

Philippine Savings Bank (PSBank) ESG Report

Financial Year 2019



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About Trucost

Trucost is part of S&P Global. A leader in carbon and environmental data and risk analysis, Trucost assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors. Companies and financial institutions use Trucost intelligence to understand their ESG exposure to these factors, inform resilience and identify transformative solutions for a more sustainable global economy. S&P Global's commitment to environmental analysis and product innovation allows us to deliver essential ESG investment-related information to the global marketplace. For more information, visit www.trucost.com.

About S&P Global

S&P Global (NYSE: SPGI) is a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide. For more information, visit www.spglobal.com.

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About PSBank

Philippine Savings Bank (hereafter referred as PSBank) is headquartered in Manila and is a subsidiary of Metropolitan Bank and Trust company. It provides banking services primarily in savings and mortgage banking segments that include deposits, loans, treasury, and trust products to individual and corporate customers. The Bank also offers fund transfer, payroll account, and payment collection services.

The organization and management of the operating segments of PSBank depends largely on the nature of services provided and the markets served. These business segments are consumer banking, corporate banking, branch banking and treasury. PSBank caters mainly to the retail and consumer markets.

Companies in the financial services industry rely on purchased electricity as critical inputs for their business continuity. Companies that manage their overall energy use through increased efficiency and use of alternative energy sources can increase profitability by lowering expenses and reducing risk. Products in the financial services sector also deal with large amounts of data in operations, most of which requires maintenance of confidentiality. Improving data privacy and security through better management processes and checks can lead to improved brand image, reduced risk, and higher intangible asset value.

The financial services industry can face reputational harm, or even taxes and lawsuits, if the investments are not as per the local and global norms. Through education, engagement, community partnerships, and financial inclusion measures, banks can address and mitigate many of the issues associated with financial assets and investments. Companies that effectively manage these issues can reduce the likelihood of extraordinary expenses, improve market share, and decrease liabilities.

Introduction

PSBank engaged Trucost to review its reporting of environmental, social, and governance (ESG) impacts for the financial year of 2019 (FY2019), which comprised January 2019–December 2019. PSBank is interested in measuring its baseline ESG impact that it can use to track progress against ESG-related activities over time. The results from this report are in line with common sustainability reporting frameworks and can be used for further disclosures in alignment with GRI, CDP, SASB and TCFD, among others, and can satisfy the sustainability reporting requirements for the Philippine Stock Exchange.

A proactive approach to integrate sustainability into business practices is essential for continued business growth. Identifying material issues is an essential step in this regard. These material issues may be categorized on the basis of their duration of impact as impacting business in the short, medium and long term material issue or on the basis of their degree of impact as high, medium, and low material issue. Focusing on these material ESG issues can allow companies to positively impact their growth in terms of profit and customers, while failure to address these issues can have an effect on the Bank's reputation and profits. Through the ESG report, PSBank can communicate its commitment to sustainability and its key achievements, practices, and management approaches to its target audiences and stakeholders.

Scope

PSBank assessed and disclosed environmental, social and governance impacts for its owned buildings and operations in rural banking units and foreign currency deposit units.

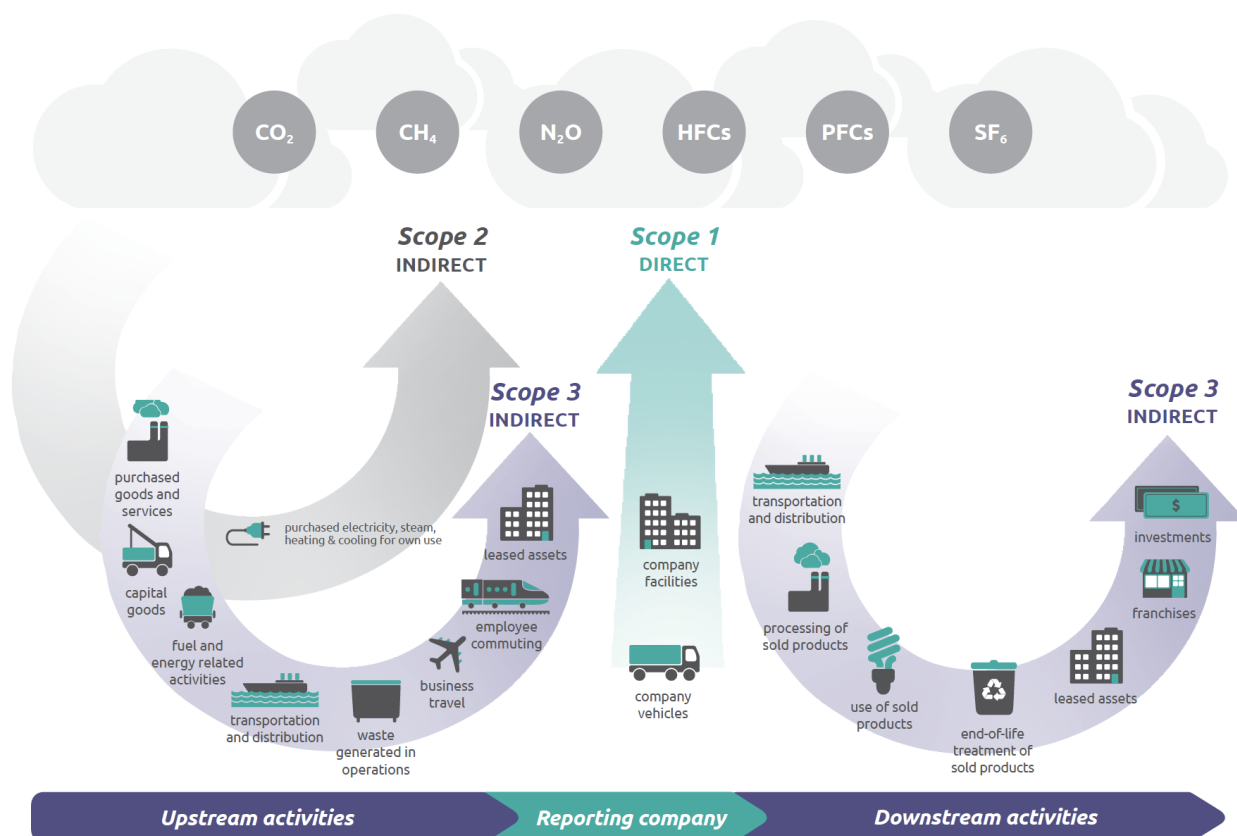
Environmental indicators covered include:

