

# STRENGTH AGILITY

ONWARD AS ONE

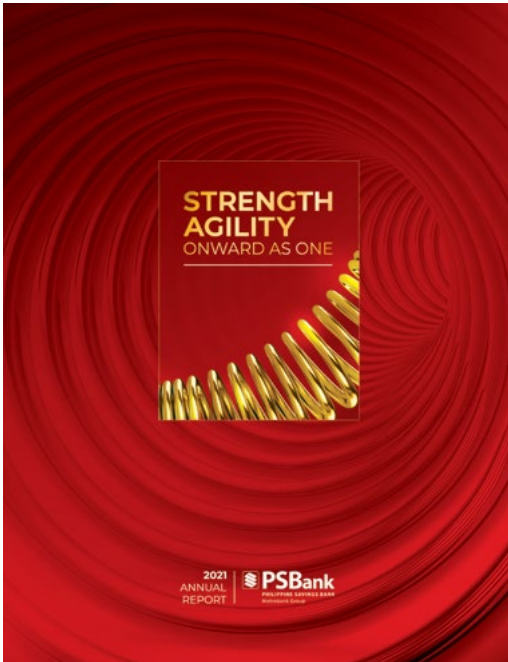
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2021  
ANNUAL  
REPORT



**PSBank**  
PHILIPPINE SAVINGS BANK  
Metrobank Group



## About the Report

For some, 2021 was a game changer. For PSBank, it was an opportunity to demonstrate our STRENGTH and AGILITY in the face of rapidly evolving challenges.

In our 2021 Annual Report, we share the highlights of our past year's performance, as well as our ongoing initiatives to meet the challenges to our business so that we can help our customers, employees, and stakeholders move ONWARD AS ONE and tackle the future with more confidence.

In this Report, we reflect our corporate performance as well as the economic, environmental, and social impacts of our banking operations, products and services, and how we are contributing to the achievement of sustainable development goals.

Quantitative and qualitative information on relevant performance indicators cover the period January 1 to December 31, 2021 and comparative figures are disclosed with a minimum of two years, where applicable.

We prepared the report in line with standard sustainability reporting frameworks and disclosure requirements of the Philippine Stock Exchange (PSE), the Securities and Exchange Commission (SEC), and other guidelines.

This is our third time to combine our financial, operational, and sustainability performance under one report since we started reporting our environmental, social, and governance (ESG) impacts in 2019.

For feedback on our report, you may call (632) 8845-8888 or email [psbasn@psbank.com.ph](mailto:psbasn@psbank.com.ph).



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## About PSBank

# WE CREATE VALUE

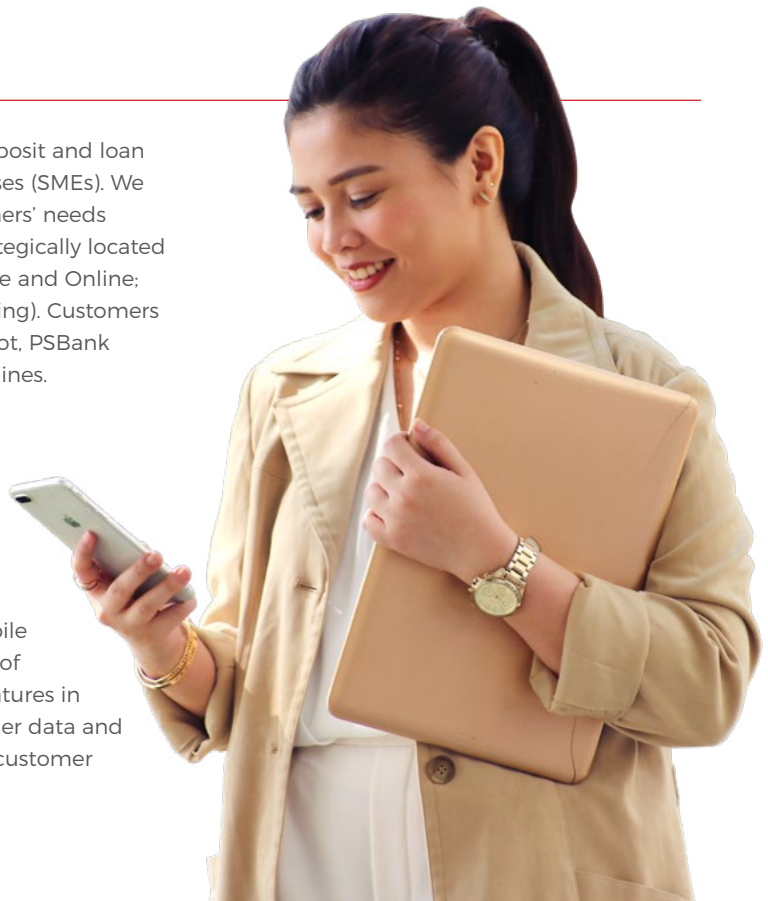
As the thrift banking arm of the Metrobank Group, Philippine Savings Bank (PSBank) is backed by the resources of one of the largest financial conglomerates in the Philippines and a track record that spans more than six decades. Creating value has always been fundamental to the way we do business. The sustainability of our success relies on the delivery of our promise to be *Simple Lang, Maaasahan* to our various stakeholders.

### FOR OUR CUSTOMERS

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Our core business is primarily consumer banking. We offer deposit and loan products to retail customers and small and medium enterprises (SMEs). We consistently offer products and services that meet our customers' needs through our network of 250 branches and over 500 ATMs strategically located nationwide; and via our 24/7 banking services-- PSBank Mobile and Online; and PSBank Business Online Buddy (Corporate Internet Banking). Customers can also engage us through our PSBank LiveChat, ISSA Chatbot, PSBank Official Social Media Accounts, and Customer Experience Hotlines.

Over the years, we launched several digital innovations to add more value to our customers and improve their banking experience. Among these are the Account Online Onboarding via the Mobile App, Mobile Check Deposit, Cardless Withdrawal, ATM Lock/Unlock, and PayMe which we pioneered. Consistent with our resolve to always deliver exceptional customer experience, we make sure that our mobile and online banking services are always available and capable of processing customer requests fast. We also placed security features in our digital facilities to ensure the safety and privacy of customer data and transactions. We likewise promote financial literacy and raise customer awareness on issues that affect their personal finances.



### FOR OUR EMPLOYEES

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Our employees play an important role in serving our purpose and living our brand. Thus, we promote diversity, inclusion, and collaboration in our workplace. We offer an industry-competitive compensation and benefit package to our employees, as well as avenues for learning and development, career succession, and engagement opportunities. We also safeguard their health and safety, especially in the light of COVID-19.





## FOR OUR SHAREHOLDERS AND INVESTORS

As a publicly listed financial institution, PSBank relies on the support of its investors and stakeholders for its long-term success. They provide us with the financial muscle to continue our fiduciary responsibility. In return, we create value through dividends and capital gains.

## FOR OUR COMMUNITY



PSBank believes in "doing good by doing well." To magnify our contributions to society and communities, we engage our employees through corporate social responsibility (CSR) initiatives, a number of which are in partnership with non-government organizations, and charitable and academic institutions. Our programs are focused on financial literacy, education, environment, and health which enable us to meet some of the United Nations' Sustainable Development Goals.

### **Vision:**

To be the country's consumer and retail bank of choice.

### **Mission:**

- As an INSTITUTION: To conform to the highest standards of integrity, professionalism, and teamwork.
- For our CLIENTS: To provide superior products and reliable, top-quality services responsive to their banking needs.
- For our EMPLOYEES: To place a premium on their growth, and nurture an environment of teamwork where outstanding performance is recognized.
- For our SHAREHOLDERS: To enhance the value of their investments.
- For our COMMUNITIES: To enable products, services and operations that contribute to social and environmental sustainability.



# AGILITY & STRENGTH FOR GOOD

Over the course of my career, I have sat in and chaired many corporate boards, but I have never lived in the most interesting and challenging time as in this pandemic.

Imagine an 82-year-old professional like me being forced to abandon my old ways and jump into this technology-driven world. Suddenly, mundane activities such as grocery shopping have to be done inside the confines of our homes just to keep us safe from a virus.

Indeed, these past two years have been a period of great disruption because of the COVID-19 global pandemic. Who would have thought that a thing as miniscule as a virus would pose the biggest challenge to our ability to adapt as human beings?

It used to be that being the strongest and the fittest is a guaranteed ticket to survival. This pandemic, however, has taught us it is not enough. We need to have true grit and resilience to overcome the odds despite the curve balls life throws us, like COVID-19. It means having the ability to adapt, learn new things, and relearn. More than this, it requires innovation, agility, resilience, and strength — all of which are already part of our DNA at PSBank.



### The secret to being stellar

In its 61-year history, our savings bank has been a witness to several crises, both in the country and in the world, including what could probably be the worst of all: COVID-19. The fact that we managed, not just to survive but to pull off a stellar performance, is a testament to our organization's collective ability to innovate, respond to the rapid changes in the environment, and learn from moves that didn't work as planned.

In a world that keeps on moving, PSBank anchored its focus on its North Star: serving our customers and giving them the best customer experience. This mindset forced us to look beyond the short-term horizon and have the foresight to anticipate the needs of our future customers. When the pandemic brought the "future" earlier than we envisioned, we were not caught unprepared.

For many years now, we have prepositioned ourselves for sustainable growth by investing in technology, artificial intelligence, Big Data, and machine learning. The more we use these new technologies, the more we learn about our customers and find new avenues to deepen our relationships.

When the pandemic led to a shift in customer behavior — such as wider acceptance of mobile and online banking platforms to meet their day-to-day financial needs — we hardly changed our business model, but merely fine-tuned our data. We fed ourselves with up-to-date information to know where clients are, their new consumption patterns, life priorities such as buying a house or a car, or their need for capital. We read the signs of the times and rouse our organization into action. We moved forward as one.

### Why agility is more than speed

When we started seeing signs of an early economic recovery in 2021, which led to a 5.6% GDP growth, we were already primed for the opportunity. This is how PSBank managed to post a 39% increase in net income to PhP1.5 billion in 2021 versus the previous year. Much of this can be attributed to what I call 'copability' — our ability to quickly cope and adapt to change.

This kind of 'copability', however, must not be all about speed. It also needs to be an "enlightened agility" — one that puts quickness to good use by immediately responding to the needs of others, creating friendship and endearment, and most of all, lifelong trust. Technology and computers only enable us to be quick but cannot replace the value of a human face nor the care of a human voice or touch. At the end of the day, what will distinguish our kind of agility and strength from others is our people, our PSBankers.

More than talent, skills, dedication and determination to succeed, PSBankers must also be "magis" — men and women who do more for others. We have already accumulated a robust database of clients over the years, as well as the data science to know them better. What we need to do more is to transform this knowledge into deeper customer relationships — go beyond the pursuit of our ROE (Return on Earnings) and find a way to achieve ROK (Return on Kindness). This demands a change in our mindset and behavior — from generating a profit from every peso we put into the company, to offering genuine customer service.

To generate ROK, we must offer service first before selling. We must provide solutions, not just products. And we must go above and beyond to show our customers we truly care for their welfare and well-being. ROK is an undervalued yet increasingly important metric in business, particularly in this time when our customers are more discriminating when it comes to their money's worth, as well as their whole experience. To gain their loyalty, we must have more than the digital capability or the financial muscle. We must be magis by serving others.

### Service in our core

2022 and the succeeding years will be much better if we all show true kindness. We will continue to see dark clouds in our horizon so we must always be ready with an umbrella, as well as be kind enough to shelter others who don't have one. Even if the "old world" as we knew it will not come back, we must always stay true to our core: to serve, even those who remain underserved and unserved.

For more than six decades, PSBank aimed to sustain its business to benefit our customers, employees, shareholders, and the communities we serve. We have not wavered in this commitment, even in the face of threats during the pandemic.

Our people enable us to bring our purpose to life and we thank them for their exemplary dedication and hard work. We are also grateful for our shareholders and business partners, our customers and the support of the communities in which we operate. For your continued trust and confidence in being part of our journey, we thank you.



**Jose T. Pardo**  
Chairman





# AGILITY & STRENGTH AT WORK

**W**hile 2020 has been an extraordinary year for many, it has taught us valuable lessons which we put to good use in 2021.

One of the lessons we learned from the COVID-19 global pandemic is that a crisis can also be an opportunity. We developed a "challenge mindset" to further strengthen our internal systems, develop new digital capabilities, retool our people, and switch resources to business operations that needed more attention. We showed how we can be incredibly resilient and agile, coming together as one strong organization.

## The results

Taking all these pandemic lessons enabled us to turn 2021 into a better year. Our net income grew by 39% from the previous year, to end 2021 at PhP1.5 billion. As our customers regained their footing and rode on the recovering economy, overall credit quality improved. Our net non-performing loans ratio significantly dropped to 3.4% from 5.2% in 2020.

We started to see a steady increase in customers applying for loans again by the second half of 2021 when the economy opened up and alert levels were downgraded. Against this better backdrop, our fee income increased by 22% while operating efficiencies rose.



Our total assets grew by 19% to PhP261.81 billion from PhP219.41 billion a year ago. Our capital position remained strong at PhP34.89 billion while our Total Capital Adequacy and Common Equity Tier 1 (CET1) ratios improved significantly to 24.3% and 23.2%, respectively, exceeding the minimum requirement by the Bangko Sentral ng Pilipinas (BSP).

### The ways and means

Our financial performance in 2021 is the direct result of our agility and strength that enabled us to quickly deploy and redeploy resources where needed, adapt to volatile market conditions, navigate the new normal, and stay attuned to our customers' preferences, whether onsite or online.

Guided by our digital transformation roadmap, which we launched ahead of the pandemic, we were able to seize opportunities even before they unfolded. Our digital capabilities made us deliver our value proposition of "Simple Lang, Maaasahan" (simple and reliable) to our customers even during times of uncertainty. Among the digital initiatives we launched in 2021 is the Online Account Onboarding facility so customers can open a PSBank peso savings or prepaid account seamlessly via the PSBank Mobile App without the need to go to the branch. This innovation was launched on social media through the "Tap, Tap, Tapos Agad" campaign in September 2021.

We also redesigned our internet banking facility, PSBank Online, which now features a fresh interface and optimized mobile view, as well as an expanded suite of intuitive and easy-to-navigate functionalities. PSBank Online users can now reload Toll RFIDs, prepaid and broadband in real-time; open and manage peso time deposits; send cash instantly 24/7 via PaSend; and collect cash from other PSBank accounts via PayMe.

We made the instant and hassle-free reloading of Autosweep and Easytrip Toll RFIDs available via the PSBank Mobile App. We partnered with Electronic Commerce Payments Inc. (ECPay), the leading electronic payment service provider in the Philippines, to allow our customers to pay their Auto Loan, Home Loan, Flexi Personal Loan, and Business Loan through 7-Eleven, the biggest convenience store chain in the country.

As a result of these initiatives, the daily volume of PSBank Mobile and Online transactions nearly quadrupled compared with 2019 levels.

### Data, data, data

In everything we do, we are always driven by data — not just in the way we operate our business, but also in managing our people. Everyday, we receive data on the health status of all our employees, which we closely monitor.

When the highly transmissible Omicron variant emerged in late 2021, we braced for the health battle and armed our employees with health and safety information, in addition to having 99.65% of our workforce fully vaccinated.

Data analytics helped us make informed and timely decisions on credit adjustments, which benefited both our balance sheet and our customers. Armed with Big Data, we managed to adopt a rifle approach to tailor-fit solutions to customer needs.

