audit firm expresses an opinion. These do not include fees for special purposes audit or review of financial statements.

[2] Section 2.1b: Disclose charged or billed fees (excluding out of pocket expenses and VAT) by the external auditor/audit firm or a network firm (as applicable) for non-audit services to the covered company and its related entities over which the covered company has direct or indirect control that are consolidated in the financial statements on which the external auditor/audit firm expresses an opinion. These included other assurance services such as special purpose audit or review of financial statements.

[3] Section 2.1c: Disclose fees for services (excluding out of pocket expenses and VAT) charged to any related entities of the covered company over which the covered company has direct or indirect control, which are not yet disclosed in (a) or (b), such as fees for services to any unconsolidated subsidiaries that meet the consolidation exemption criteria of Philippine Financial Reporting Standard (PFRS) 10 applicable to investment entities, if the external auditor/audit firm has reason to believe that these are relevant to the evaluation of the external auditor/audit firm's independence, as communicated by the external auditor/audit firm with the covered company's. Those Charged with Governance or equivalent (e.g. Audit Committee)

PNB

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JUDITH V. LOPEZ**, Filipino, of legal age and a resident of No. 11 Sarazen St., Ayala Hillside Estates, Old Balara, Quezon City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the Philippine National Bank;

2. I am not affiliated with any company or organization;

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine National Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any director/officer/substantial shareholder of the Philippine National Bank, any of its related companies or any of its substantial shareholders;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances; and

7. I shall inform the Corporate Secretary of the Philippine National Bank of any changes in the abovementioned information within five days from its occurrence.

Done on MAR 10 2025 in Quezon City.

JUDITH V. LOPEZ
Independent Director

SUBSCRIBED AND SWORN to before me this MAR 10 2025 in Pasay City, affiant personally appeared before me and exhibited to me her TIN No. 112-071-433.

Doc. No. 119;
Page No. 24;
Book No. V;
Series of 2025.

ATTY. EDGARDO V. SATUR
Notary Public for and in Pasay City
9th Floor, Legal Group, PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
Commission No. 24-49 until 12-31-2025
PTR No. PC 8838576 / 01-04-2025 / Pasay City
Roll No. 34783, IBP OR No.486971 / 12-24-2024
MCLE Compliance No. VIII-0011373

PNB

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GEOCEL D. OLANDAY**, Filipino, of legal age and a resident of 12 Padilla St., Pacific Malayan Village, Muntinlupa City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the Philippine National Bank and have been its Independent Director since October 11, 2024;

2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Amaris Global Advisory Services (HK), Ltd.	CEO & Chief Advisor	October 2016 to Present
SBS Philippines Corporation	Lead Independent Director	June 2018 to Present
Institute of Corporate Directors	Teaching Fellow	October 2013 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine National Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any director/officer/substantial shareholder of the Philippine National Bank, any of its related companies or any of its substantial shareholders;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances; and

7. I shall inform the Corporate Secretary of the Philippine National Bank of any changes in the abovementioned information within five days from its occurrence.

Done on MAR 10 2025 in Muntinlupa City.

GEOCEL D. OLANDAY
Independent Director

SUBSCRIBED AND SWORN to me before this MAR 10 2025 in Pasay City, affiant personally appeared before me and exhibited to me his TIN No. 106-905-564.

Doc. No. 614;
Page No. 74;
Book No. V;
Series of 2025.

ATTY. EDGARDO V. SATUR
Notary Public for and in Pasay City
9th Floor, Legal Group, PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
Commission No. 24-49 until 12-31-2025
PTR No. PC 8838576 / 01-04-2025 / Pasay City
Roll No. 34783, IBP OR No.486971 / 12-24-2024
MCLE Compliance No. VIII-0011373

PNB

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ISABELITA M. PAPA,** Filipino, of legal age and a resident of 608 Sto. Niño Street, Barangay Plainview, Mandaluyong City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the Philippine National Bank and have been its Independent Director since August 5, 2021;

2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
PNB Remittance Centers, Inc.	Independent Director	August 2024 to Present
PNB Remittance Company (Canada)	Independent Director	August 2024 to Present
PNB Capital and Investment Corporation	Independent Director	April 2023 to Present
PNB-Mizuho Leasing and Finance Corporation	Independent Director	January 2022 to Present
PNB-Mizuho Equipment Rentals Corporation	Independent Director	January 2022 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine National Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any director/officer/substantial shareholder of the Philippine National Bank, any of its related companies or any of its substantial shareholders;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances; and

7. I shall inform the Corporate Secretary of the Philippine National Bank of any changes in the abovementioned information within five days from its occurrence.

Done on MAR 10 2025 in Mandaluyong City.

ISABELITA M. PAPA
Independent Director

MAR 10 2025

SUBSCRIBED AND SWORN to before me on _____ at Pasay City, affiant personally appeared before me and exhibited to me her TIN 122-410-532.

Doc. No. 113;
Page No. 24;
Book No. 7;
Series of 2025.