- GHG emissions, scope 1, 2 and select scope 3 (see exhibit 1 below)
- Electricity use

- Waste generation
- Water use

The figure below summarizes an organization's sources of GHG emissions, across scope 1 (direct emissions), scope 2 (indirect emissions, primarily purchased electricity) and scope 3 (indirect emissions from upstream suppliers and downstream customers).

FIGURE 1: SCOPE OF VALUE CHAIN GHG EMISSIONS FOOTPRINT



Source: WRI (2015) GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Social indicators covered include:

- Workforce diversity
- Workforce safety
- Labor practices
- Employee training and development

Governance indicators covered include:

- Data privacy and security
- Financial Inclusion
- Responsible investments
- Systemic Risk Management
- Business ethics

Board Statement

Given below is the short statement from the Board of Directors of PSBank with regards to the organization level commitment to sustainability:

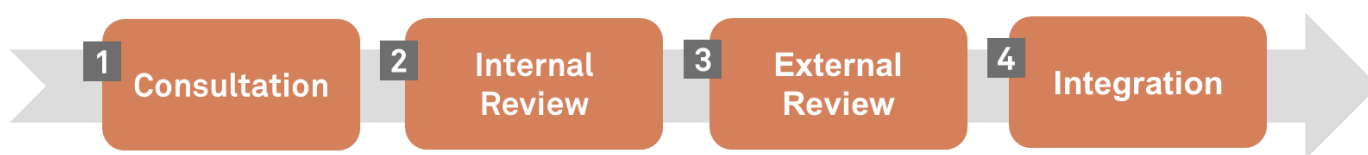
“Believing that we have a role to play in promoting sustainable development, PSBank is committed to driving progress towards achieving the United Nations Sustainable Development Goals (SDGs). Through our products and services and the integration of digital technology, we aim to create added value to our clients, the general public, and the rest of society.”

ESG Materiality

The concept of materiality is central to sustainable business practice as it helps in determining the types of ESG issues to address and report on. The identified issues are the material topics that reflect their significance over economic, environmental and social aspects of PSBank. These issues are also the ones that substantively influence the assessments and decisions of the stakeholders of the PSBank.

Description of Materiality Process

FIGURE 2: STEP-WISE APPROACH TO MATERIALITY ASSESSMENT



- 1. Consultation** – This step involved organization-level consultation where Trucost explored the universe of issues with PSBank. In this step:
 - The Bank identified and prepared a list of the areas and topics material to their business.
 - Trucost reviewed this list, made necessary changes, then, provided a list of the universe of issues for the Bank to review. These issues were ranked as high, medium and low impact issues to uncover prioritization of these issues.
- 2. Internal Review** – This step involved review of various reporting frameworks (SASB, CDP, TCFD, GRI, DJSI, SDG) for the financial and banking sector.
 - Trucost primarily consulted SASB Materiality Map to identify metrics as it has been articulated by the investor community and described as metrics that are material to investors. SASB Materiality Map was used to identify all those metrics specific to the banking and financial sector.
 - Other standard ESG reporting frameworks, such as GRI, CDP, TCFD and SDG were also consulted in order to gather a full palette of issues that may not be highly material but are still important to disclose for the investor and extended stakeholder audience.
- 3. External Review** – Peer Benchmarking
 - Trucost reviewed the sustainability report and materiality matrix of the peer companies to further identify the key material topics.
- 4. Integration** – Integration of Bank’s feedback and insights from the review process

PSBank Materiality Matrix

Trucost considered both sector-level and organization-level materiality to identify all issues relevant to PSBank and the associated sectors. These materiality themes were identified using SASB, investor trend review and a wider literature review. Sector-level materiality was identified and refined based on specific practices of the Bank. Many of these issues are not applicable to PSBank due to its specific operations. For the same reason, some material issues were identified to be material organization-level. Exhibit 1 highlights the material ESG issues identified for PSBank. The material topics have been identified under four categories:

1. Material to both sector and organization
2. Material to sector
3. Material to organization
4. Immaterial

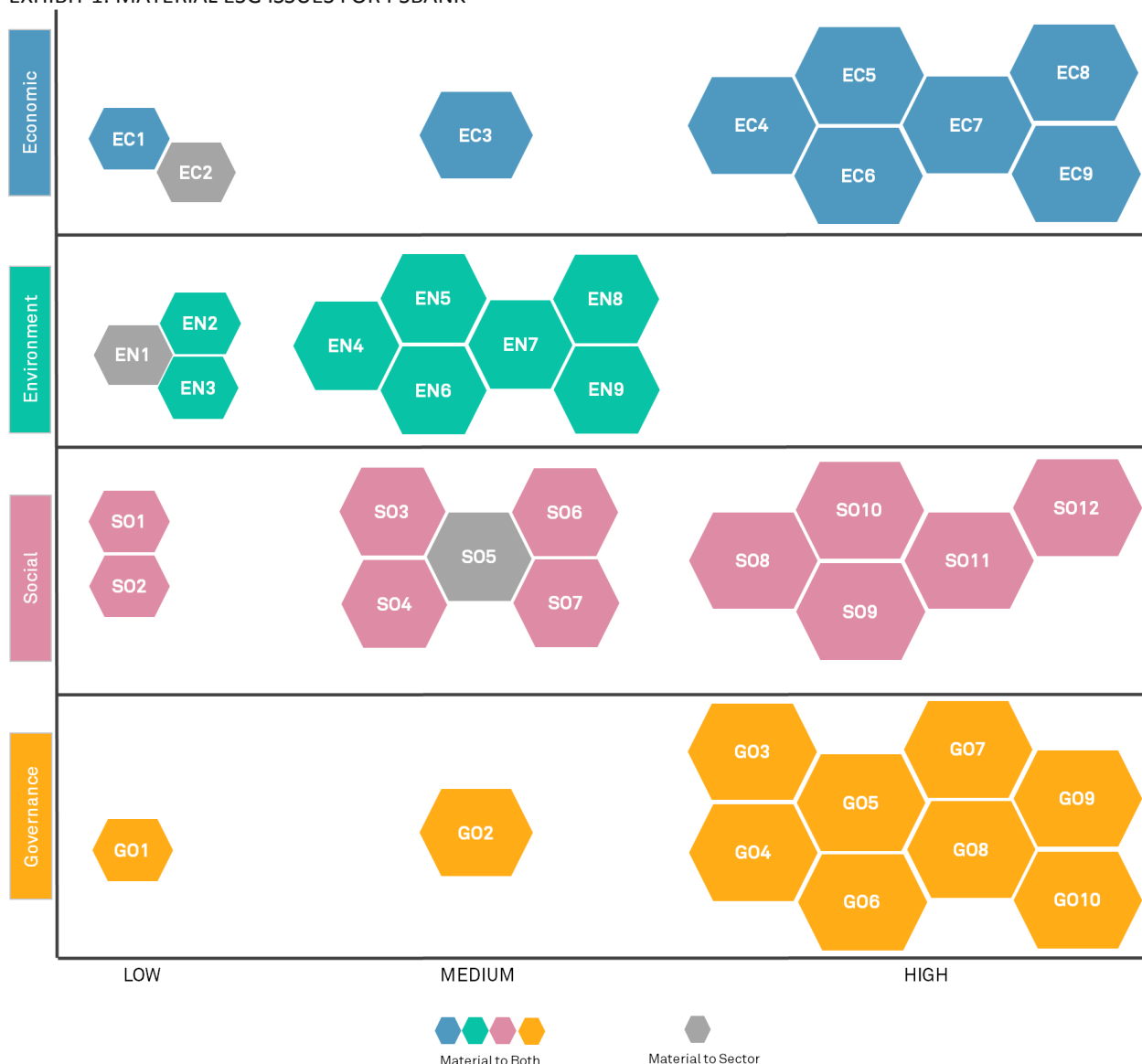
These material issues have been further classified as high, medium and low priority issues. This priority level is depicted through their size as issues with:

1. High materiality in the largest (right-most cluster) hexagons
2. Medium materiality in the medium (central cluster) hexagons
3. Low materiality in the smallest (left-most cluster) hexagons

As shown in Exhibit 1, materiality assessment exercise for PSBank resulted in identification of material issues as high, medium and low priority issues under two categories – material to both sector and organization (shown in respective color codes) and material to sector (shown in grey color). No material issues were found relevant only to the organization or immaterial to both organization and sector.

While non-discrimination, workplace health and safety, labor practices, diversity and equal opportunity, talent acquisition and retention were found to be of high materiality in social aspects; anti-fraud and anti-bribery, data management and security practices, financial risk management, anti-corruption/whistle blower practice and human rights protection were found to be of high materiality for governance aspects. Most of the environment related issues were reported to be of low or medium materiality for PSBank while market presence, financial performance, geographical footprint, innovation and digitalization etc. were of high materiality for the economic aspects of the business.

EXHIBIT 1: MATERIAL ESG ISSUES FOR PSBANK



<ul style="list-style-type: none"> EC1: Indirect Economic Impact EC2: G-SIB EC3: Product Portfolio for Environmental and Social Benefit EC4: Financial Performance EC5: Market Presence EC6: Geographical Footprint EC7: Brand Positioning and Management EC8: Innovation and Digitization EC9: Customer Experience 	<ul style="list-style-type: none"> EN1: Biodiversity Management EN2: GHG Emissions EN3: Supplier Environmental Assessment EN4: Environmental Compliance EN5: Waste Management EN6: Material Management EN7: Energy Intensity EN8: Water Intensity EN9: Supply Chain Management 	<ul style="list-style-type: none"> S01: Socio-Economic Compliance S02: Prevention of Child Labor and Forced Labor S03: Employee Learning and Development S04: Corporate Social Responsibility S05: Supplier Social Assessment S06: Customer Health and Safety S07: Rewards and Recognitions S08: Diversity and Equal Opportunity S09: Non-Discrimination S010: Workplace Health and Safety S011: Labor Relations S012: Talent Acquisition and Retention 	<ul style="list-style-type: none"> G01: Anti-Competitive Behavior G02: Integrating ESG Risks in Business Practice G03: Anti-Fraud and Anti-Bribery G04: Data Management and Security Practices G05: Customer Privacy G06: Anti-Corruption/Whistle Blower Protection G07: Ethics and Integrity G08: Human Rights Protection G09: Financial Risk Management G010: Regulations and Compliance Management
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Source: Trucost analysis with SASB materiality review

Financial Inclusion and Literacy

PSBank believes in inclusive growth and hence emphasizes on financial inclusion as an important part of its initiatives. The financial tools and services of PSBank are easily accessible to individuals and organizations in need with includes the community as well as small-and-medium-scale enterprises (SMEs).