### Onward as one

Apart from the data science, the technology, and the challenge mindset, the biggest lesson we took from the pandemic of 2020-2021 is how to work together as One PSBank.

We have witnessed how PSBankers can set their silos aside and work as a team, keep the growth momentum going, and continue to assist our customers in navigating uncertainty. Quite often it demanded a lot of hard work, as well as compassion and respect for people dealing with very challenging circumstances. I want to take a moment and recognize those contributions.

With business volume picking up, we must work more cohesively as a team. Even more important, we need to always try our best to be ahead of the curve, always guided by data when we move forward.

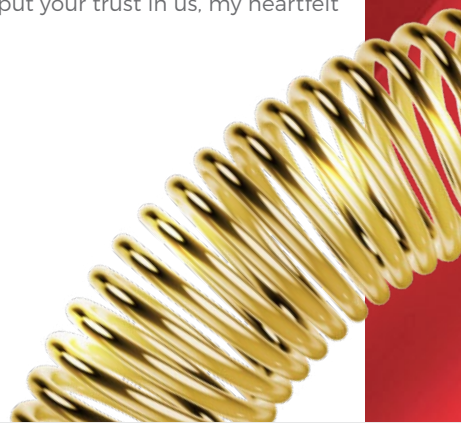
While we hope that 2022 will be a much better year, COVID continues to linger so we must still keep our guard up. Global economic challenges brought by supply chain disruptions, higher inflation expectations, and some geopolitical tensions may continue to bring uncertainties.

All these are potentially volatile episodes that can challenge the core of a company when left unanchored. Agility and strength have kept PSBank firmly planted on its distinct position in the market in the past six decades. And with the unlocking of the power of data, digital and human resource, I am confident we will move forward as one into the future with an even better cadence.

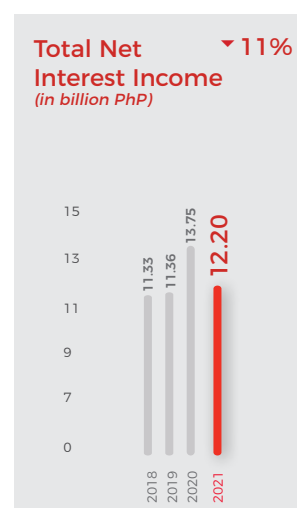
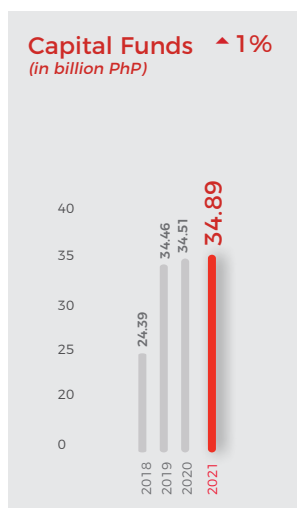
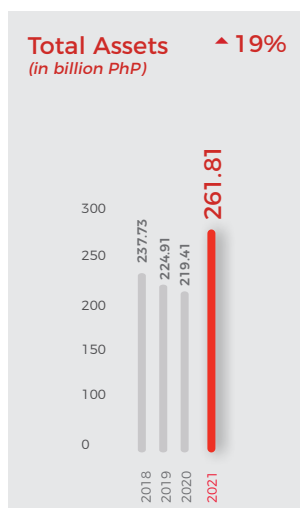
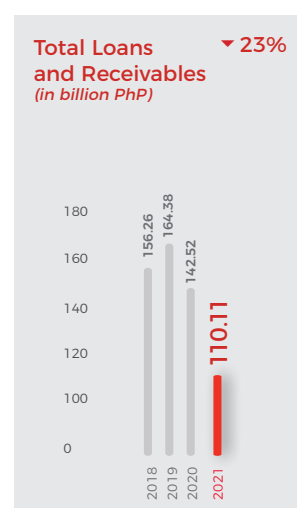
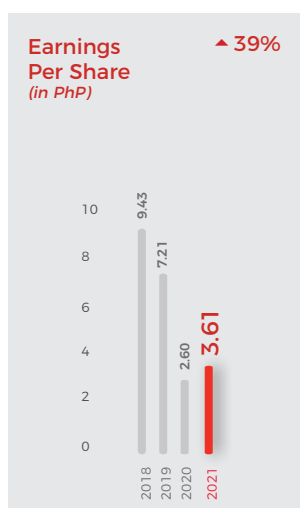
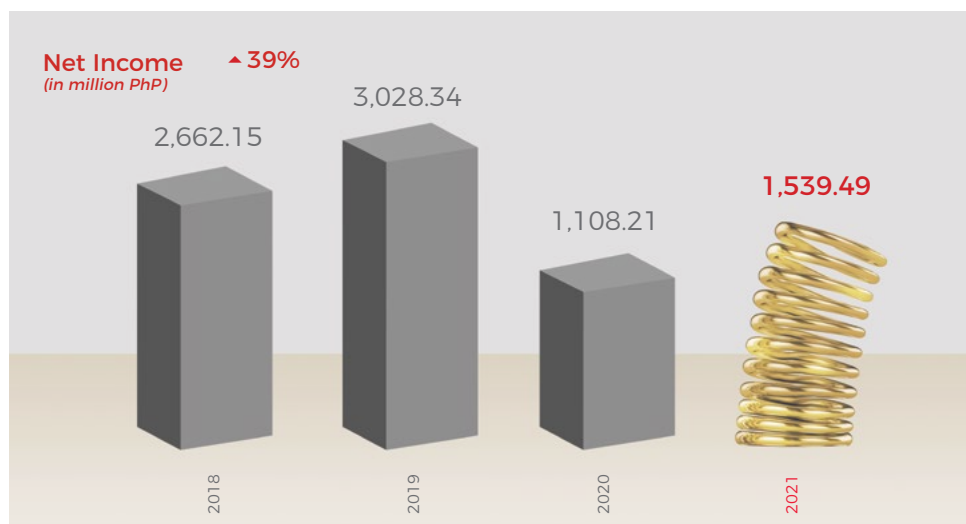
To all of you who continue to put your trust in us, my heartfelt thanks.



**Jose Vicente L. Alde**  
President



## Financial Highlights





## STATEMENTS OF CONDITION (IN PHP)

	December 31 2021	December 31 2020	December 31 2019	December 31 2018
<b>ASSETS</b>				
Cash and Other Cash Items	56,595,973,563	35,992,302,289	10,235,321,035	20,615,077,767
Interbank Loans Receivable and Securities Purchased Under Resale Agreements	4,532,877,908	5,445,979,370	-	1,891,820,000
Investments	81,228,895,771	23,795,282,132	39,009,406,957	48,588,473,810
Loans and Receivables	110,111,505,826	142,524,344,524	164,384,202,213	156,260,362,775
Investment in a Joint Venture	762,926,364	705,476,563	755,781,369	691,425,681
Property and Equipment	2,938,455,849	3,089,814,582	3,312,836,126	2,257,379,905
Investment Properties	3,508,598,106	3,585,971,956	3,765,748,696	4,036,317,716
Other Assets	2,126,876,426	4,274,430,823	3,443,524,794	3,388,434,384
	<b>261,806,109,812</b>	<b>219,413,602,239</b>	<b>224,906,821,190</b>	<b>237,729,292,038</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Deposit Liabilities	216,795,549,885	167,464,310,096	172,505,110,160	200,687,939,383
Bills Payable	-	-	4,189,736,932	2,968,567,431
Bonds Payable	4,633,613,322	10,902,456,911	6,254,701,780	-
Subordinated Notes	-	-	-	2,981,673,382
Other Liabilities	5,482,869,471	6,536,106,829	7,499,998,855	6,696,963,632
	<b>226,912,032,678</b>	<b>184,902,873,836</b>	<b>190,449,547,727</b>	<b>213,335,143,828</b>
<b>Equity</b>				
Common Stock	4,268,594,160	4,268,594,160	3,831,094,160	2,402,524,910
Capital Paid in Excess of Par Value	11,418,563,257	11,418,563,257	9,287,650,873	2,818,083,506
Surplus Reserves and Surplus	19,853,619,914	19,594,705,443	22,306,758,913	20,427,749,521
Fair Value Reserves on Financial Assets at FVOCI	2,409,891	13,058,180	(18,931,431)	(782,896,279)
Remeasurement Losses on Retirement Plan	(632,885,484)	(726,238,329)	(937,954,589)	(470,611,677)
Equity in Remeasurement Gains on Retirement Plan of a Joint Venture	2,877,392	(1,285,176)	941,681	3,131,435
Equity in Hedge Reserves of a Joint Venture	(12,144,581)	(35,097,280)		
Cumulative Translation Adjustment	(6,957,415)	(21,571,852)	(12,286,144)	(3,833,206)
	<b>34,894,077,134</b>	<b>34,510,728,403</b>	<b>34,457,273,463</b>	<b>24,394,148,210</b>
	<b>261,806,109,812</b>	<b>219,413,602,239</b>	<b>224,906,821,190</b>	<b>237,729,292,038</b>

## STATEMENTS OF INCOME (IN PHP)

Years ended December 31	2021	2020	2019	2018
Interest Income	14,364,768,830	17,317,905,086	17,412,487,728	16,373,976,976
Interest Expense	2,160,008,144	3,564,952,487	6,053,619,403	5,042,026,680
Net Interest Income	12,204,760,686	13,752,952,599	11,358,868,325	11,331,950,296
Net Service Fees and Commission Income	1,533,310,116	1,257,384,725	1,863,504,377	1,625,637,759
Other Operating Income	1,422,211,190	1,559,164,632	1,379,839,143	1,240,991,855
Total Operating Income	15,160,281,992	16,569,501,956	14,602,211,845	14,198,579,910
Other Expenses	11,936,449,093	15,519,051,877	11,129,338,845	11,309,215,373
Share in Net Income of a Joint Venture	41,914,529	40,299,304	105,905,423	82,376,569
Provision for Income Tax	1,726,254,708	(17,462,895)	550,440,783	309,595,240
<b>Net Income</b>	<b>1,539,492,720</b>	<b>1,108,212,278</b>	<b>3,028,337,640</b>	<b>2,662,145,866</b>

### Profitability (vs. 2020)

Total Net Interest Income  
▼ 11% to PhP 12,204,760,686

Total Non-Interest Income  
▲ 5.0% to PhP 2,955,521,306

Total Non-Interest Expenses  
▼ 3.0% to PhP 8,865,770,868

Pre-Provision Profit  
▼ 15.0% to PhP 6,294,511,124

Provision for Impairment and Credit Losses\*  
▼ 52.0% to PhP 3,070,678,224

Share in Net Income of a Joint Venture  
▲ 4.0% to PhP 41,914,529

Provision for Income Tax  
▲ 9,985% to PhP 1,726,254,708

Net Income  
▲ 39.0% to PhP 1,539,492,720

\*Allowance for credit losses under BSP Cir. No. 956

### Selected Ratios

Return on Equity (ROE)  
2021 4.44%  
2020 3.21%

Return on Assets (ROA)  
2021 0.64%  
2020 0.50%

Capital Adequacy Ratio  
2021 24.29%  
2020 19.42%

### Per Common Share Data (vs. 2020)

Net Income per Share  
Basic  
▲ 39.0% to PhP 3.61

Diluted  
▲ 39.0% to PhP 3.61

Book Value  
▲ 1.0% to PhP 81.75

### Selected Balance Sheet Data (vs. 2020)

Gross Loans  
▼ 21.0% to PhP 113,234,740,664

Total Assets  
▲ 19.0% to PhP 261,806,109,812

Deposits  
▲ 29.0% to PhP 216,795,549,885

Total Equity  
▲ 1.0% to PhP 34,894,077,134

### Others

Total Cash Dividends Declared  
2021 PhP 1,280,578,248  
2020 PhP 1,247,765,748

Headcount (vs. 2020)

Officers  
▼ 1.0% to 1,131

Staff  
▼ 4.0% to 1,693

### AUDITED FINANCIAL STATEMENTS



View Report

# SPRINGING INTO ACTION TO BRING PSBANKING TO ALL

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PSBank believes that financial inclusion is more than just giving every Filipino a bank account. Rather, it is a means to truly enhance their well-being and achieve their dreams. In 2021, we became more agile in seizing opportunities where our products and services can be more relevant. We also sustained our financial literacy campaigns meant to empower them to make better, informed choices when it comes to their financial welfare and future.







### PSBANKING AT YOUR FINGERTIPS

To deliver on our promise of “Simple Lang, Maaasahan” service, we made banking more accessible, simpler and safer with our **Online Account Opening via PSBank Mobile App**. Our newest digital offering enables Filipinos to open a PSBank peso savings or prepaid account with just a selfie, a valid ID, and with literally just a few taps. Since we launched this product innovation on social media through the “Tap, Tap, Tapos Agad” campaign in September 2021, the App registered an average daily number of new-to-bank depositors of over **150 per day** — proof of wide customer acceptance of its simplicity, safety, and accessibility.

### MAKING PSBANK ONLINE MORE RELEVANT

To enable our customers to perform hassle-free, safe, easy, and secure banking transactions while staying safely at home, we further improved our PSBank Online. The redesigned internet banking facility now features a fresh interface and optimized mobile view, as well as an expanded suite of intuitive and easy-to-navigate functionalities. We also made it more relevant to the needs of our customers by introducing new features:

- **Peso Time Deposit Placement** for opening and managing their peso time deposit accounts at home;
- **PayMe** for sending and receiving payments in an instant from other PSBank accounts;
- **PaSend** for sending cash 24/7 and withdrawing them at any PSBank or Metrobank ATM (recipients don’t need a bank account or an ATM card to receive the money);
- **Toll RFID** for loading their Autosweep and Easytrip RFID accounts any time and anywhere (this feature is also available on our PSBank Mobile App); and
- **Telco Reload** for loading prepaid and broadband at our customers’ convenience.



### Over 150 daily

New-to-Bank account opening via PSBank Mobile

## Financial Inclusion and Literacy

### Night & Day, #SimpleLang to Pay!

Easily pay your **PSBank Loan**  
24/7 at any 7-Eleven store!

#### TAKING CONVENIENCE TO A NEW LEVEL

To provide more options and make it easy for our customers to pay their Auto Loan, Home Loan, Flexi Personal Loan, and Business Loan without the need to go to our branches, we partnered with Electronic Commerce Payments Inc. (ECPay), the leading electronic payment service provider in the country. PSBank borrowers can pay their loans in any 7-Eleven branches nationwide.



#### KEEPING CONSUMERS IN THE KNOW

To help improve financial literacy in the country, we continue to run our award-winning financial literacy campaigns: **“Be Aware”** and **“Good to Know.”** Through “Be Aware,” we aim to raise awareness on various scams that the banking public may encounter, and empower them with information so they will not fall prey to these fraudulent schemes. “Good to Know” promotes the value of saving and investing to better equip clients in making sound financial decisions. In 2021, these campaigns have reached an audience of 3.52 million through external and internal media platforms.





### EXPANDING THE BENEFITS OF PSBANKING

We extended our simple and convenient PSBanking to the employees of the payroll companies of our parent bank, Metrobank. Through the VALE (Payroll Cash Advance Facility), eligible employees can advance and withdraw a portion of their salary from any Metrobank and PSBank ATMs nationwide while payments are collected every payroll period via auto-debit facility.



## Responsible Investment

# CHANNELING OUR FINANCIAL STRENGTH FOR GOOD

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We at PSBank recognize that there is more to our business than just the numbers we produce. This means taking people, society, and the environment into consideration when making and managing our investments. We are aware of the need to channel some resources to support companies and initiatives that create positive change and lead to sustainable development.