ATTY. EDGARDO V. SATUR
Notary Public for and in Pasay City
9th Floor, Legal Group, PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
Commission No. 24-49 until 12-31-2025
PTR No. PC 8838576 / 01-04-2025 / Pasay City
Roll No. 34783, IBP OR No.486971 / 12-24-2024
MCLE Compliance No. VIII-0011373

PNB

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARIA ALMASARA CYD N. TUAÑO-AMADOR**, Filipino, of legal age and a resident of 42 San Francisco Street, Kapitolyo, Pasig City, after having duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the Philippine National Bank and have been its Independent Director since April 25, 2023;

2. I am affiliated with the following company or organization:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Radiowealth Finance Company Inc. (RFC)	Independent Director	October 2023 to Present
PNB International Investments Corporation	Independent Director	August 2024 to Present
PNB Remittance Company (Canada)	Independent Director	August 2024 to Present
Radiowealth Financial Services Corporation (RFSC)	Independent Director	January 2025 to Present
Association of BSP Retirees, Inc.	Advisor	February 2022 to Present
BSP Compassionate Leaders for Animal Welfare	Adviser	May 2024 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine National Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any director/officer/substantial shareholder of the Philippine National Bank, any of its related companies or any of its substantial shareholders;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances; and

7. I shall inform the Corporate Secretary of the Philippine National Bank of any changes in the abovementioned information within five days from its occurrence.

Done on MAR 10 2025 in Pasig City.

Ma. Cyd D. Tuaño-Amador

MARIA ALMASARA CYD N. TUAÑO-AMADOR
Independent Director

SUBSCRIBED AND SWORN to before me this MAR 10 2025 in Pasay City, affiant personally appeared before me and exhibited to me her TIN 135-937-877.

Doc. No. 112;
Page No. 24;
Book No. V;
Series of 2025.

ATTY. EDGARDO V. SATUR
Notary Public for and in Pasay City
9th Floor, Legal Group, PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
Commission No. 24-49 until 12-31-2025
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Roll No. 34783, IBP OR No.486971 / 12-24-2024
MCLE Compliance No. VIII-0011373

PNB

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARCIA T. UY**, Filipino, of legal age and a resident of 127 Saint Honore St., McKinley West, Fort Bonifacio, Taguig City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for Independent Director of the Philippine National Bank;

2. I am affiliated with the following companies or organizations:

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
The Association of Corporate Treasurers	Member/Affiliate	2007 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine National Bank, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances;

4. I am not related to any director/officer/substantial shareholder of the Philippine National Bank, any of its related companies or any of its substantial shareholders;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation proceeding;

6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances; and

7. I shall inform the Corporate Secretary of the Philippine National Bank of any changes in the abovementioned information within five days from its occurrence.

Done on MAR 10 2025 in Taguig City.

MARCIA T. UY
Independent Director

SUBSCRIBED AND SWORN to before me this MAR 10 2025 in Pasay City, affiant personally appeared before me and exhibited to me her TIN No. 169-719-297.

Doc. No. 115;
Page No. 24;
Book No. V;
Series of 2025.

ATTY. EDGARDO V. SATUR
Notary Public for and in Pasay City
9th Floor, Legal Group, PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
Commission No. 24-49 until 12-31-2025
PTR No. PC 8838576 / 01-04-2025 / Pasay City
Roll No. 34783, IBP OR No.486971 / 12-24-2024
MCLE Compliance No. VIII-0011373

Office of the Corporate Secretary
Direct Line: 8536-0540
Trunk Lines: 8891-6040 to 70
Local: 4582

SECRETARY'S CERTIFICATE

I, **RUTH PAMELA E. TANGHAL**, Corporate Secretary of the Philippine National Bank ("PNB"), a universal banking corporation organized and existing under the laws of the Republic of the Philippines, with principal office address at the PNB Financial Center, Pres. Diosdado Macapagal Boulevard, Pasay City, Metro Manila, do hereby certify that:

1. The following are the incumbent directors of PNB:

- Mr. Edgar A. Cua
- Mr. Lucio C. Tan III
- Mr. Felix Enrico R. Alfiler
- Mr. Florido P. Casuela
- Mr. Chester Y. Luy
- Mr. Estelito P. Mendoza
- Mr. Geocel D. Olanday
- Ms. Isabelita M. Papa
- Ms. Sheila T. Pascual
- Mr. Wilfrido E. Sanchez
- Mr. Eusebio V. Tan
- Mr. Michael G. Tan
- Ms. Vivienne K. Tan
- Ms. Maria Almasara Cyd N. Tuaño-Amador
- Mr. Domingo H. Yap

2. To the best of my knowledge, none of the above-mentioned directors are appointed officials or employees of any agency of the government of the Philippines.

IN WITNESS WHEREOF, I have hereunto affixed my signature this MAR 10 2025 in Pasay City, Metro Manila.

RUTH PAMELA E. TANGHAL
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAR 10 2025 in Pasay City, affiant exhibited to me her TIN No. 216-805-132.

Doc. No. 138;
Page No. 29;
Book No. V;
Series of 2025.

ATTY. EDGARDO V. SATUR
Notary Public for and in Pasay City
9th Floor, Legal Group, PNB Financial Center
Pres. Diosdado Macapagal Blvd., Pasay City
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Roll No. 34783, IBP OR No.486971 / 12-24-2024
MCLE Compliance No. VIII-0011373