EXHIBIT 2: CREDIT LENDING FOR COMMUNITY AND SMEs

Credit lending for Community	
Total amount of loans outstanding qualified to promote community development (PHP)	396,192,668
Total number of loans outstanding qualified to promote community development	7
Credit Lending for SMEs	
Total amount of loans outstanding qualified to promote small business (PHP)	7,032,188,251
Total number of loans outstanding qualified to promote small business	1,979

PSBank has also launched two financial literacy campaigns:

1. **Be Aware** – Through this campaign, the Bank developed 27 materials on Phishing, Pharming, Vishing and Skimming. The Bank also released the materials through the following 6 channels for external parties:
 - a.) PSBank Website "What's New" Section
 - b.) PSBank Social Media (Facebook, Twitter, Instagram)
 - c.) PSBank Mobile app advisories/reminders
 - d.) PSBank Online (Inbox)
 - e.) Email blast to clients' personal email
 - f.) Press Releases
2. **Good to Know** – Through this campaign, the Bank developed 52 materials on the topics related to tips on purchasing pre-owned homes, the importance of saving, benefits of buying second-hand cars, benefits of saving in a bank, PSBank Innovative services, e-Payments, PSBank PaSend, Mobile Check Deposit, and Cardless Withdrawal. The Bank also released the materials through the following 3 channels for external parties:
 - a.) PSBank Website "What's New" Section
 - b.) PSBank Social Media (Facebook, Twitter, Instagram)
 - c.) Press Releases

PSBank also manages the following 3 social media initiatives under this campaign:

- I. **PSBankabulary** - Defines banking/financial concepts in a more “down-to-earth” language, presented in a consumer-relatable format.
- II. **Simpleng Tanong** (translates to Simple Questions) - Features actual frequently-asked questions raised by customers as a reaction to the ads posted on the Bank’s social media pages.
- III. **How To** – Guides users on how to access PSBank services/facilities and how to perform transactions (e.g. PaSend, Mobile Check Deposit)

Responsible Investment

PSBank employs an Environmental and Social Risk Checklist to understand the environmental and social risks of potential borrowers. This aids credit officers in determining the exposure of the loan and the customer to any future or present financial, legal, and reputational risks from environmental and social issues. Results of these internal assessments are then disclosed to the approving committee for further deliberation and action.

PSBank does not give any undue preference to any sector for its investment decisions and, thus, invests in a wide range of sectors. A detailed list of all these sectors and the respective investments in these sectors is given below. It is also interesting to note here that during the reporting period, FY2019, PSBank made an investment of 1,170,300,576 PHP on ESG themed projects.

EXHIBIT 3: SECTOR_WISE CREDIT LENDING EXPOSURE

Sector-wise credit lending exposure		
Total commercial and industrial credit exposure, by industry	Amount (in PHP)	% Contribution
Accommodation and Food Services Activities	125,134,045	0.9%
Activities of Households as Employers and Undifferentiated Goods-and-Services-Producing Activities of Households for Own Use	374,257,354	2.7%
Administrative and Support Service Activities	129,437,820	0.9%
Agriculture, Forestry and Fishing	74,422,698	0.5%
Arts, Entertainment and Recreation	20,072,068	0.1%
Construction	487,047,879	3.6%
Loans to individual for household and personal consumption	12,835,938	0.1%
Education	49,195,435	0.4%
Electricity, Gas, Steam and Air Conditioning Supply	1,862,872,869	13.6%
Financial and Insurance Activities	1,170,511,190	8.6%
Human Health and Social Activities	164,867,239	1.2%
Information and Communication	514,297,056	3.8%
Manufacturing	545,915,778	4.0%
Mining and Quarrying	7,551,733	0.1%
Other Service Activities	2,870,794,629	21.0%
Professional, Scientific and Technical Services	150,749,735	1.1%
Real Estate Activities	2,530,033,681	18.5%
Transportation and Storage	383,326,894	2.8%
Water Supply, Sewerage, Waste Management and Remediation Activities	211,113,472	1.5%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	1,994,093,503	14.6%

Environmental Impact

Operational Greenhouse Gas Emissions

Trucost reviewed PSBank's environmental data for FY2019. Exhibit 3 below relates the key findings for environmental impacts. These impacts are described in absolute terms, or their total volume, as well as in intensity terms by m² of PSBank's floor area (87,504 m²), by employee (3,130 employees) and revenue (3,028 mPHP).

While the Bank, currently, does not have a strong regulating mechanism in place to control its emissions but it plans to roll out initiatives and programs in future to enhance its products, services and operations to reduce its emissions. Details of these programs and initiatives will be available in the consecutive reports.