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**4.6**  
BILLION  
LOANS TO SMEs

### ASSISTING SMEs

With uncertainty over the COVID-19 global pandemic lingering in 2021, we continued to channel our financial resources to support small and medium enterprises (SMEs). We aided clients severely affected by the pandemic with payment solutions tailor-fit to their cash flow. To help local communities and SMEs tide the pandemic, we extended loans of **PhP17 million and PhP4.6 billion**, respectively.

### ADOPTING ESG PRINCIPLES IN LENDING

When making credit decisions, we also look at the environmental, social, and governance (ESG) aspects of the proposal as part of sustainable lending. We use an Environmental and Social Risk Checklist to assess the environmental and social risks of potential borrowers with material exposures. In 2021, we supported projects aligned with the ESG theme amounting to **PhP471 million**. Our loan portfolio is multi-faceted and contributes to several UN SDGs. *Please refer to Sustainability Report Exhibit 4 – Sector wise credit lending for details.*



### MEETING SUSTAINABILITY GOALS

Taking stock of ESG principles in our products, services, and operations enables us to contribute to the achievement of the United Nations' Sustainable Development Goals. We are committed to intensify our ESG-related initiatives in the coming years to drive more positive change in society.



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**471**  
MILLION  
INVESTMENT  
ON ESG-THEMED  
PROJECTS



## Environment

# MINDING OUR FOOTPRINT

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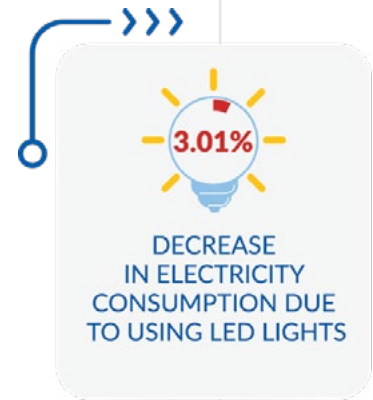
More than investing and allocating resources in projects that benefit the environment, we also contribute to environmental sustainability by managing the impact of our own operations and the buildings we own. Mobility restrictions due to the COVID-19 pandemic consequently led to shortened operating hours, fewer employees physically reporting on site, and lower waste generated. These resulted in the further reduction of our greenhouse gas emissions.



## CONSERVING ENERGY

To further cut our carbon footprint, we continued in 2021 our transition to using green energy. Our Head Office partially switched to renewable energy from conventional electricity. This provides a competitively priced retail electricity with lower carbon footprint compared to energy sourced from conventional retail electricity suppliers.

In 2021, the absolute electricity we used was **16,348,396 kilowatt hours**. We were able to reduce our total electricity consumption in the Head Office (PSBank Centre) by 3.01% year-on-year due to energy-saving initiatives such as the conversion of existing light fixtures into LED light, decommissioning of old servers, consolidation of active servers, and switching to agile work arrangements.

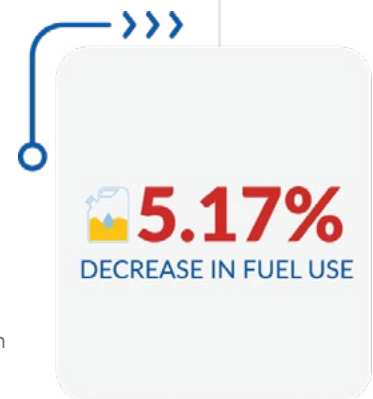


## LOWERING WATER CONSUMPTION

Being mindful of our water use and the impact of the prolonged lockdowns enabled us to cut our water consumption to 62,846 cubic meters in 2021 or by **18.85%** from 77,478 cubic meters in 2020. Our branches accounted for 53% of our total water consumption, followed by our Head Office (42%), and the rest by our auto warehouses. Water use intensity normalized by square meter of floor area, employee and revenue were 0.418m<sup>3</sup>/m<sup>2</sup>, 22.26m<sup>3</sup>/employee and 40.80m<sup>3</sup>/mPHP, respectively.

## REDUCING FUEL USE

We use fuel for our service and shuttle vehicles and generator sets. Service vehicles are provided for ATM operations, collection and recovery activities, and general services requirements. In 2021, we provided bank cars and repossessed vehicles for the use of our commuting bank employees to help minimize their risk of exposure to COVID-19. These vehicles were also utilized to implement disinfection activities in our bank premises. Employees who live near their branches and Head Office were encouraged to find alternative means of transportation. The Bank provided 43 free parking slots for employees reporting on site with bicycles, e-bikes, and e-scooters. These initiatives collectively resulted to a decrease in fuel consumption by **5.17%**, from 217,755.18 liters in 2020 to 206,495.41 in 2021.



## Environment

### MANAGING WASTE

We generated a total of 485 tonnes of waste in 2021, 15.55% lower than in 2020. Of these, 98.7% were non-hazardous and only 1.3% were hazardous. Our total hazardous waste was reduced by 37.06% year-on-year due to lower electronic scraps. To further cut our volume of waste, we boosted our digitalization efforts and heightened awareness on environmental concerns across the organization.



### COMPLYING WITH ENVIRONMENTAL LAWS

To ensure compliance with environmental laws and regulations, we have Pollution Control Officers and Managing Heads for Head Office and Branch Clusters across the country. We also engaged service providers that assist us in adhering to environmental laws such as the Philippine Clean Air Act, the Philippine Clean Water Act of 2004, and on hazardous waste management.







### **RAISING ENVIRONMENTAL AWARENESS**

We make sure our employees are well aware of the Bank's sustainability commitment and enjoin them to reassess their individual footprints. We continuously equip them with the necessary tools to ensure that they behave in a responsible and informed way towards the environment. Our Eco Warriors conduct virtual huddles regularly to nurture eco-learning across the organization. Ever since the launch of our #PlantMeAFuture campaign in 2020, PSBankers have been actively participating in the program by creating their own "green corners/spots" in their work stations. The Bank also joined international and national environment-related celebrations through virtual activities and posting of themed-contents in Workplace from Meta.



# CREATING VALUE FOR OUR PEOPLE AND SOCIETY

The success of our business also depends on the impact we create in providing financial products and services, as well as generally improving the lives of the people we affect. Among others, we make social contributions by creating decent jobs and more inclusive communities.





## BUILDING CAPACITY

To strengthen and improve on employee skills and competencies, our PSBank Business Campus logged **45,184 training hours**. A total of **665 trainings** were conducted, up significantly from the previous year's 189.

In 2021, aside from the regulatory trainings, we continued to run our management trainings and development programs such as: Redefining Institutional Sales Efficiency (RISE) for Branch Heads; Staff Professional Enhancement and Educational Development Accelerated Learning (SPEED AX-L) for rank-and-file staff levelling up to become Branch Service and Control Officers; and the New Accounts Clerk (NAC) Step Up for Branch Banking's Customer Service Associates (CSAs). We also launched a special program for our Salesforce: the New Normal Account Officer (NNAO) with 70 Account/Sales Officers participating in its first module on the *Art of Counselling*.



## PROMOTING AN INCLUSIVE WORKPLACE

As of end-2021, we have an employee population of 2,824, of which 64% are female and 36% are male. Employees who are 30 to 50 years old comprised 71% of our workforce, followed by those below 30 years old (22%) and over 50 (7%). Our Board of Directors has nine members, two or 22% of whom are female.

## PROTECTING HEALTH AND SAFETY

The health, safety, and overall wellness of our employees remain as one of our top priorities. In 2021, we carried over programs launched the prior year that addressed issues on mental health, physical fitness, workplace wellness, social connection, environmental stewardship, and dealing with COVID-19. As of end-2021, **99.65%** of PSBankers received their COVID-19 vaccines.

Our Occupational Safety and Health Committee was among the most active committees in the Bank during the height of the pandemic, with monthly meetings to regularly review health and safety protocols and ensure compliance to guidelines set by various government agencies. Our PSBank Clinic made healthcare accessible to PSBankers reporting onsite. And to keep all employees abreast, we issued a total of 28 COVID-related health advisories and 81 HR advisories in 2021.



## People & Community

### RESPONDING TO EMERGENCIES

As part of our commitment to maintaining a safe and secure workplace environment, we deploy resources for emergency preparedness:

- An annual Business Contingency Plan (BCP) exercise ensures that we have a strong system of prevention and recovery from any threats. In 2021, 100% of PSBankers took the BCP Refresher Course.
- Our Enterprise-wide testing for selected systems ensures that we can seamlessly operate using our Business Recovery Center and BCP Back-up Site.
- Our Call Tree Testing exercise measures individual and organizational response when emergencies occur. We utilize e-mail, InfoChannel, and FB Workplace to disseminate to employees information on what to do during emergencies as well as advisories on emergency plans.
- Our emergency drills include earthquake preparedness. In 2021, we successfully conducted an earthquake drill where our Head Office and Branch personnel performed the required response of “duck-cover-hold.”

### KEEPING EMPLOYEES ENGAGED

Despite limitations on social distancing and face-to-face interaction, we provided opportunities for employees to connect with their colleagues and celebrate special occasions together, albeit only virtually, which boosted employee advocacy and engagement. This resulted in the highest scores on record for both Workforce Engagement Score (WES-60) and employee-Net Promoter Score (e-NPS). The Bank rated very high (higher than in 2020) on all WES-60 parameters (company support, job performance, working relationships, dedication, and company policies and goals). On e-NPS, the Bank achieved an all-time high of +87.





## CREATING AN INCLUSIVE SOCIETY

We sustained our corporate social responsibility programs amidst the lingering impact of the pandemic. These were the:

- Educational Assistance Program with partner institutions Chiang Kai Shek College and the Association of Chinese-Filipino Schools;
- Assistance funds for cause-oriented groups: Resources for the Blind, Inc.; World Vision Philippines; Chosen Children Village Foundation, Inc.; and iVolunteer Philippines;
- Trails to Empower Kids where we gave 1,000 learning kits to the teachers and pupils of nine (9) schools in Occidental Mindoro;
- Through the Nature Awareness and Conservation Club Inc., 1,100 agri bags, fishing equipment, and mangrove nursery materials were given to fisherfolk in Cavite and Batangas; solar home units to Dumagat families in Sta. Ines, Tanay, Rizal; hygiene kits (*Iwas Sa-Kit*) to 351 students from schools in Marikina and Rizal; and
- Financial Education and Awareness Programs via social media campaigns.

## FORGING HARMONIOUS RELATIONS

We continue to improve the relationship between the Bank and the PSBank Employee Union. In 2021, we closed the Collective Bargaining Agreement negotiation for the 2022-2024 cycle. Our Labor Management Council, composed of three representatives from management and union, meet once a month to discuss matters affecting PSBank employees.



## NURTURING VOLUNTEERISM

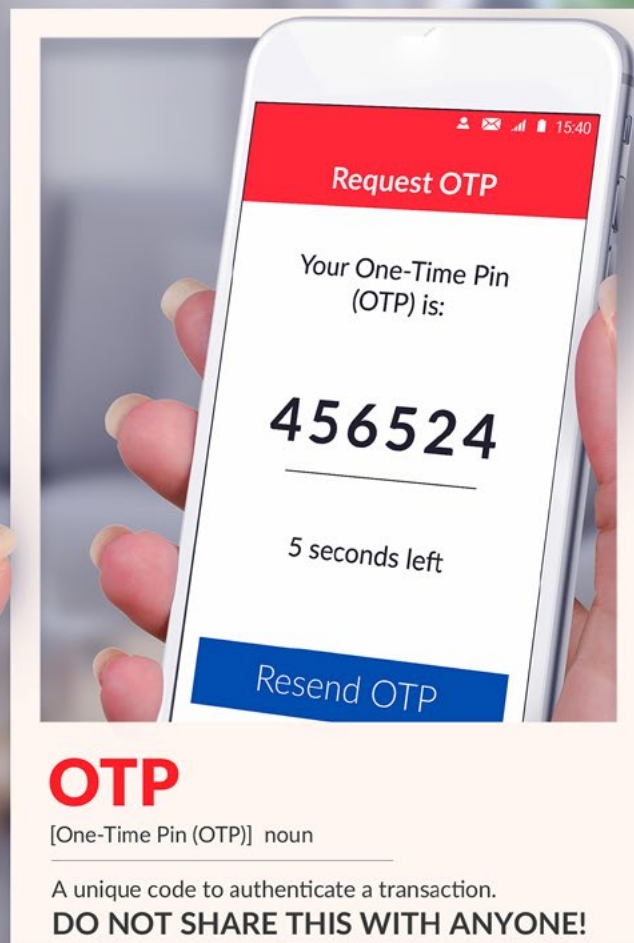
*PaSaBayanihan (Biyaya ay Ipasa)* became an avenue for PSBankers to share their blessings and pay forward. PSBankers donated 65 bags of groceries and 170 bags of vegetables to various local communities greatly affected by the lockdowns. During Father's Day, we gave out 125 grocery packs to the Bank's service agency personnel. We also extended monetary assistance to 41 employees, 33 security guards, and 16 messengers/janitors to help them in rehabilitation and recovery after their houses were destroyed by Typhoon Odette.



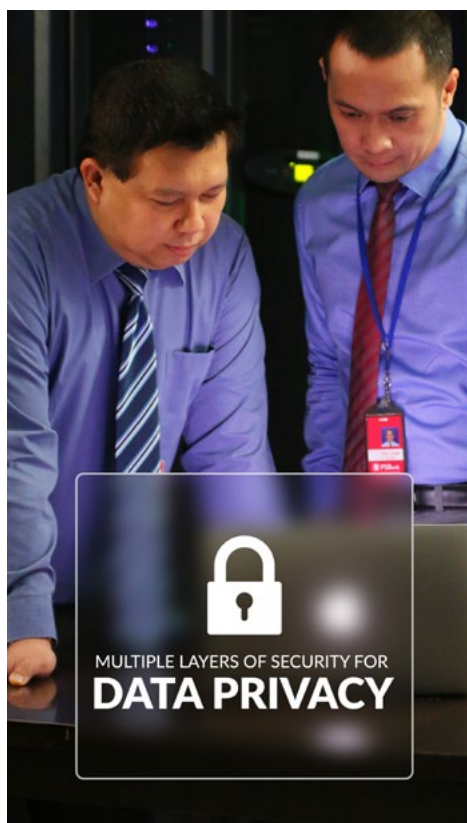
# RUNNING OUR BUSINESS RESPONSIBLY

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Data is at the heart of everything we do at PSBank. Being a data-driven bank, we collect and manage a lot of sensitive customer data. We analyze data to derive rich insights and come up with products and services tailor-fit to the needs of our customers. Data also helps us improve our services and make informed decisions. Given the contribution of data to our business, we take our responsibility on data privacy and security seriously. We ensure that we comply with relevant laws and regulations, and run our business in an ethical and responsible manner.







## ENSURING COMPLIANCE

We respect and value data privacy rights and ensure that all the personal data we collect are processed in adherence to Republic Act No. 10173, otherwise known as "The Data Privacy Act of 2012," its Implementing Rules and Regulations, and related issuances of the National Privacy Commission. We have a Data Privacy Officer responsible for ensuring compliance with these guidelines and directives.

## EMBEDDING DATA SECURITY IN OUR ORGANIZATION

To strengthen our compliance, we use multiple layers of security and policies that are closely intertwined with our business processes.

## RAISING PUBLIC AWARENESS

As part of our data privacy and security efforts, we enjoin the public to be vigilant about guarding their personal data by running awareness campaigns. Through our award-winning Be Aware! Campaign, we empower the banking public with information on how to protect themselves from becoming victims of fraud. To date, we have developed 290 materials on various topics related to cybercrime such as phishing, pharming, vishing, skimming, SMSing, email scam, social media scam, identity theft, check fraud, clickbaits, shopping scam, travel scam, unwanted loans and obligations, employment scam, and ransomware. These materials were released through our nine communication platforms and reached 3.52 million people.

