



27 February 2014

**DISCLOSURE DEPARTMENT
THE PHILIPPINE STOCK EXCHANGE INC.**
3/F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines 1226

Attention: JANET A. ENCARNACION
Head, Disclosure Department

Dear Ms. Encarnacion,

We would like to disclose the following information regarding Philippine Savings Bank's (PSBank) new Tier 2 issue rating from Philratings. This also contains information on the maintained issue rating for its existing Tier 2 bonds.

Attached is a copy of the rating announcement from Philratings. We hope that you will find everything in order.

Thank you very much.

Very truly yours,

Perfecto Ramon Z. Dimayuga Jr.
SVP and Chief Finance Officer

PSBank's Notes Get PRS Aaa Rating

The proposed unsecured subordinated notes of up to P3 Billion of Philippine Savings Bank (PSBank) received a **PRS Aaa** rating from Philippine Rating Services Corporation (PhilRatings). The rating for PSBank's outstanding P3 Billion unsecured subordinated notes was likewise maintained at **PRS Aaa**. PSBank, one of the country's leading thrift banks (TBs), is the consumer and retail banking arm of the Metropolitan Bank and Trust Company (Metrobank).

Obligations rated PRS Aaa are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong. PRS Aaa is the highest rating assigned by PhilRatings.

The ratings reflect PSBank's very good quality management; its aggressive, highly visible competitive strategy; very satisfactory asset quality; and sound capitalization. The ratings also consider the continuing favorable outlook for the domestic consumer market where PSBank has established a strong franchise.

PhilRatings based its assessment on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to PSBank and may change the ratings at any time, should circumstances warrant a change.

As of December 31, 2013, PSBank was the country's second largest thrift bank in terms of assets, loans, deposits, and capital. Based on its published balance sheet, PSBank's market share of the thrift banking sector was 16.7% of assets, 16.8% of deposits, and 19.6% of loans as of December 31, 2013. PSBank generates majority of its earnings from its retail and consumer business, where it has established a strong market presence.

Throughout the years, PSBank has taken an innovative and customer-focused approach to doing business, thus creating a strong market franchise relative to competition. Building its customer base, expanding its distribution channels, and introducing new products and new business initiatives are priorities of PSBank. For the year 2013, PSBank opened four branches and installed 19 additional automated teller machines (ATMs). PSBank ended 2013 with 224 and 551 branches and ATMs,

respectively. PSBank's continued aggressive branch expansion is seen to further solidify the bank's market presence and enhance its brand equity.

Gross non-performing loan ratio (NPL) ratio has been kept at low, single-digit levels as of end-2013. In PhilRatings' view, PSBank's low NPL ratio reflects the bank's timely and appropriate credit risk management policies and collection strategies.

PSBank was also more than adequately capitalized, based on its capital adequacy ratio (CAR) of 16.9% as of December 31, 2013, and which is also well above the regulatory minimum of 10%. Going forward, PSBank's capitalization is expected to remain sound. Future capitalization efforts are expected to mainly support the bank's portfolio expansion.

A continuously growing domestic economy, as reflected in the 7.2% hike in Gross Domestic Product (GDP) for full year 2013, and renewed investor appetite for emerging economies, favored the Philippine banking industry in 2013. In general, the banking system continued to be stable, profitable, and adequately capitalized.

Given the general consensus that the Philippine economy will likely continue with its growth going forward, new and bigger opportunities for financing activities and investments are expected. With overseas Filipinos (OF) remittances and domestic consumption remaining as two of the major drivers for economic growth, TBs are seen to be in a good position to benefit given their core activities of retail and consumer banking.