EXHIBIT 4: COMBINED DIRECT AND INDIRECT OPERATIONAL GREENHOUSE GAS EMISSIONS, FY2019

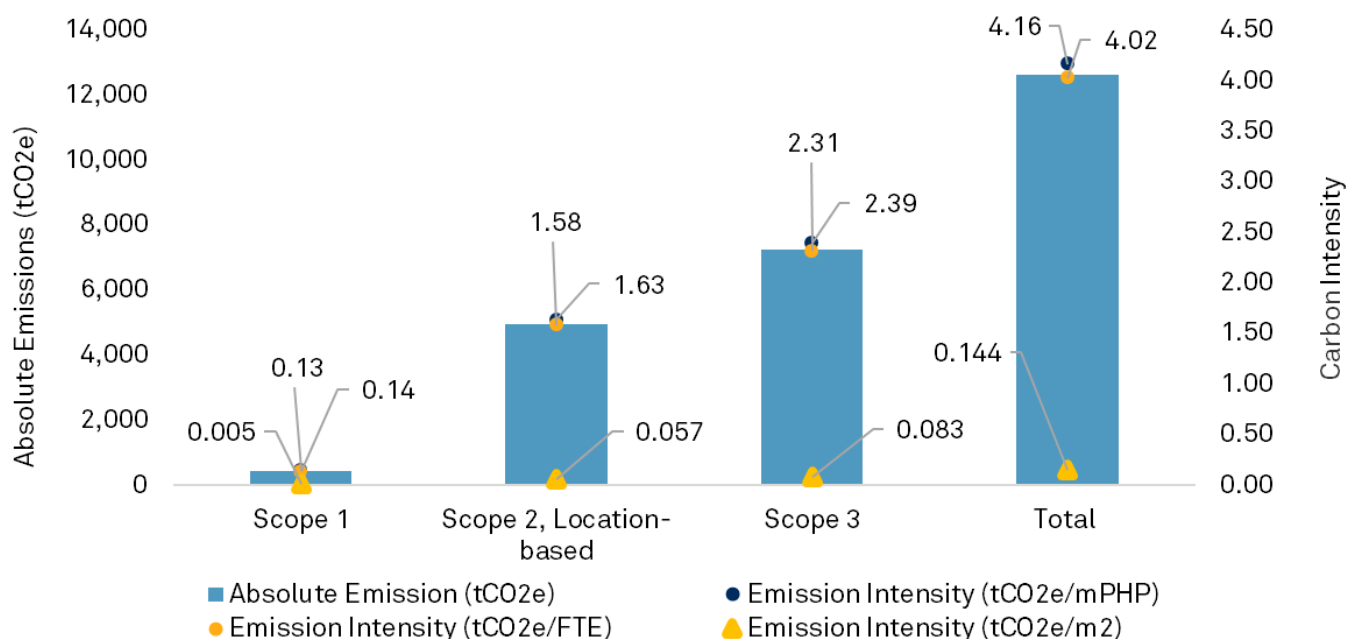
Scope	Absolute Emissions	Carbon Intensity		
		tCO2e per m ² of floor area	tCO2e per employee	tCO2e per million PHP revenue
Scope 1	416	0.005	0.13	0.14
Scope 2 (Location-Based)	4,945	0.057	1.58	1.63
Scope 3	7,232	0.083	2.31	2.39
Total GHG Emissions	12,593	0.144	4.02	4.16

Breakdown of emissions

Scope	Category	Absolute emissions tCO2e
Scope 1	Stationary Emissions	409
Scope 1	Mobile Emissions	7
Scope 2	Electricity: Location-based	4,945
Scope 3	Category 5: Waste generated in operations	985
Scope 3	Category 6: Business travel	413
Scope 3	Category 8: Upstream leased asset ¹	5,834
Total GHG Emissions		12,593

¹ PSBank operates leased assets purely on rental basis. In the view of this, it is understood that PSBank does not have complete authority to implement operating policies associated with its operational activity or process. Therefore, the emissions associated with leased assets are classified under Scope 3 emissions.

EXHIBIT 5: GHG EMISSIONS ABSOLUTE VALUES AND INTENSITY VALUES, FY2019



Direct (Scope 1) GHG Emissions

One component of GHG emissions from organizational operations are direct (or scope 1) emissions derived from fuel used in generator sets and vehicles owned by the Bank. PSBank's scope 1 emissions during FY2019 was 416 tCO₂e, and the intensities of GHG emissions normalized by square meter of floor area, employees and revenue were 0.005 tCO₂e/m², 0.13 tCO₂e/employee and 0.14 tCO₂e/mPHP, respectively.

Indirect (Scope 2) GHG Emissions

A second component of GHG emissions related to organizational operations are indirect scope 2 emissions primarily from the consumption of purchased electricity. PSBank's scope 2 emissions during FY2019 was 4,945 tCO₂e. PSBank relies on electricity purchased from an electric grid for most of its energy requirements. The intensities of GHG emissions normalized by square meter floor area, employees and revenue were 0.057 tCO₂e/m², 1.58 tCO₂e/employee and 1.63 tCO₂e/mPHP, respectively.