### Check if it's legit!

Always make sure sa'min talaga galing 'yan! We will only send using this domain:

@psbank.com.ph ✓

**3.52  
MILLION**  
REACHED:  
GOOD TO KNOW  
BE AWARE!



## Sustainability

# COMMITTED TO SUSTAINABILITY

As a leading consumer bank in the Philippines, PSBank recognizes the economic, environmental, and social impacts of its banking operations, products, and services.

Our Board of Directors firmly believes we have a role to play in promoting sustainable development. In pursuit of this commitment, we started reporting our environmental, social, and governance (ESG) impacts in 2019.

## SCOPE OF THE REPORT

Our 2021 Sustainability Report contains quantitative and qualitative information for the period January 1 to December 31, 2021 for relevant indicators. The Report is prepared in line with standard sustainability reporting frameworks and disclosure requirements of the Philippine Stock Exchange (PSE), the Securities and Exchange Commission (SEC), and select guidelines.

In compliance with BSP Circular No. 1085, our transition plan for the adoption of a Sustainable Finance Framework was approved by our Board of Directors in October 2020. It provided the Bank's activities to integrate sustainability principles, including those covering environmental and social (E&S) risk areas, in the Bank's corporate governance and risk management frameworks, as well as in its strategic

objectives and operations. In December 2020, we embedded sustainability principles and roles in our Corporate Governance, Audit, and Risk Oversight Committees' Charters. In March 2021, the incumbent Chief Risk Officer was appointed as the Chief Risk and Sustainability Officer to lead PSBank's sustainable finance journey. In September 2021, the Board approved the Bank's Sustainable Finance Framework.

## STAKEHOLDERS AND ESG MATERIALITY

We follow an internal process review to define issues that are significant to environmental, social, governance, and economic priorities and their impacts to both our business and our stakeholders. It took off from our engagement with Trucost of S&P Global in 2019 to identify materiality themes using Sustainability Accounting Standards Board, investor trend review, and a wider literature review.

Based on our assessment, the high material issues for both sector-level and organizational-level remain as follows:



### ECONOMIC

- Market presence
- Financial performance
- Geographical Positioning and Management
- Innovation and digitalization
- Brand positioning and management
- Customer experience



### ENVIRONMENTAL

- Compliance with environmental laws and regulations of the national government and local government units



### SOCIAL

- Non-discrimination
- Workplace health and safety
- Labor practices
- Diversity and equal opportunity
- Talent acquisition and retention
- Customer health and safety



### GOVERNANCE

- Anti-fraud and anti-bribery
- Data management and security practices
- Financial risk management
- Anti-corruption/whistleblower protection
- Human rights protection
- Customer privacy
- Ethics and integrity
- Regulations and compliance management

With the Board of Directors, Senior Management and employees, we strategize to ensure that these high material issues are managed well, for us to continue in delivering on our sustainable finance commitment.

## OUR SUSTAINABILITY PERFORMANCE IN 2021

We consider the economic, environmental, and social impacts of our banking operations, products and services, as they provide strategic opportunities and financial risks.

### Embed Sustainability Principles

2020	2021
<ul style="list-style-type: none"> <li>Board approved transition plan</li> <li>Sustainability principles embedded in Corporate Governance and Risk Management Committee Charters</li> </ul>	<ul style="list-style-type: none"> <li>Board approved Sustainable Finance Framework (SFF)</li> <li>Appointed Chief Risk and Sustainability Officer</li> <li>Sustainable Finance Bankwide Training</li> <li>Environmental and Social Risk Management Framework (ESRMF) Action Plans</li> </ul>

### ESG Materiality Matrix

2020	2021
High Material Topics	Management Approach formalized for 21 material topics

ECONOMIC IMPACT	2020	2021
<b>Financial Inclusion and Literacy</b>	<ul style="list-style-type: none"> <li>270 Be Aware! Materials released</li> <li>9 communication platforms used</li> </ul>	<ul style="list-style-type: none"> <li>290 Be Aware! materials released</li> <li>3.52 million reached</li> </ul>
ENVIRONMENTAL IMPACT	2020	2021
<b>Energy Consumption</b>	Head Office partially powered by renewable energy	Increased usage of renewable energy
<b>Fuel &amp; Water Consumption</b>	Continued decrease in fuel and water consumption	Further reduction in fuel and water consumption
<b>Waste Disposal and Management</b>	574 tonnes total waste	485 tonnes total waste
<b>Operations</b>	Agile work arrangement	Continuous adoption of an agile work environment
SOCIAL IMPACT	2020	2021
<b>Workplace Safety and Labor Practices</b>	<ul style="list-style-type: none"> <li>Continuous health and safety programs</li> <li>1.2% employee turnover</li> </ul>	<ul style="list-style-type: none"> <li>Continuous health and safety programs</li> <li>0.7% employee turnover</li> </ul>
<b>Employee Training and Development</b>	189 trainings conducted	665 trainings conducted

### SUSTAINABILITY REPORT



[View report](#)



# AGILITY, STABILITY IN THE TIME OF PANDEMIC

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In an increasingly intense and uncertain business environment, made more complex by unprecedented events like the COVID-19 global pandemic, having the confidence in navigating the challenges is critical to delivering value to shareholders. For PSBank, this calls for a risk management system that will further enhance our agility and stability when dealing with challenges in today's environment, as well as in the future.

Risk is inherent in the business of banking — from deposit taking, lending and securities investment, to trading, foreign exchange, and operational support. Thus, risk management is an integral part of our strategy design and execution. We identify how much risk we are willing to take, and how to balance risks and opportunities. Performing this tight balancing act is an essential element of our Enterprise Risk Management (ERM).



Using a set of qualitative standards and quantitative metrics, we are able to determine our risk appetite. These are aimed at maintaining a strong capital and liquidity position, stable funding, good risk-reward balance, acceptable business practices, and dynamic compliance culture. Our risk metrics allow us to monitor our risk exposure under normal and stressed scenarios versus established trigger levels and limits. To avoid a breach in our risk limits, we institute a hierarchy of approval and observe escalation processes. Reports on our risk profile are presented to the senior management and the Board of Directors. Board-approved risk manuals are revisited annually or more frequently based on the changing risk environment and evolving regulatory landscape.

### Risk Management Structure

Our Board of Directors takes the lead on all major risk management initiatives. It approves broad strategies and policies, and ensures that these are consistent with our overall objectives. The Risk Oversight Committee (ROC) is composed of at least three members of the Board, the majority of whom are independent directors, including the chairperson who neither chairs the Board nor any other committee. The ROC members possess expertise and knowledge of our risk exposures, which enable them to develop appropriate strategies for preventing or minimizing the impact of losses.

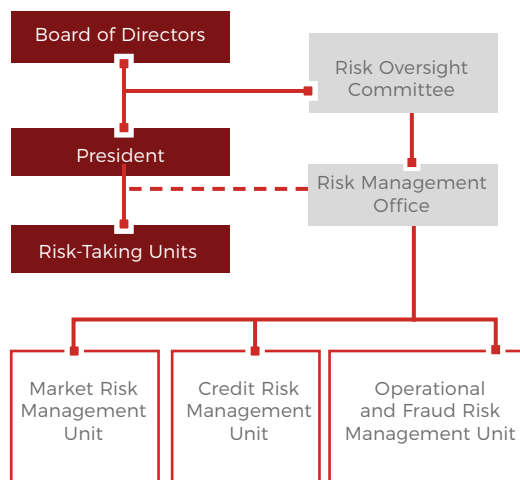
The Board may also appoint non-directors to the ROC as part of the Metrobank Group's risk oversight measures. However, only bank directors shall be considered as voting members. Non-voting members are appointed in an advisory capacity.

The ROC oversees our Enterprise Risk Management (ERM) framework, the consistency of current and emerging risk exposures with our strategic direction and overall risk appetite and the effectiveness of our risk management function in monitoring our risk-taking activities. It formulates policies and strategies to identify, measure, manage and limit risks. The ROC ensures that the system of limits approved by the Board remains effective. It also makes certain that limits are observed and that immediate corrective actions are taken whenever needed.

The Risk Management Office (RMO), together with the president, various committees, and senior management, support the ROC in the fulfillment of its duties and responsibilities.

The RMO is independent from executive functions and business line responsibilities, operations and revenue generating functions. It reports directly to the Board through the ROC.

### RISK ORGANIZATION



The RMO supports the ROC in carrying out its responsibilities by:

- Analyzing, communicating, implementing, and maintaining the risk management policies approved by the ROC and the Board;
- Spearheading the regular review of our risk management policies and elevating recommendations that enhance the risk management process to the ROC and the Board, for their approval;
- Ensuring that the risks arising from our activities are identified, measured, analyzed, reported, and understood by risk takers, management, and the Board. It analyzes limit exceptions and recommends enhancements to the limits structure;
- Monitoring the risk exposures and determining the corresponding capital requirement in accordance with the Basel III capital adequacy framework and based on our internal capital adequacy assessment on an ongoing basis;
- Monitoring and assessing decisions to accept particular risks whether or not these are consistent with Board-approved policies on risk tolerance and appetite as well as the effectiveness of the corresponding risk mitigation measures; and
- Reporting on a regular basis to senior management and the Board the results of assessment and monitoring.



# Risk Management

## TYPES OF RISKS

The nature of our business exposes us to different types of risks.

### Credit Risk

This arises when a counterparty fails to meet its contractual obligations. Due to our low tolerance for nonperforming loans, our lending business follows strict credit policy guidelines set by the Board, ROC, and RMO. These guidelines serve as our minimum standards for extending credit. Everyone engaged in the credit process is required to understand and adhere to these policies.

Our product manuals contain business plans and define the business parameters by which credit activity is to be performed. Before extending a loan, we observe a system of checks and balances, including the approval of at least two credit approvers through the Credit Committee (CreCom), Executive Committee (ExCom), or the Board.

The ROC reviews our business strategies and ensures that revenue-generating activities are within our overall risk appetite and meet the Board-approved credit risk thresholds. We hold regular audits across our organization. The Board — through the ExCom, CreCom, and ROC ensures that all business segments follow sound credit policies and practices.

We assess our portfolio growth and health using key performance indicators. We use internal loan loss models to measure the credit quality of financial assets, credit scoring models and decision systems for consumer loans, and borrower risk rating and facility risk rating models for SME loans, as approved by the Board. We carry out stress testing analyses using Board-approved statistical models, relating the default trends to macroeconomic indicators.

### Credit Concentration Risk

Risk concentration is managed by type of individual or group of borrowers, by geographical region, and by industry sector. This is closely monitored with sufficient senior level oversight to ensure that our low risk tolerance and policies for risk concentration are enforced.

We compute for additional risk-weighted assets attributed to credit concentration following the methodology of the Metrobank Risk Group. Concentration risk is scoped in two dimensions: name (or concentration due to specific obligors) and industry (or concentration due to specific industries).

### Market Risk

This covers the areas of trading, interest rate, and liquidity risks. Trading market risk is the risk to earnings and capital arising from changes in the value of traded portfolios of financial instruments. Interest rate risk arises from movements in interest rates. Liquidity risk is the inability to meet obligations when they fall due without incurring unacceptable losses. The Assets and Liabilities Committee (ALCO), ROC, and the Board regularly review our market risk policies and implementing guidelines to ensure that these are up-to-date, in accordance with our low appetite for market risks, and in line with changes in the economy, environment, and regulations. The ROC and the Board set a comprehensive market risk limit structure and define the parameters of market activities that we can engage in. We utilize various measurement and monitoring tools to ensure that risk-taking activities are managed within instituted market risk parameters.

### Trading Market Risk

Our trading portfolios are currently composed of peso- and dollar-denominated debt securities that are marked-to-market daily. We use Value-at-Risk (VaR), a statistical measure that calculates the maximum potential loss from a portfolio over a holding period, within a given confidence level. Our current VaR model is based on a historical simulation methodology with a one-day holding period and a 99% confidence level.

We also perform back testing to validate the VaR model, and stress testing to determine the impact of extreme market movements on our portfolios. We establish limits for trading portfolios and closely monitor our daily profit and loss against loss triggers and stop-loss limits. These ensure that our trading activities are in line with our low tolerance for market risk.

To a certain degree, we also carry foreign exchange (FX) risk. It is our policy to maintain exposures within approved position limits, stop-loss limits, loss triggers, VaR limits and to remain within regulatory standards. We also use VaR to measure market risk arising from our FX exposure. We use BSP-approved Type 3 Derivative License for plain vanilla FX forwards to manage our FX risk against adverse exchange rate movements.

### Interest Rate Risk

We have a risk management system and processes to quantify and manage interest rate risk in the banking book. We use measurement tools such as Interest Rate Repricing Gap, Earnings at Risk (EaR), Delta Economic Value of Equity ( $\Delta$ EVE), and Sensitivity Analysis. An independent auditor regularly validates all these models.

Interest Rate Repricing Gap is a tool that distributes rate sensitive assets and liabilities to predefined tenor buckets according to time remaining to their maturity (if fixed rate) or repricing (if floating rate). Items lacking definitive repricing schedule (e.g., current and savings accounts) are assigned to repricing tenor buckets based on analysis of deposit behavioral patterns, past experience and/or expert judgment.

EaR measures the possible decline in our net interest income as a result of adverse interest rate movements, given the current repricing profile. It is a tool used to evaluate the sensitivity of the accrual portfolio to changes in interest rates in the adverse direction over the next 12 months. We calculate our EaR using a historical simulation on interest rate volatility using 1,300 data points. Based on this, EaR is derived as the 99th-percentile biggest drop in net interest income. We use various stress scenarios such as largest historical movement in interest rates, predefined increase in interest rates, flattening and steepening yield curves. We use  $\Delta$ EVE to measure changes in the net present value of our banking book at different interest rate shocks and stress scenarios. It reflects changes in the economic value of equity over the remaining life of the assets and liabilities, i.e. runoff assumption.  $\Delta$ EVE is calculated by slotting the notional repricing cash flows arising from rate sensitive assets and liabilities into pre-defined tenor buckets. The present value of the net repricing cash flows is then calculated using various interest rate scenarios or changes in the yield curve such as steepener, flattener, parallel up, parallel down, short rates up and short rates down.



We generate and monitor our monthly EaR and Delta EVE exposures. EaR and Delta EVE levels are assessed vis-à-vis limits which are based on a percentage of net interest income or capital. Aside from the EaR and ΔEVE, we perform regular sensitivity and stress testing analysis on our banking book to further broaden our forward-looking analysis. This way, our management can craft strategies to address and/or arrest probable risks, if necessary. The EaR, ΔEVE and stress testing reports are prepared monthly.

The ALCO is responsible for managing our structural interest rate exposure. Its goal is to achieve a desired overall interest rate profile within our low appetite for interest rate risk while remaining flexible to interest rate movements and changes in economic conditions. RMO and ROC review and oversee our interest rate risks.

### Liquidity Risk

In managing our liquidity position, we ensure that we have more than adequate funds to meet maturing obligations. We use the Maximum Cumulative Outflow (MCO) model to measure liquidity risk arising from the mismatches of our assets and liabilities. We administer stress testing to assess our funding needs and strategies under various conditions. Stress testing enables us to gauge our capacity to withstand both temporary and long-term liquidity disruptions.