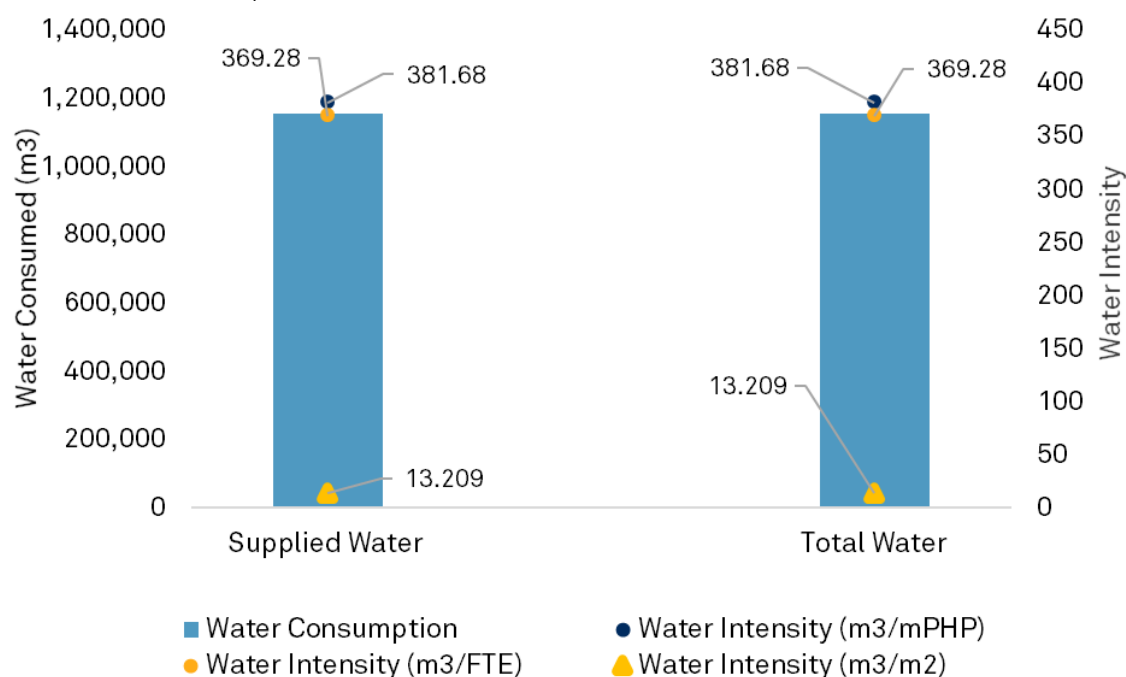
Indirect (Scope 3) GHG Emissions

A final component of GHG emissions related to organizational operations are indirect scope 3 emissions which was assessed to be 7,232 tCO₂e for PSBank for FY2019. This scope 3 emissions was estimated for category 5, waste generated in operations, category 6, business travel and category 8, upstream leased asset. The intensities of GHG emissions normalized by square meter floor area, employees and revenue were 0.083 tCO₂e/m², 2.31 tCO₂e/employee and 2.39 tCO₂e/mPHP, respectively.

Water Use

In FY2019, absolute water use was 1,155,862 cubic meters (m³), which was the supplied water from utilities. Out of the total water used, 163,123 cubic meters (m³) was consumed by facilities owned by PSBank while 992,739 cubic meters (m³) was consumed by facilities leased by PSBank. Water use intensity normalized by square meter of floor area, employee and revenue were 13.209 m³/m², 369.28 m³/employee and 381.68 m³/mPHP respectively.

EXHIBIT 6: WATER USE, FY2019

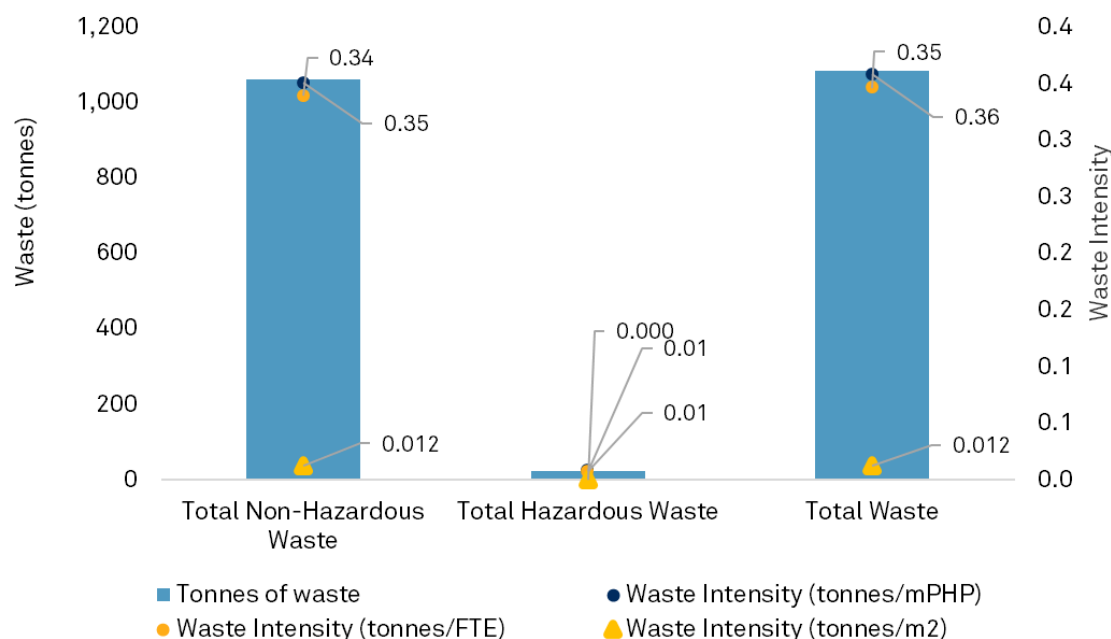


Waste Management

Absolute waste generated in FY2019 was 1,084 tonnes, with 98% of non-hazardous waste and 2% of hazardous waste. Major types of waste that contributed to the total mass were paper, plastic, batteries, electronic scraps and cartridges. The intensity of total waste generated normalized by square meter of floor area, employee and revenue were 0.012 tonnes/m², 0.35 tonnes/employee and 0.36 tonnes/mPHP.

All the paper waste generated by the Bank is recycled by the business units. With efforts towards digitalization, PSBank aims to achieve paperless transaction and hence drastically bring down its paper waste quantity in near future. The Bank generated 1,500 kilograms of e-waste during the reporting period which was safely disposed using third party waste disposal service providers. Apart from the e-waste, the safe disposal of all the other wastes generated by the Bank is also entrusted to third party waste collectors who are accredited by the city central estate association.

EXHIBIT 7: TOTAL HAZARDOUS AND NON-HAZARDOUS WASTE, FY2019



Environmental Standards

The Bank provides guidance for the disposal of physical wastes and destruction of e-wastes. Proper segregation is observed for physical waste. Non-hazardous waste is disposed through city-accredited garbage collectors while hazardous waste is disposed via accredited scrap buyers. On the other hand, electronic data is properly expunged/cleared based on existing server decommissioning policies, and hard drives wiping and destruction, and data destruction certification whenever available. For Bank's commercial lending, the account officers check and validate if their customers' businesses have the necessary permits and licenses from the Department of Environment and Natural Resources (DENR). This ensures that businesses that have potential impacts on the environment follow regulations set forth by the DENR.

Social Impact

Workforce Diversity

Overall, the Bank has 3,310 employees with 65% male employees comprising the workforce while the proportion of female employees comprising the workforce stands at 35%. The largest age group of all staff in the Bank is between the ages 30-50 (65%), followed by age-group less than 30 (30%), then over 50 (5%).

Out of the 9 members of the Board, the total number of female members is 2 which makes up 22% of the Board.

EXHIBIT 8: GROUP DIVERSITY AND EMPLOYEE REPRESENTATION, FY2019

Diversity		Number of Staff		
		Executive	Non-executive	Total
Gender	Male	36	1,996	2,032
	Female	20	1,078	1,098
Age group	Under 30	-	930	930
	30-50	44	1,999	2,043
	Over 50	12	145	157

EXHIBIT 9: WORKFORCE BY AGE

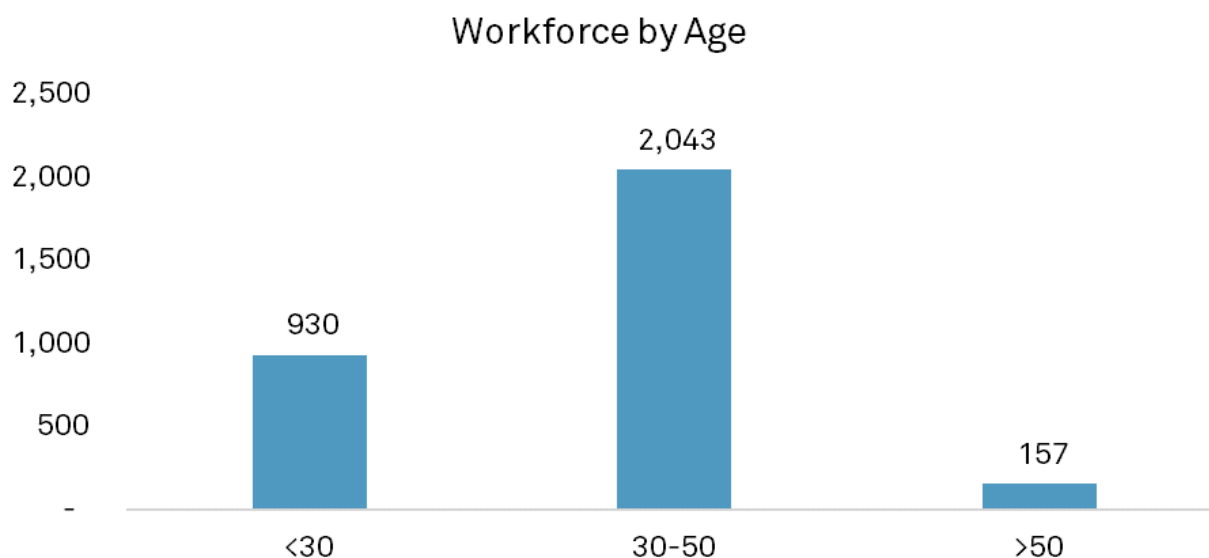
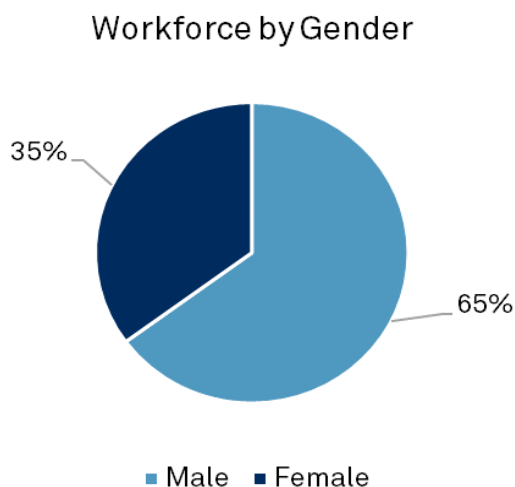


EXHIBIT 10: GENDER DIVERSITY



Workplace Safety and Labor Practices

In FY2019, the Bank had no incidents involving deaths or diseases. The Total Recordable Incident Rate (TRIR) for permanent employees was 23.76 and the Near Miss Frequency Rate (NMFR) was 0.46.

At PSBank, health and safety of employees is one of the top priorities. The Bank also understands the need to protect its employees and ensure their overall health and wellness. The Bank initiated 8 programs on health and safety for 2019. These programs address a wide range of areas that cover mental health, physical fitness, and environmental stewardship.

EXHIBIT 11: WORKPLACE SAFETY, FY2019

Workplace Safety	
Total recordable incident rate (TRIR)	23.76
Near miss frequency rate (NMFR)	0.46

EXHIBIT 12: LABOR PRACTICES

Labor Practices	
Voluntary turnover rate for employees	8%
Involuntary turnover rate for employees	1%
Total amount of monetary losses as a result of legal proceedings associated with labor law violations and/or employment discrimination	None recorded in last 3 years
Percentage of employees earning minimum wage	Not applicable. The Bank provides wages above minimum rate

Employee Training and Development

PSBank recognizes that training and education form an important part in the development of employee skills and supporting career development. In 2019, the Bank dedicated 1,913 hours on employee training, which entailed a total expenditure of 11,572,215 PHP.

Additionally, performance reviews are scheduled bi-annually to support in career development, promotion and merit enhancement. PSBank also provides several government mandated and voluntary benefits to its employees such as leaves, salary loans, saving benefits, several loans options, medical benefits, and other benefits.