Our Liquidity Contingency Funding Plan (LCFP) helps us anticipate a liquidity crisis under various stress scenarios. Liquidity limits for normal conditions cap the outflows on a cumulative and per tenor basis. We discourage dependence on Large Funds Providers (LFPs) and monitor our deposit funding concentrations versus our High Quality Liquid Assets (HQLA). This way, we will not be vulnerable to a substantial drop in deposit level should there be an outflow of large deposits. ALCO is responsible for managing our liquidity while RMO and ROC review and oversee our overall liquidity risk management. We have zero appetite for non-compliance with liquidity requirements and ensure this through the close monitoring and management of our High Quality Liquid Assets vis-a-vis our net cash outflows. Our Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are managed on a daily basis to ensure compliance with the required regulatory ratios.

### Operational Risk

This is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. To mitigate these and meet our standard for low tolerance of operational risks, we constantly strive to maintain our strong control culture, prudently use technology, and adopt an effective internal control system. We consider these as key factors in our continuous self-improvement under a “no-surprise” operating environment.

We have zero appetite for fraud and constantly improve our policies, processes, and tools to prevent these instances. We also have zero tolerance for non-compliance to our internal policies as well as applicable local regulations and laws. As part of ensuring an appropriate risk management environment, the operational risk framework is consistently implemented throughout the organization. The Bank recognizes the principle of having three levels of defense in mitigating operational risk exposures. The first level involves all personnel, the second are the risk and compliance teams, and the third is the internal audit team.

Our Board-approved, bank-wide organizational chart clearly establishes areas of management responsibility, accountability, and reporting lines for all senior officers. Senior management is responsible for developing policies, processes, and procedures for managing operational risk in all the Bank's material products, activities, processes, and systems. Operational risk management policies and frameworks are regularly reviewed and updated, subject to ROC and Board approvals to ensure that they remain relevant, effective and aligned with those of the parent bank. Performance gaps are identified and resolved by strengthening existing controls and implementing additional controls. Risk awareness is implemented through various training curricula that the PSBank Business Campus designs and implements. This is a key component and embedded in the regulatory training for all employees. For high-potential and high-performing employees undergoing management training programs, this is a component of the Ladderized Programs, the Staff Professional Enhancement and Educational Development – Accelerated Learning (SPEED AX-L), the Redefining Institutional Sales Efficiency (RISE), ELEV8: Future-Proofing the Leadership Bench, and other initiatives.

Our products and operating manuals, policies, and procedures spell out internal controls that our business and operating support units implement. Our Internal Audit Group (IAG) provides independent reasonable assurance on control adequacy and compliance with these manuals. We identify and assess operational risks across the organization and develop controls to mitigate and manage them as part of our continuing efforts to enhance our Operational Risk Management Framework in close coordination with our parent bank. We perform this vis-a-vis the Board-approved operational loss thresholds and benchmarks and through the ORM tools such as the Institutional Key Risk Indicator (KRI) Report, Business Unit Level (BU Level) KRI Report, Risk Incident Report (RIR), Risk and Control Self-Assessment (RCSA), Loss Event Database (LED), and various Risk Assessments. These operational risks are regularly monitored and reported to senior management, and Board through the ROC. We likewise implement a Business Continuity Plan (BCP) and a Disaster Recovery Program (DRP) that are reviewed and tested annually on a per segment and bank-wide basis to ensure their effectiveness in case of business disruptions, system failures and disasters.

### Technology Risk

This is the risk to earnings or capital arising from deficiencies in systems design, implementation, maintenance of systems or equipment, and the failure to establish adequate security measures, contingency plans, testing and audit standards. We invest in information technology to provide simpler, faster, more convenient, and secured banking services to our growing clientele. We also utilize an advanced management information system so we can make quick and well-informed business decisions. We continuously venture into core business process automations, key system enhancements, and information security solutions while ensuring we meet our low appetite for technology risks.

Given the heavily automated operating environment, we ensure that we identify and quantify risks to the greatest extent possible. We also establish standards and controls to manage technology-associated risks through effective planning, proper implementation, periodic measurement and monitoring of performance.

# Risk Management

We have a Bank-wide IT Risk Management Framework which is being revisited annually to ensure its conformity with existing and/or latest bank-wide processes and compliance with related local regulatory requirements. This defines the responsibilities of all employees involved in identification, assessment, reporting, and management of technology risks and the guidelines that govern the IT Risk Management process. This provides for the annual conduct of IT Risk Assessment to identify, assess, monitor and control the technology-related risks.

We have an IT Steering Committee that oversees IT performance and institutes appropriate controls to manage significant IT issues. The Information Technology Group (ITG) and Information Security Division (ISD) provide support through their technology and information security initiatives, projects and well-defined policies and controls.

## Legal Risk

This is the potential loss arising from regulatory or legal action, disputes for or against us, failure to correctly document, enforce or adhere to contractual arrangements, inadequate management of non-contractual rights, or failure to meet non-contractual obligations. We have low tolerance for legal risks and employ a legal review process to control and manage these risks.

The Legal Services Division plays a significant role in protecting the Bank's rights and interests by ensuring that legal activities of the Bank are carried out in accordance with laws and regulations, established legal processes, prescribed practices, customary or ethical standards, Bank policies and goals. The Legal Services Division also conducts necessary legal review of products, services, policies, manuals, bank documents including legal capacities of the parties to a transaction. Legal risk is difficult to measure, but it can be defined, understood, and controlled with the end view of limiting and minimizing exposure to such risks. The Legal Services Division conducts legal risk assessment of cases filed against the Bank and recommends legal risk mitigation measures. The appropriate actions include reducing exposures of sources of legal risk, establishing an appropriate legal risk management process and strengthening the compliance function in the Bank. The legal risks are tracked in the monthly Institutional KRIs and Business Unit Level KRIs of the Legal Services Division, and breaches with the corresponding action plans are reported by the Operational and Fraud Risk Management Unit to the ROC and Board.

## Regulatory Risk

Regulatory risk, also known as compliance risk, covers the potential loss from non-compliance with laws, rules and regulations, policies and procedures, and ethical standards. We recognize that compliance risk can diminish our reputation, reduce our franchise value, limit business opportunities, and reduce our potential for expansion. Guided by our Compliance Office, we continuously promote a strong culture of compliance. The Bank's internal policies, local rules and regulations, and laws support our low appetite for regulatory risk amid an ever dynamic banking regulatory landscape and zero tolerance specific to Money Laundering and Terrorist Financing (ML/TF) risks.

## Strategic Risk

This is the current and prospective impact on earnings or capital arising from adverse business decisions, improper resolution of conflicts, and slow response to industry changes. Strategic risk can shape our long-term goals, business strategies, and resources.

We utilize both tangible and intangible resources to carry out our business strategies and meet our low appetite for strategic risk. These include communication channels, operating systems, delivery networks, and managerial capacities and capabilities.

## Reputational Risk

This refers to the current and prospective impact of negative public opinion on our earnings or capital which may affect our ability to establish new relationships or services, or manage existing relationships. The risk may also expose us to litigation, financial loss, or a decline in customer base. All employees are responsible for building our brand reputation and exercising an abundance of caution when dealing with customers and communities to support our zero tolerance for reputational risk. To further mitigate reputational risk, we have policies and procedures on financial consumer protection, client complaint handling, employee conduct and use of social media.

Reputational risks may also arise from our outsourced services. These are part of items assessed and approved by our Outsourcing Oversight Committee, and by the Board, whenever needed. We have a Crisis Management Team that formulates, implements, and coordinates the approach to managing a reputation event. Our Emergency Committee (EMCOM) ensures the management and monitoring of the effective implementation of our Business Continuity Plan (BCP) related to an emergency scenario or event which may lead to reputational damage. Reputational risk controls are established through the source risk areas of credit, market and operational risks. Management and reporting of the reputation events are performed by the business units, as the first line of defense, through the established risk indicators.

## Risks Related to Trust

These risks take into account the impact of compliance, reputational, or operational risks on our managed funds. These are part of the overall risks taken by the Bank or the enterprise risk. The Trust Committee oversees the implementation of the risk management framework for trust and ensures that controls are in place relative to fiduciary activities. The Trust Division is governed by risk management and various policies and procedures for trust.

## Environmental and Social Risk

This refers to the potential adverse financial, legal, and/or reputational impact on the Bank when faced with environmental and social issues such as environmental pollution, climate risk (both physical and transition risks), hazards to human health, safety and security, and threats to community, biodiversity and cultural heritage. Cognizant that these could pose concerns for us and our stakeholders and guided by the Bangko Sentral ng Pilipinas (BSP) Circular No. 1085, in September 2021, we formally instituted our Sustainable Finance Framework to articulate the integration of environmental, social, and governance criteria into our day-to-day business operations and our financial products and services. The framework provides basis for defining our targets and metrics to deliver on our commitment to support sustainable economic growth and the transition to a low-carbon economy. The principles and standards shall be embedded in our Environmental and Social Risk Management Framework in accordance with BSP Circular No. 1128 issued in October 2021.

*For a complete discussion of PSBank's capital details, please refer to the Supplementary Management Discussion and Notes to the Financial Statements on Financial Risk Management Policies and Objectives.*

# Audit Committee Report to the Board of Directors

The Audit Committee is delegated by the Board of Directors (Board) to provide independent oversight on the Bank's financial reporting process, corporate governance, risk management, and control processes; fraud management; internal and external audit functions; and monitoring of compliance with Bank policies and Code of Conduct and applicable laws, rules, and regulations as stated in the Board-approved Audit Committee Charter.

The Committee is composed of three non-executive and independent directors, all of whom with essential skills, knowledge, and experiences to perform their functions. In 2021, the Committee held 12 regular meetings and two special meetings with the external auditors, aside from the executive sessions with the external auditors; with the non-executive directors, the heads of Compliance, Internal Audit, and Risk Management, and the Bank's external auditor; and with the Board without the presence of the management team. All these meetings and executive sessions were conducted virtually to comply with the health and safety protocols in the midst of the pandemic.

The Committee attested that the internal audit function has maintained its independence and proper authority to effectively execute its duties and achieve its goals and objectives. Also, both Internal Audit Group (IAG) and Fraud Management Group (FMG) have satisfactorily implemented their respective 2021 plans, of which results of their projects have furnished significant inputs to Management that improved operations and control implementations.

Full support has been provided by the Committee to the IAG and FMG even before the COVID-19 pandemic. IAG and FMG were able to maintain their course with the consistent guidance of the Committee.

Highlights of the Committee's activities were the following:

## Financial Reporting

- Reviewed and discussed with the Management and the external auditor, SCV & Co. (SCV), the year-end Audited Financial Statements (AFS) and the related disclosures; and endorsed on February 17, 2022 for Board approval the 2021 AFS. Management is responsible for the preparation and fair presentation of the Bank's financial statements and adequacy of disclosures in accordance with Philippine Financial Reporting Standards (PFRS); while SCV is responsible for expressing an independent opinion on the AFS and their conformity with PFRS.
- Discussed with the Controller and the internal auditors the highlights of the monthly unaudited consolidated financial reports, including the results of Bank's operations.

## Internal Controls and Risk Management

- Evaluated and reviewed with the internal and external auditors the adequacy and effectiveness of the Bank's internal controls, financial reporting controls, operational, and compliance controls, and risk management policies, information systems and security policies established by Management, including the Bank's implementation of the business continuity plan.
- Identified high-risk areas that require more consideration by IAG and FMG.
- Reviewed and monitored through IAG the management's actions and plans, thus resulting in timely resolution of audit issues and implementation of recommendations to improve the operations of the branches, head office units, information systems and security; and occupational health and safety compliance.

## Internal Audit and Fraud Management

- Discussed and approved the annual work plans of the IAG and the FMG, including plan revisions to ensure adequacy of scope and adoption of alternative strategies and methodologies due to changed environment and volatile conditions.

- Reviewed and monitored through IAG on the results of evaluation on the adequacy and effectiveness of the Bank's governance, risk management, and control processes; and the Bank's compliance with applicable laws, rules, regulations, Code of Conduct, and whistle-blowing policy; and through FMG on the results of overall fraud management which included the prevention, detection, investigation, and recovery monitoring of possible, suspected, and actual fraud.
- Discussed and approved the result of the annual internal quality assessment of IAG's conformance with the International Standards for the Professional Practice of Internal Auditing and internal audit policies. Assessment is done to determine the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.
- Reviewed and approved the results of the annual assessment of the Internal Audit Charter and the Fraud Management Charter.
- Reviewed the adequacy of resources, staff competencies, activities, and effectiveness of the IAG and FMG through full monitoring of tasks and productivity during onsite and work-from-home arrangements.

## External Audit


- Reviewed the audit plan and the scope of work of the SCV, ensuring that focus areas are appropriately covered and that there is no duplication of scope between internal and external audits for an effective use of resources.
- Recommended the re-appointment of SCV as the Bank's external auditor, including its assigned certifying partner, based on the result of the annual assessment of their overall qualifications, professional experience, performance, independence, and objectivity; and endorsed the group-negotiated SCV audit fee to the Board for approval.

## Regulatory Compliance

- Monitored the Bank's compliance with the new and existing laws and regulations of the Bangko Sentral ng Pilipinas (BSP) and other regulatory government agencies through the regular reports on the result of compliance reviews by IAG. Also monitored the compliance with regulations and policies contained in the various operations manual as well as the Bank's Code of Conduct and other codes of conduct imposed by the Bank.
- Conducted the annual review of the Audit Committee Charter to ensure that provisions are still relevant and consistent with the requirements of the BSP and the Securities and Exchange Commission, as well as the International Professional Practices Framework.
- Confirmed, through a self-assessment process, that the Committee has effectively fulfilled its responsibilities as embodied in its Charter.

Based on the results of the assurance and investigation activities performed by the Bank's Internal Audit Group and Fraud Management Group; the unqualified opinion on the financial statements by the External Auditor; and the plans and actions taken by Management, the Committee conclude that the Bank's governance, risk management, and control processes continue to be adequate and generally operating properly. The Committee will continuously review and monitor management's activities to ensure its adherence to the guidelines set by the Board.

  
EDUARDO A. SAHAGUN  
Chairman

  
JOSE T. PARDO  
Member

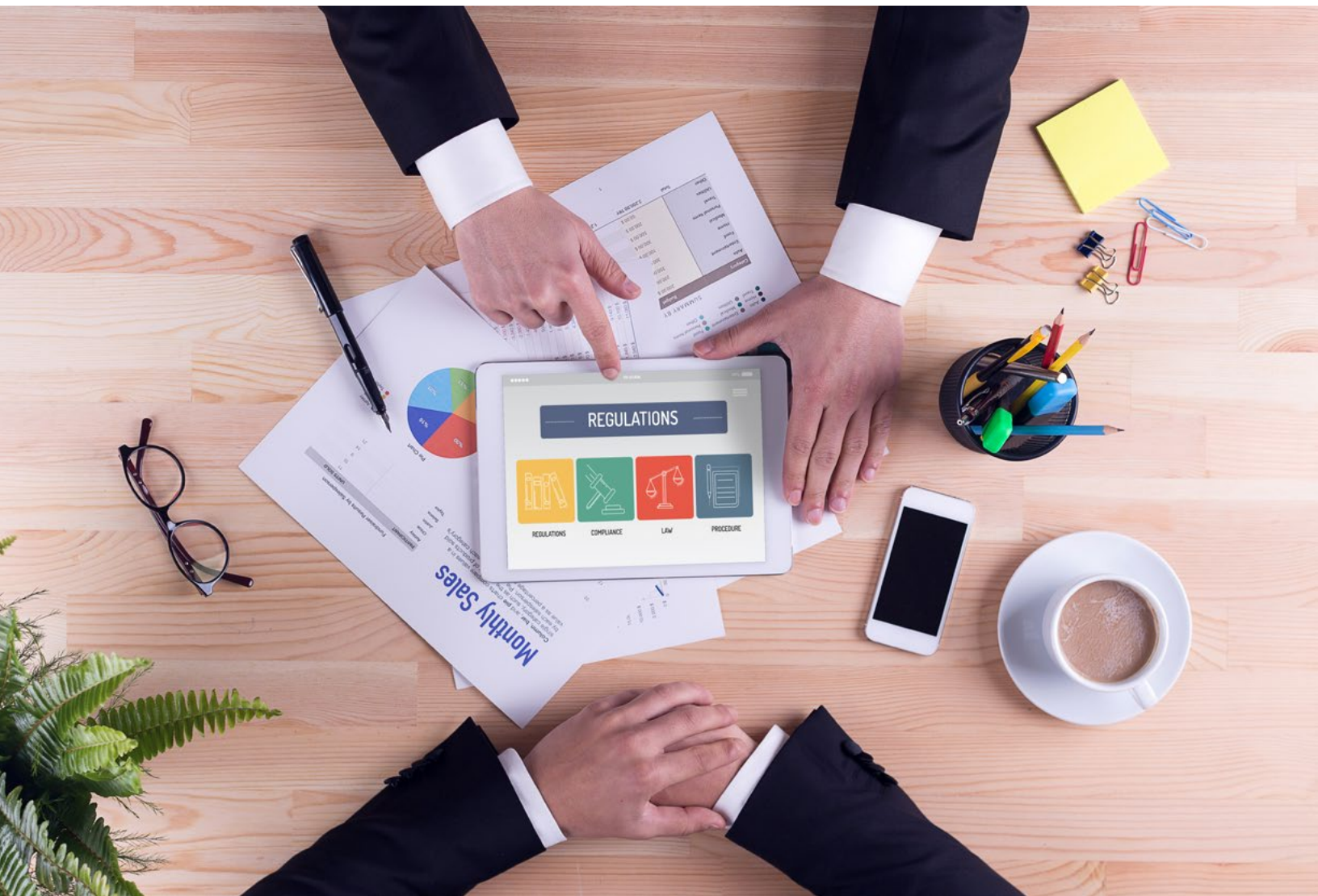
  
SAMSON C. LIM  
Member



# AGILITY IN THE BOARDROOM

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Amidst the onslaught of unprecedented and unpredictable events such as the COVID-19 pandemic, businesses face heightened levels of public scrutiny — not just from regulators and investors, but more so from customers, employees, and society. Corporate boards must thus perform a tight balancing act to protect their business interest and comply with regulations while responding to societal needs.



At PSBank, we believe that the true essence of good corporate governance goes beyond compliance with applicable laws, rules, and regulations, which we regard as a minimum requirement.

Thus, we aim to continually build the trust and confidence of our stakeholders by running our business in a prudent and sound manner, being fair and transparent in all our dealings, providing reliable and better service in response to the ever-growing expectations of our customers, and working with integrity and accountability.

### CORE GOVERNANCE POLICIES

Our updated Corporate Governance Manual contains the policies and guidelines that we follow. The Manual is posted on our website, [www.psbank.com.ph](http://www.psbank.com.ph), and on our intranet site, InfoChannel, for the guidance of all our stakeholders. The policies and guidelines primarily revolve around three basic values that we observe:

#### Fairness

We see to it that we conduct fair dealings with counterparties and other stakeholders. We ensure that such dealings, especially with our related parties, are made in the regular course of our business, and upon mutually favorable terms. Our Board-level Related Party Transactions Committee (RPTC), entirely composed of non-executive directors, and Management-level Related Party Transactions Management Committee (RPTMC), help ensure that our transactions with related parties are conducted at arm's length, and that our resources are not misappropriated.

These are in accordance with our Board-approved Related Party Transactions (RPT) policy and its specific guidelines and handling procedures vis-à-vis set transaction materiality thresholds and exposure limits. Our RPT policy is regularly reviewed and updated on an annual basis. It was last updated in October 2021 to streamline certain processes, realign with parent-Metrobank's latest RPT policy, and articulate to clarify and enhance certain provisions therein.

Our transaction materiality thresholds for RPTs were set on a per transaction type basis, taking into account the high end of their historical ticket sizes, their nature, and our risk appetite. These thresholds are applied on a per single transaction basis for one-time or non-recurring transactions, or the aggregate amount of multiple transactions expected in a year for some arrangements with recurring/continuing transactions. Except for loan transactions to Directors, Officers, Stockholders, and their Related Interests (DOSRI), as well as to subsidiaries and affiliates requiring prior approval of the Board of Directors under existing Bangko Sentral ng Pilipinas (BSP) rules regardless of their amounts,

RPTs with amounts within these thresholds are subject to the review and approval of the Management-level RPTMC and endorsement of the Board-level RPTC for the Board of Directors' confirmation. On the other hand, those beyond such thresholds are considered "material" and shall pass through the Board-level RPTC for review and endorsement for Board approval prior to their consummation and for stockholders' confirmation in the Annual Stockholders' Meeting.

In 2021, the following material RPTs were entered into between the Bank and its related parties (see material RPTs table on the next page and Note 29 of the Audited Financial Statements).

Our RPT policy likewise requires our directors and officers with personal interest in our transaction (e.g., they themselves or any of their close family members act as our counterparty) to inhibit or abstain from the discussion, approval, and management of such a transaction, except to provide material information to the RPTC or Board about the transaction. Provisions against conflict of interest situations are also stipulated in our Board approved "Code of Conduct" such as the prohibition of self-dealing transactions.

Pursuant to Memorandum Circular No. 10 s2019 of the Securities and Exchange Commission (SEC), or the "Rules on Material Related Party Transactions for Publicly Listed Companies," the Bank also adopted since August 2019 a Board-approved Material Related Party Transactions (MRPT) policy that exclusively applies to related party transaction(s) amounting to at least 10% of its Total Assets based on its latest Audited Financial Statement (AFS), either individually or in aggregate over a 12-month period with the same related party. Save for a few differences in terms of scope, approval, reportorial and disclosure requirements, this separate policy espouses the same key principles in handling related party transactions and is likewise posted in our corporate website and intranet site.

We also ensure that our stockholders are treated equally and without discrimination by preserving stockholders' rights and protecting our minority stockholders' interests, including the latter's right to nominate candidates to our Board of Directors.

#### Integrity and Accountability

We uphold at all times the value of honesty as the best policy. We believe that our reputation precedes us in the business of trust and confidence. We continue to enhance a working culture of integrity, guided by a Code of Conduct that defines the standards that we must follow in our business dealings and relationships.



## Corporate Governance

### MATERIAL RELATED PARTY TRANSACTIONS

Related Parties	Relationship	Nature of Transaction	Terms & Conditions	In millions PhP	
				Original Amount	Dec. 31, 2021 Balance
Insurance					
AXA Philippines (AXA)	Affiliate	Annual Renewal of the Bank's Fire Insurance Coverage for ROPA-Real Estate Properties	Total sum insured is PhP 3,008 billion with a gross annual premium rate of 0.19% thereof.	5.72	N/A
		Annual Renewal of Bank's Money, Securities, Payroll & Robbery Insurance Coverage	Total sum insured is PhP 425 million with a gross annual premium rate of 2.15% thereof.	9.12	N/A
		Annual Renewal of the Bank's Fire Insurance Coverage for ROPA-Auto Units	Total sum insured for ROPA auto units inside covered spaces is at PhP893 Million with a gross annual premium rate of 0.28% while those in the open spaces is at PhP731 Million with a gross annual premium rate 0.55% .	6.54	N/A
Intercompany Counterparty Lines					
Metropolitan Bank & Trust Company (MBTC)	Parent-Bank	Annual Renewal of Related Intercompany Counterparty Lines of Treasury Group	Clean/unsecured lines for Interbank Call Loans (IBCL) only; secured lines are collateralized by non-risk assets i.e. Government securities (GS)	Clean – 2,000; Secured -16,000; Settlement – 1,500 & Pre-Settlement -750 (same/no changes)	N/A
First Metro Investment Corporation (FMIC)	Affiliate		Clean/unsecured lines for Interbank Call Loans (IBCL) only; secured lines are collateralized by non-risk assets i.e. Government securities (GS)	Pre-Settlement – 85 (same/no changes)	N/A
ORIX Metro Leasing & Financing Corporation (OMLFC)	Affiliate		Clean/unsecured lines for Interbank Call Loans (IBCL) only	Clean -1,000 (same/no changes)	N/A
First Metro Investment Corporation (FMIC)	Affiliate	Annual Renewal of Related Intercompany Lines of Trust Division	Counterparty line for fixed income securities (i.e., corporate bonds, government securities)	Pre-Settlement – 70 & Settlement – 700 (same/no changes)	N/A
First Metro Securities Brokerage Corp. (FMSBC)	Affiliate		Counterparty line for equity transactions of various trust accounts	Pre-Settlement – 500 & Settlement – 500 (same/no changes)	N/A
Metropolitan Bank & Trust Company (MBTC)	Parent Bank		Counterparty line for fixed income securities (i.e., corporate bonds, government securities)	Clean – 1,000; Pre-Settlement – 5; Settlement – 50 & IMA – 100 (same/no changes)	N/A
Loans and Credit Accommodations					
First Metro Investment Corporation (FMIC)	Affiliate	Credit Line	Setup of a Credit Line available via PNs of up to 30 days for additional working capital purposes and to gap intraday funding requirements with interest rate to be fixed upon draw down which should not be less than the BSP's Overnight Lending Facility (OLF) rate plus 50-75 basis points (bps) spread	3,000	N/A
Principal Officer of parent-MBTC	Corresponding Persons of Affiliated Companies	Home Loan – Refinancing with Construction	15-year term home loan with interest rate of 6.88% p.a. fixed for five years.	25.0	9.77
PSBank Trust Division	Bank Proper	Credit /Domestic Bill Purchase Line	Renewal of Domestic Bills Purchase Line for the purchase of local and regional checks issued by PSBank Trust Division's clients payable to PSBank Trust Division for outright crediting of their investments.	1,000	N/A



Related Parties	Relationship	Nature of Transaction	Terms & Conditions	In millions PhP	
				Original Amount	Dec. 31, 2021 Balance
Director of parent-MBTC	Corresponding Persons of Affiliated Companies	Renewal of Business Credit Line	One-year business credit line for working capital purposes with interest rate of 7.00% p.a.	30.00	29.35
<b>Others</b>					
GT Capital Holdings, Inc. (GTCap)	Affiliate	Reimbursement Arrangement for the actual cost of Moderna vaccines ordered by the Bank under the Group's Covid-19 Vaccination program	Payment to GTCap as reimbursement for the actual cost of COVID-19 Moderna vaccines ordered by the Bank (without any mark-up or profit)	20.99	N/A
Metropolitan Bank & Trust Company (MBTC)	Parent Bank	Outsourcing Arrangement of ATM Offsite Servicing	MBTC to perform cash replenishment and maintenance services for the Bank's offsite ATMs	N/A	N/A

### Code of Conduct

Our Code of Conduct is our guide in defining the norms, rules, and responsibilities of each and every PSBanker. It includes provisions on:

- Disciplinary process;
- General policies to establish a professional working environment and secure a favourable reputation for our Bank;
- Corrective measures for unacceptable behavior or failure to comply with our rules, such as on Financial Consumer Protection, Anti-Money Laundering/Terrorism Financing and Data Privacy, and our other policies and procedures;
- Schedule of penalties for attendance and punctuality, required corporate attire, conduct and behavior, dishonesty, health, safety and security, reporting of violations, and information security; and,
- Provisions on management of personal finances, conflict of interest, anti-sexual harassment, non-disclosure of information and insider information.

### Insider Trading

Under our Policy Against Insider Trading, reporting insiders are required to disclose their and their associates' initial beneficial ownership in PSBank shares and any changes thereof on the next trading day after their election/appointment and from the date of changes thereof, respectively. They are likewise prohibited from selling or buying PSBank shares during "blackout periods," i.e., upon obtaining material on non-public information up to two trading days after such information is disclosed. The Bank did not have any trading transactions with reporting insiders and/or their associates in 2021. Directors' level of share ownership and movements throughout 2021 are summarized in the table below.

Name of Director	Position	Rollforward of Common Shares					
		Beginning		Movements		End	
		12/31/2020	%	Additions	Deductions	12/31/2021	%
Jose T. Pardo	Chairman and Independent Director	2,063	0.000483	-	-	2,063	0.000483
Arthur V. Ty	Vice-Chairman	129	0.000030	-	-	129	0.000030
Vicente R. Cuna Jr.	Vice-Chairman	111	0.000026	-	-	111	0.000026
Samson C. Lim	Independent Director	111	0.000026	-	-	111	0.000026
Francisco S. Magsajo Jr.*	Independent Director	-	-	100	-	100	0.000023
Eduardo A. Sahagun	Independent Director	111	0.000026	-	-	111	0.000026
Jose Vicente L. Alde	President and Director	111	0.000026	-	-	111	0.000026
Ma. Soledad D.S. De Leon	Director	4,456,795	1.044090	-	-	4,456,795	1.044090
Rosanna F. De Vera	Director	111	0.000026	-	-	111	0.000026
<b>Total</b>		<b>4,459,542</b>	<b>1.044733</b>	<b>100</b>	<b>-</b>	<b>4,459,642</b>	<b>1.044756</b>

\*Mr. Magsajo was elected as Director during the Annual Stockholders' Meeting in April 2021.

# Corporate Governance

## Whistleblowing

PSBank's whistleblowing policy requires our employees to report any impropriety or malpractice committed by co-employee/s or third party/ies to their group heads or to the customer experience and 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. Under the Code of Conduct, concealment or non-reporting is considered as an impropriety or malpractice in itself. The whistleblower is protected from any form of harassment as a result of any disclosure which was made in good faith believing the disclosure to be true and was not made maliciously or for personal gain. The policy considers any attempt to determine the whistleblower's identity as a breach of confidentiality which is subject to disciplinary sanctions.

## Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT)

PSBank subscribes to and adopts the State's policy to protect the integrity and confidentiality of accounts and to ensure that it shall not be used as a money laundering/terrorism financing site and/or conduit for the proceeds of unlawful activities; and life, liberty and property from acts of terrorism by condemning such acts and those who support and finance it as a crime against the Filipino people, against humanity and against the law of nations.

We ensure that we execute transactions with our customers in accordance with the AML/CFT policy guidelines, procedures, tools, and controls set forth in our regularly updated Money Laundering & Terrorism Financing Prevention Program (MLTFPP).

Our MLTFPP, as posted in our intranet site for the guidance of all our implementing personnel, primarily revolves around the following basic AML/CFT controls required under existing AML/CFT laws, rules and regulations:

1. Know Your Customer (KYC)/Customer Due Diligence (CDD) and Know Your Employee (KYE)
2. Ongoing Monitoring of Customers and their Transactions
3. Covered and Suspicious Transactions Reporting
4. Record Keeping and Retention
5. Employee Training and Continuing Education

Our MLTFPP was last updated in September 2021 to address the recommendations of the most recent BSP examination and to incorporate the recent Anti-Money Laundering Council (AMLC) and BSP issuances, among other updates. Compliance with the requirements of this MLTFPP is continuously monitored by our Board-designated AML Compliance Officer (AMCO) as lead implementer under the Compliance Office.