EXHIBIT 13: EMPLOYEE TRAINING AND DEVELOPMENT, FY2019

Employee Training	
Number of hours of training completed	1,913
Total expenditure on employee training programs (PHP)	11,572,215
Employee Development	
Percentage of employees receiving regular performance and career development reviews	100%

Out of the total training hours highlighted above, 1,261 hours i.e. 68% of the total training hours were utilized for providing relevant trainings to female employees while the male employees took 617 hours training i.e. 32% of the total training hours.

Governance

Data Privacy and Security

During the reporting period, FY2019, a total of 1,006,954 individual customer data were maintained by PSBank. The Bank follows a Data Privacy Policy Manual and Data Security Framework that provides all the necessary guidelines for ensuring data security. The Bank also undertakes information security assessments that helps in risk quantification and better alignment of data management with Information Security Framework. Results of risk assessments are reported to management through the Risk Management Office.

EXHIBIT 14: DATA PRIVACY AND SECURITY, FY2019

Data Management Practices	
Number of individual clients for whom data was primarily stored	1,006,954
Number of individual clients for whom secondary data was stored	0
Data Breaches	
Number of data security breaches in financial year	0

During the reporting period, FY2019, 194 hard-disks containing client data were securely destroyed.

The disposal of any e-waste containing client data is done in compliance with Information Technology Group's Server Decommissioning for Head Office Units and Branches within Metro Manila. Hard drives are wiped and destroyed to ensure that device can no longer be re-used. For data managed by third party service providers, a Data Destruction

Certificate is submitted by them as evidence for successful and secure destruction of data that is longer needed for business continuity.

Systemic Risk Management

PSBank undertakes ICAAP exercise which helps in proactive determination of whether the Bank's qualifying capital can support its mid-term risk asset growth. This includes consideration of various factors ranging from economic and regulatory landscape to domestic and international market scenario. With the help of this exercise, a base case financial outlook of the Bank for a period of next five years is generated where economic growth is assumed to be "normal". This base case scenario is then subjected to market-wide stress indicators, which contain economic decay assumptions to stress the Bank's Capital Adequacy Ratio (CAR). The Bank uses four scenarios or simulations to stress the base case with minimal or no management intervention to obtain a "black swan" environment, if possible. The purpose of these stress scenarios is to test the Bank's capital strength and resilience against adverse conditions.

The four types of stress scenarios used are as follows:

1. Real Estate Bubble
2. Pseudo 2008 Global Financial Crisis
3. Pandemic Stress
4. Auto Industry Stress

The ICAAP exercise encompasses actions that help in determination of several management-initiated remedial actions to mitigate the effects of financial decay during stress situations, which results in the deterioration of the capital adequacy ratio. These remedial action plans include evaluating investment portfolio options, reducing capital and operating expense items, lending slow down and raising of Tier 1 capital.

One of the important aspect of future risk management at PSBank is stress testing mechanism. This stress testing exercise results in timely identification and projection of future risks and the thus helps the Bank in better mitigation of these risks in case of their occurrence. One of the examples of this risk identification and mitigation exercise is the **COVID19 Stress Testing Model**. PSBank's capital planning considers stress testing for pandemic scenarios. For this purpose, using COVID-19 scenario, interest rates will be lower by 100bps, and NPL will be doubled. Results showed that the Bank will survive the crisis for four years and stand in strong capital and liquidity position.

Stakeholder Management

PSBank organizes promotions and awareness campaigns from time to time in order to improve the ease of banking for both its existing customers and prospective clients. In line with this agenda, PSBank institutionalized customer financial literacy and empowerment campaigns: "Be Aware" and "Good to Know"². These campaigns, which have been in place for four years now, aim to provide all its stakeholders relevant information on savings and investments, as well as raise awareness on how to secure them given advances in technology and heightened fraud perpetuated by unscrupulous elements. These initiatives are in support of the Bangko Sentral ng Pilipinas Financial Consumer Protection mandate. The Bank's primary corporate social responsibility efforts are in collaboration with the Group's Metrobank Foundation. There are however localized CSR activities focused on community-based sustainable development done during the year which also involves the voluntary contribution by PSBank employees.

² Details of these initiatives are given in Financial Inclusion section of this report

Business Ethics

PSBank ensures that all transactions are executed in accordance with the Anti-Money Laundering (AML) policy guidelines, procedures, tools and controls that are set forth in their Money Laundering & Terrorism Financing Prevention Program (MLTFPP). Compliance with the requirements of this MLTFPP is continuously monitored by the Board-designated AML Compliance Officer (AMLCO) under the Compliance Office as lead implementer.

PSBank values all information received from whistle blowers and/or anonymous sources. It encourages all stakeholders to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable practices and transactions entered by any of its employees and officers. PSBank's "Whistle Blowing" policy requires its employees to report any impropriety or malpractice committed by co-employee(s) or third party(ies) to their Group Heads or to the Human Resources Group Head, the Fraud Management Group Head/ Division Heads, or the Chief Audit Executive/ Internal Audit Group Head for evaluation if it would warrant an investigation.

The Anti-Corruption Policy of the Bank has been incorporated in the Bank's Code of Conduct. Violation of these Codes merit the penalty of suspension to dismissal. The anti-corruption programs and procedures such as Reporting of Impropriety or Malpractice are already captured in the Bank's "Whistle Blowing" policy apart from the Bank's Code of Conduct.

EXHIBIT 15: GOVERNANCE INDICATORS, FY2019

Governing policies	
Total amount of monetary losses as a result of legal proceedings associated with money laundering	Not applicable
Anti-money laundering policy in place?	Yes
Whistle-Blower Protection Policy in place?	Yes
Anti-corruption policy in place?	Yes

NOTICE

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