## Transparency and Open Communication

As a publicly listed company and a responsible financial institution, we abide by the various disclosure requirements of the BSP, the SEC, and the Philippine Stock Exchange (PSE). We ensure that we are transparent to our stakeholders by posting the latest public disclosures on the Investor Relations section of our website and in our press releases. In compliance with SEC Memorandum Circular No. 11 s2014, we regularly update our website to include all required disclosures in accordance with the SEC-prescribed web template for our stakeholders to readily check our corporate governance practices.

We also maintain an open communication line and use feedback from our stakeholders to develop better policies, products, and services. We likewise accommodate requests for information on the management of our Bank, stockholders rights, or any other Bank-related matters, while remaining mindful of disclosure limitations under existing laws on the secrecy of bank deposits and data privacy.

Our Corporate Governance Manual (CGM) serves as a valuable guide and reference in our implementation of corporate governance rules and regulations, and standards of both the BSP and the SEC. Our CGM is reviewed on an annual basis and was last updated in October 2021 to incorporate reputational risk management per BSP Circular No. 1114 and governance policy for operators of payment system per BSP Circular No. 1127 in the Board's duties and responsibilities as well as to include the minority shareholders' right to call for a special stockholders' meeting per SEC Memorandum Circular No. 7 s2021, among other updates.

## Financial Consumer Protection

With customers at the forefront of our priorities and in compliance with BSP Circular No. 857 as amended by BSP Circular No. 1048 (BSP Regulations on Financial Consumer Protection), our corporate governance system and culture includes a Financial Consumer Protection (FCP) Framework to ensure that consumer protection standards and practices are duly observed and embedded in our business operations.

This framework comprises FCP Policies and Procedures, FCP Code of Conduct, Consumer Assistance Management System, FCP Training Program, FCP Risk Management System, FCP Compliance Program, FCP Audit Program, and Financial Consumer Education and Awareness Program. The framework revolves around the core principles of consumer protection, namely:

1. Disclosure and transparency
2. Protection of client information
3. Fair treatment
4. Effective recourse
5. Financial education and awareness

The FCP Framework was last updated in October 2021 to include authorized agents and service providers in the Bank's mandatory annual FCP training refresher course as currently being practiced and to add a provision as to the unit responsible for securing and safekeeping all FCP-related training materials and records, among other updates.

The Board of Directors, jointly with the senior management, is ultimately responsible in establishing an effective oversight over our consumer protection programs as well as in ensuring that consumer protection practices are embedded in our business operations.

As part of our corporate-wide risk management system spearheaded by our Risk Management Office (RMO), an FCP Risk Management System (FCPRMS) is instituted to identify, measure, monitor, and control consumer protection risks (both risks to the financial consumers and the Bank) inherent in our operations.

PSBank aims to differentiate itself from other banks by providing excellent customer experience. Being attentive and proactive to all customer feedback is one of the effective means of doing so. While positive feedback is welcome, we are more vigilant about negative feedback or complaints as they cover areas for improvement. For data analytics purposes, complaints received from clients are lodged in an automated tracking system to manage our defined turnaround time in resolving them and to serve as a database of all customer complaints, including the record of actions taken. This process is implemented in four steps, namely:

1. Acknowledgement
2. Decision/Disposition by designated senior officers
3. Investigation and communication of feedback to the customer concerned
4. Resolution of complaint

While all personnel are given access to the system for the reporting of customer complaints and feedback, the investigation and resolution are handled by the following:

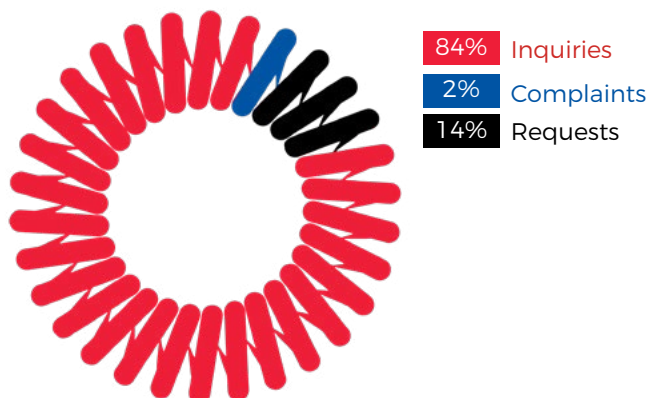
- **Service Recovery Team (SRT):** consists of the Consumer Assistance Management Department. The team is responsible for investigation, resolution, and documentation of all customer complaints and feedback received across all channels. The SRT also works with other departments, divisions, or groups in the implementation of interim and long-term resolution (e.g., process improvement efforts, policy revision, system enhancement, personnel training).
- **Designated Senior Officers:** consists of senior officers or group heads tasked to provide decision/disposition to the customer complaint.
- **Emergency Recovery Team (ERT):** All complaints/feedback that are qualified under fraud or those that may be classified as high risk are immediately escalated to the ERT which consists of the executive vice president (EVP), the customer experience and human resource group (CXHRG) head, information technology group (ITG) head, branch banking group (BBG) head, and marketing group (MG) head. Issues requiring PR solutions or those with media impact are also submitted to the PR and corporate communications head.
- **Process Owner Representative:** respondents to the complaint. They can also be subject matter experts who may provide valuable inputs in the immediate resolution of the complaint.
- **Customer Experience (CX) Council:** a top-level advisory and action group of senior officers. The council is composed of holistic organizational leaders who review the biggest issues and recommend actions that will lead to continuous structural improvements.

At the end of each day, all customer issues received are reported to a pool of senior officers, including the president and the executive vice president. The consolidated report is likewise submitted to the RMO on a monthly basis as part of the Key Risk Indicator (KRI) reports.

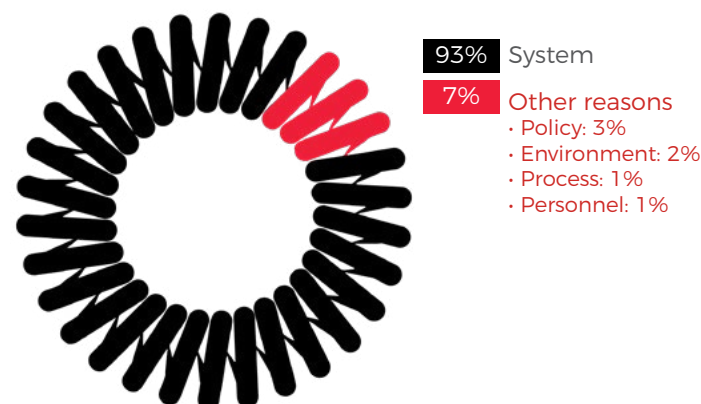
Each valid complaint arising from a service/process lapse shall have a corresponding one demerit point against the responsible personnel's performance rating.

**CUSTOMER INTERACTION:** Aside from the branches, we offer other channels for customer interaction. The Customer Experience Operations Division handles loan and deposit inquiries, requests, and complaints coursed through Direct Banking, Call Banking, email, LiveChat, SMS, website, PSBank Online, PSBank Mobile and social media. All these channels are managed 24/7, except for Direct Banking which caters to walk-in clients.

### Customer Interaction



### Customer Complaints





# Corporate Governance

## Data Privacy

PSBank respects and values data privacy rights and makes sure that all personal data collected from its data subjects (i.e., employees, clients & customers, suppliers, etc.) are processed in adherence to the principles of transparency, legitimate purpose, proportionality, quality and security in compliance with Republic Act No. 10173 otherwise known as "The Data Privacy Act of 2012", its Implementing Rules and Regulations and the related issuances of the National Privacy Commission (NPC). Our Board-approved Data Privacy Policy, which was last updated in June 2020 to add a new chapter about Privacy Impact Assessment (PIA) and include another chapter regarding Work From Home (WFH) arrangement, encapsulates the privacy and data protection protocols/security measures that need to be observed and carried out within the Bank for specific circumstances (i.e. from collection to destruction) directed towards the fulfilment and realization of the rights of our data subjects and protection of personal data against natural dangers such as accidental loss or destruction, and human dangers such as unlawful access, fraudulent misuse, unlawful destruction, alteration and contamination.

## Board Oversight

The Board of Directors sets the corporate governance tone in our organization by ensuring adherence to principles and standards. It is accountable to our stakeholders in running our Bank in a prudent and sound manner to ensure long-term sustainability and success. It is primarily responsible for developing, reviewing, and approving our strategic objectives annually and thereafter monitoring and overseeing the effective implementation with due consideration of our risk strategies, corporate governance and corporate values. It monitors management's performance against set targets and makes sure that appropriate controls and systems of checks and balances are in place and operating effectively.

In 2021, there were nine directors in our Board, four of whom are independent directors, four are non-executive directors, and one is an executive director who is also the president of the Bank. They are all qualified business professionals with the required expertise and experience in directing our strategic path. Their selection was based on their qualifications (i.e., integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/training, diligence and knowledge/experience) without discrimination against gender, age, and ethnic, political, religious, or cultural backgrounds, and therefore achieving diversity in the Board.

In accordance with our By-Laws, directors are elected by the vote of the holders of common stock of the Bank in accordance with Section 23 of the Revised Corporation Code of the Philippines and other pertinent applicable laws. Any stockholder may submit nominations for directorial positions to the Corporate Governance Committee. The Committee then screens the qualifications of the nominees in accordance with screening policies and procedures, and parameters, including alignment with our strategic directions by attaining an optimal mix of skills and talents and balanced board membership.

In identifying or screening potential candidates, the Committee may consult whatever resources it deems appropriate, including but not limited to, referrals from existing directors and officers, recommendations from a third-party search firm or suggestions from stockholders or by checking on the external databases of the Institute of Corporate Directors (ICD) or other professional search firms. Only nominees whose names appear in the final list of candidates are considered for election as directors at the annual meeting of the stockholders.

We have consistently maintained independent directors who provide independent judgment, outside experience, and objectivity. In our nine-seat Board, we have four independent directors, including our board chairman. This is more than the required minimum number of independent directors. We do not have any non-executive director holding a total of more than five board seats in publicly listed companies.

Non-executive directors, including independent directors, meet regularly on an annual basis, other than in meetings of the Audit, Risk Oversight, Corporate Governance and other Board-level committees in the absence of any executive director and senior management, with the external auditor and the heads of internal audit, compliance and risk management functions to scrutinize management's performance particularly in meeting our goals and objectives and to determine the integrity of our internal controls and effectiveness of risk management systems. Further, the Board also meets annually with the Audit Committee without the presence of the president/chief executive officer (CEO) and any other management team members to discuss and resolve any significant issues.

Our chairman provides active leadership by ensuring that our Board and its various committees function effectively, including maintaining a relationship of trust among Board members. Our chairman also ensures that our Board follows a sound decision making process.

Individual directors are tasked to observe the fit-and-proper rule. They are expected to conduct fair business dealings, avoid conflict of interest, and observe confidentiality. They must act honestly, judiciously and in good faith, and uphold the best interest of our Bank and its stakeholders. They must also devote time and attention to their duties and responsibilities and contribute to our Board's decision-making process. They must exercise independent judgment and have a working knowledge of laws, rules and regulations applicable to our Bank.

All new members of the Board of Directors are furnished with a copy of their duties and responsibilities and are provided with a comprehensive training on corporate governance, as part of the BSP's requirements in confirming elected bank directors. Together with our principal officers, our directors attended in March 2021 an annual refresher program on Corporate Governance via Zoom webinar pursuant to SEC Memorandum Circular No. 20 s2013 and as conducted by the ICD, a SEC-accredited training provider.

Topics covered in said webinar are Risk Management in the Age of COVID-19, AMLA in a Digital World, Building Business Resilience in the Corporate Strategy and Digital Transformation.

Our Board has access to our corporate secretary who manages the flow of information to the Board prior to the meetings. The Office of the Corporate Secretary plays a significant role in supporting the Board in discharging its responsibilities as it administers, attends, and prepares the agenda and minutes of Board meetings, and ensures that notices required under the By-Laws are given to all directors and stockholders. Since 2020, regular Board meetings were scheduled in advance and were normally set every third Thursday of the month.

Our Board also reviews and approves all policy manuals to ensure that regulatory changes and best practices are included. They have access to a permanent compilation of documents related to past Board activities. They can readily seek clarification from senior management should they have concerns about our Bank or any item submitted for their consideration.

### Board Committees

A number of Board-level committees were created to aid our Board in its various tasks to ensure efficiency and provide greater focus. Four of these committees are in charge of governance oversight functions, as follows:

The **Corporate Governance Committee (CGC)** is tasked to assist our Board in fulfilling its duties and responsibilities and monitoring our adherence to the corporate governance principles and guidelines set forth in our Corporate Governance Manual, including the functions formerly assigned to the Nomination Committee and Compensation and Remuneration Committee which were both dissolved and integrated into this committee since 2017. It also oversees the development and effective implementation of our compliance system. The Committee is composed of three directors, all of whom are independent directors, including the committee chairperson. The Committee meets monthly and is supported by our Compliance Office (CO).

The **Risk Oversight Committee (ROC)** is responsible for the development and oversight of our risk management program. The Committee is composed of three members of the Board of Directors and one non-voting member appointed as adviser. Two or majority of its voting members are independent directors, including its chairperson, who is neither the chairman of the board nor of any other Board-level committee. The ROC members possess a range of expertise and adequate knowledge of our risk exposures, which is needed to develop appropriate strategies for preventing or minimizing losses. The Committee meets monthly and is supported by our Risk Management Office (RMO).

The **AML Oversight Committee (AMLOC)** is tasked to assist our Board in fulfilling its oversight responsibility over our AML compliance management. It ensures that we comply with the provisions of the Anti-Money Laundering Act (AMLA), as amended, its Revised Implementing Rules and Regulations (RIRRs), and BSP AML regulations to the end that the Bank shall not be used as a vehicle to legitimize the proceeds of unlawful activity or to facilitate or finance terrorism. The Committee is composed of three directors, of whom two are non-executive directors, including the chairperson and an independent director. The Committee meets monthly and is supported by our Compliance Office (CO).

The **Audit Committee (AuditCom)** is designated to provide independent oversight for our financial reporting process, corporate governance, a system of internal control and risk management, internal and external audit as well as fraud management functions, and monitoring of compliance with Bank policies, applicable laws, rules, regulations, and Code of Conduct. It is composed of three non-executive directors, all of whom are independent, including the committee chairperson, who is not the chairman of the Board of Directors or of any other Board-level committee. The committee members have accounting, auditing or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Bank. The Committee meets monthly and as needed, and is supported by our Internal Audit Group (IAG) and the Fraud Management Group (FMG).

Other Board-level committees are as follows:

The **Executive Committee (ExCom)** is tasked to regularly review and approve credit proposals within its limits. It recommends additional conditions and requirements on loan applications. The Committee is composed of four directors which includes the president and our credit & collections group head as the Bank's representative.

The **Related Party Transactions Committee (RPTC)** is tasked to assist the Board in ensuring that transactions with related parties are reviewed, appropriate restrictions are followed, and corporate resources are judiciously used. The Committee is composed of three non-executive directors, two or majority of whom are independent directors, including the committee chairperson. It meets monthly and is supported by our Compliance Office (CO).

The **Trust Committee (TrustCom)** is a special committee tasked to be primarily responsible for overseeing the fiduciary activities of the Bank. It is composed of five members: the president, the trust officer, a non-executive director, an independent director, and an independent professional who is the committee chairperson. It meets quarterly, and is supported by our Trust Division.

# Corporate Governance

The attendance records in 2021 for these committees were logged as follows:

## Corporate Governance Committee (CGC)

Members	Position	Attendance	%
JOSE T. PARDO <i>Independent Director</i>	Chairperson	12/12	100%
EDUARDO A. SAHAGUN <i>Independent Director</i>	Member	12/12	100%
SAMSON C. LIM <i>Independent Director</i>	Member	12/12	100%
GILBERT L. NUNAG <i>Chief Compliance Officer</i>	Secretary	12/12	100%

## Risk Oversight Committee (ROC)

Members	Position	Attendance	%
BENEDICTO JOSE R. ARCINAS* <i>Independent Director</i>	Chairperson	4/4	100%
FRANCISCO S. MAGSAJO JR. *** <i>Independent Director</i>	Chairperson	8/8	100%
JOSE VICENTE L. ALDE <i>President and Executive Director</i>	Member	12/12	100%
EDUARDO A. SAHAGUN <i>Independent Director</i>	Member	12/12	100%
EDMUND A. GO** <i>Independent Professional</i>	Adviser	7/9	78%

\*Appointment as chairperson ended in March 2021

\*\*Membership ended in October 2021

\*\*\* Appointed as chairperson in April 2021

## AML Oversight Committee (AMLOC)

Members	Position	Attendance	%
VICENTE R. CUNA JR. <i>Non-Executive Director</i>	Chairperson	12/12	100%
BENEDICTO JOSE R. ARCINAS* <i>Independent Director</i>	Member	3/4	75%
FRANCISCO S. MAGSAJO JR.** <i>Independent Director</i>	Member	8/8	100%
ROSANNA F. DE VERA <i>Non-Executive Director</i>	Member	11/12	92%
GILBERT L. NUNAG <i>Chief Compliance Officer</i>	Secretary	12/12	100%

\*Membership ended in March 2021

\*\* Appointed as member in April 2021

## Audit Committee (AuditCom)

Members	Position	Attendance	%
EDUARDO A. SAHAGUN <i>Independent Director</i>	Chairperson	14/14	100%
SAMSON C. LIM <i>Independent Director</i>	Member	14/14	100%
JOSE T. PARDO <i>Independent Director</i>	Member	14/14	100%
ATTY. EMMA B. CO <i>Chief Audit Executive</i>	Secretary	14/14	100%

## Executive Committee (ExCom)

Members	Position	Attendance	%
ARTHUR V. TY <i>Non-Executive Director</i>	Chairperson	12/12	100%
VICENTE R. CUNA JR. <i>Non-Executive Director</i>	Member	12/12	100%
JOSE VICENTE L. ALDE <i>President and Executive Director</i>	Member	12/12	100%
ROSANNA F. DE VERA <i>Non-Executive Director</i>	Member	12/12	100%
MARY MYLEEN M. MASANQUE <i>PSBank Representative</i>	Member	12/12	100%
ATTY. JOSE M. MANUEL JR.	Secretary	12/12	100%
ATTY. ARLYN S. MONTEBON	Alternate Secretary		

## Related Party Transactions Committee (RPTC)

Members	Position	Attendance	%
SAMSON C. LIM <i>Independent Director</i>	Chairperson	12/12	100%
JOSE T. PARDO <i>Independent Director</i>	Member	12/12	100%
MA. SOLEDAD D.S. DE LEON <i>Non-Executive Director</i>	Member	12/12	100%
ATTY. EMMA B. CO <i>Chief Audit Executive</i>	Resource	12/12	100%
GILBERT L. NUNAG <i>Chief Compliance Officer</i>	Resource and Secretary	12/12	100%

## Trust Committee (TrustCom)

Members	Position	Attendance	%
EDMUND A. GO* <i>Independent Professional</i>	Chairperson	3/4	75%
JOSE VICENTE L. ALDE <i>President and Executive Director</i>	Member	4/4	100%
BENEDICTO JOSE R. ARCINAS** <i>Independent Director</i>	Member	1/1	100%
FRANCISCO S. MAGSAJO JR.*** <i>Independent Director</i>	Member	3/3	100%
MA. SOLEDAD D.S. DE LEON <i>Non-Executive Director</i>	Member	4/4	100%
REUEL R. JAVIER <i>Trust Officer</i>	Member	4/4	100%

\*Appointment as chairperson ended in October 2021

\*\* Membership ended in March 2021

\*\*\*Appointed as member in April 2021



**Board Meetings.** In 2021, our Board had 12 regular meetings, in addition to the annual stockholders' meeting (ASM) and organizational meeting. Directors logged a 99% attendance rate. Attendance records to Board meetings in 2021 are summarized below:

Members	Attendance	%	ASM
JOSE T. PARDO <i>Chairman and Independent Director</i>	12/12	100%	Yes
ARTHUR V. TY <i>Vice Chairman and Non-Executive Director</i>	12/12	100%	Yes
VICENTE R. CUNA JR. <i>Vice Chairman and Non-Executive Director</i>	12/12	100%	Yes
SAMSON C. LIM <i>Independent Director</i>	12/12	100%	Yes
BENEDICTO JOSE R. ARCINAS* <i>Independent Director</i>	3/3	100%	N/A
FRANCISCO S. MAGSAJO JR.** <i>Independent Director</i>	9/9	100%	Yes
EDUARDO A. SAHAGUN <i>Independent Director</i>	12/12	100%	Yes
JOSE VICENTE L. ALDE <i>President and Executive Director</i>	12/12	100%	Yes
MA. SOLEDAD D.S. DE LEON <i>Non-Executive Director</i>	11/12	92%	Yes
ROSANNA F. DE VERA <i>Non-Executive Director</i>	12/12	100%	Yes

\*Membership ended in March 2021

\*\*Appointed as director in April 2021

## SENIOR MANAGEMENT OVERSIGHT

**Senior Management.** Our senior management team, headed by our president as the chief executive officer (CEO), consists of a core group of senior officers who manage our day-to-day operations and business affairs. They exercise good governance by ensuring that line managers under their respective areas of responsibility execute their activities in a manner consistent with Board-approved policies and strategic directions. These should be aligned with applicable laws, rules and regulations, as well as standards of good practice.

**Management Committees.** To achieve efficiency and provide greater focus for our senior management in overseeing key areas of banking operations, we have various Management-level committees tasked as follows:

- The **Assets and Liabilities Committee (ALCO)** manages our assets and liabilities consistent with our liquidity, capital adequacy, growth, risk tolerance and appetite, and profitability goals.
- The **Credit Committee (CRECOM)** regularly reviews and approves credit proposals within the authority and limits set by our Board.

- The **Anti-Money Laundering Compliance Committee (AMLCC)** is designated by the Board to receive, evaluate, and decide whether or not a Suspicious Transaction Report (STR) and/or Report on Crimes and Losses (RCL) shall be filed with the Anti-Money Laundering Council Secretariat (AMLCS) and/or with the BSP for cases or incidents reported or elevated by various business or operating units of the Bank. It also provides support to our Compliance Office in terms of AML policy review/development, and in addressing AML deficiencies/adverse findings.
- The **Outsourcing Oversight Committee (OOC)** oversees the accreditation of service providers, performance monitoring, post-implementation reviews and contract renewals in accordance with our Board-approved risk-based Outsourcing Policy Guidelines pursuant to existing BSP rules and regulations on outsourcing.
- The **IT Steering Committee (ITSC)** monitors IT performance and institutes appropriate actions to ensure achievement of desired results. It is accountable for designing and implementing our Board-approved Information Technology Risk Management System (ITRMS).
- The **Emergency Committee (EMCOM)** manages and monitors the effective implementation of our Business Continuity Plan (BCP). It aims to provide our Bank with the capability to continue its critical functions and processes by identifying, assessing and managing emergency scenarios and other business interruptions.
- The **Policy Committee (POLCOM)** resolves policy-related issues that require escalation or cross-functional discussion.
- The **Personnel Committee (PERCOM)** assists our senior management in evaluating the performance and career advancement of our employees, deciding on employee offenses/administrative cases, and in maintaining personnel policies and procedures, including our Code of Conduct.
- The **Retirement Committee (RETCOM)** exclusively administers our Gratuity and Retirement Benefit Plan.
- The **Related Party Transactions Management Committee (RPTMC)** assists the Board-level RPTC and the Board of Directors in ensuring that transactions with related parties, with respect to those considered as "non-material" (i.e., within the set transaction materiality thresholds) are conducted at arm's length/fair terms and conditions.
- The **Investment Committee (INCOM)** establishes investment guidelines and oversees the investment activities of the Bank. It monitors and reports the overall investment results and reviews compliance with investment objectives and guidelines.

# Corporate Governance

## OUR GOVERNANCE VANGUARDS

Our compliance, risk management, and internal audit functions are the forerunners in our relentless drive to promote and uphold the noblest tenets and highest standards of good corporate governance across all our business operations.

### Compliance

Ensuring our compliance with applicable laws, rules and regulations, as a minimum requirement, is our collective duty and team effort. It begins with our Board and senior management at the top and down the line to our various business and operating units in accordance with our Board-approved compliance system. The design and implementation of this program is administered and annually updated by our Compliance Office, led by our chief compliance officer (CCO) who directly reports to our Corporate Governance Committee and to our Board.

Our annually updated Bank Compliance Program, which was last updated in October 2021 to address the recommendations of the most recent BSP examination, articulate certain provisions and incorporate relevant updates, has a three-pronged, risk-based approach to effectively manage our compliance risks by ensuring compliance with pertinent banking laws, rules and regulations, codes of conduct, policies and standards of good practice. Its priority, focus and compliance testing frequency depends on the pre-assessed level of risk the business/operating units are inherently exposed relative to the number and magnitude or severity of pertinent requirements applicable to them.

This three-pronged strategy is structured to be operated by three key players, namely:

1. The line units are the first line of defense being the risk owners and managers.
2. The Compliance Office (CO) is the second line of defense and the compliance risk overseers.
3. The Internal Audit Group (IAG) is the third line of defense as the independent assurance provider.

Aside from monitoring and controlling compliance risk, our chief compliance officer (CCO) also tracks our Bank's adherence to our Corporate Governance Manual, which is aligned with the SEC's Revised Code of Corporate Governance for Publicly Listed Companies, and embodies all CG-related rules and regulations of the BSP. Cases of non-compliance are required to be reported to our board chairman who ensures due process and determines appropriate sanctions. The Bank fully and continually complies with the material requirements of the SEC's Revised Code of Corporate Governance for Publicly Listed Companies as embodied in its Board-approved Corporate Governance Manual.

Our Compliance Office continually strives to maintain our strong compliance culture in the midst of an ever-dynamic banking regulatory landscape. It proactively identifies and monitors, assesses, and addresses emerging compliance issues, vigorously promotes continuing education through formal/informal trainings, compliance awareness testing, compliance checking, and advisory service through a clear and open communication line; and fosters good corporate governance culture by benchmarking against industry best practices and standards.

### Internal Audit

The Internal Audit Group (IAG) is established by the Board of Directors. Its responsibilities are defined by the Audit Committee (AuditCom) as part of its oversight function. The mission of internal auditing is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

The role of the IAG is to assist the Bank in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Bank's governance, risk management, and control processes. IAG is headed by the chief audit executive (CAE) who reports functionally to the Board through the AuditCom and administratively to the president. The CAE confirms annually to the Board the organizational independence of the internal audit activity.

IAG is self-governed and adheres to The Institute of Internal Auditors' (IIA) mandatory guidance which includes the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes the principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

IAG, with strict accountability for confidentiality and safeguarding records and information, is authorized to:

1. Have full, free, and unrestricted access to all Bank functions, records, properties, and personnel pertinent to carrying out any engagement;
2. Have direct and unrestricted access to senior management and the AuditCom;
3. Allocate resources, set frequencies, select subjects, determine scopes of work, apply the procedures and techniques required to accomplish audit objectives, and issue reports; and
4. Obtain necessary assistance from personnel in other units of the Bank where they perform audits, as well as other specialized services from within or outside the Bank.

IAG remains free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude.

## OUR REMUNERATION POLICY

Our directors and officers are provided with an industry competitive compensation package to attract, motivate, and retain highly qualified people. The salary scales of our officers, including that of our president or chief executive officer (our sole executive director), are generally based on the nature of their jobs, positions and ranks. These are reviewed annually vis-à-vis annual performance scorecards so structured to achieve business objectives and adjusted as needed, based on performance.

Our compensation package for non-officers/rank-and-file employees is in accordance with labor law requirements and is linked to both performance and our contractual obligation under a collective bargaining agreement which include loyalty bonuses for long-term employees.

We also grant fixed bonuses, including a 13th-month pay in accordance with the law, and a performance bonus (non-guaranteed) based on our overall performance, individual performance, and market conditions.

Our Board sees to it that this remuneration strategy is regularly reviewed to ensure that the policy is commensurate with corporate and individual performance, aligned with our long-term interests, compliant with labor laws and regulations, and benchmarked against our industry peers and other market considerations, while also maintaining internal equity.

Except for the president/chief executive officer (our sole executive director), each director receives a monthly professional fee for attending Board and committee meetings. This is also in consideration of their valuable contributions in the formulation of our Bank's overall strategy.

The total per diem and transportation allowance paid to directors for their attendance in Board meetings for the period January to December 2021 was PhP22.1 million. Our remuneration policy for directors indicates that the chairman, vice chairpersons, and each of the directors receive reasonable per diems for attendance at any Board meeting. There is nothing in our By-Laws that prevents any director from serving any other capacity and receiving compensation.

We have been consistent in preaching the philosophy of meritocracy, such that our compensation and rewards programs are geared towards providing incentives to employees who have contributed to the success of the Bank.

- **Merit Increase.** Annual increases are given to employees based on their relative performance within the organization. The Bank has adopted an increase matrix that rewards high performers without neglecting those rated as standard performers, or those who were able to perform as expected. Rewarding the most productive encourages others to perform better. This procedure on merit increase comes immediately after the performance appraisal exercise for the employees to relish the fruits of their hard work and contributions to the growth of the Bank.
- **Other Performance Incentives.** Based on the overall company performance, i.e., attainment by the Bank of a stipulated income, we grant a return on equity (ROE) bonus to rank-and-file employees.
- **HEIGHTS: Reaching the Peak of Top-notch Performance.** This productivity-based award is given quarterly and annually to an individual or group for achieving exceptional performance. In 2021, top-performing PSBankers from Branch Banking Group, Collections and Remedial Management Division, and Credit Verification Division were recognized for exceeding more than 100% of their target productivity.
- **Job Evaluation.** We regularly conduct job evaluation on new positions resulting from our reorganization. This was an offshoot of a bank-wide job evaluation conducted every three years, which aimed to measure and benchmark all Bank positions vis-à-vis the banking industry.

- **Salary Structure Program.** We conduct salary restructuring to ensure that the salaries of our employees are equitable to what the industry offers. The Bank recognizes the need to attract and retain top talent, thus it reviews the existing scale periodically to ensure competitiveness.

#### SENIOR MANAGEMENT SELECTION PROCESS

The Bank has pre-defined job descriptions for its senior management positions (i.e., those to be held by officers from assistant vice president and up). It evaluates the qualifications of internal and/or external candidates for the available positions.

Every candidate undergoes a series of interviews by the line head, Customer Experience and Human Resources Group, and the president. Any hiring or appointment to the role is endorsed by the Management-level Personnel Committee for approval of the president and the Board of Directors.

#### OUR RETIREMENT AND SUCCESSION POLICY

As a matter of policy, the compulsory retirement age for our regular employees (officers and staff) is at 55 years old. This has been established in our Retirement and Gratuity Plan, duly approved by the Bureau of Internal Revenue. To aid in workforce planning, we review the roster of employees reaching the compulsory retirement age before the end of the applicable year. Appropriate notification is arranged, and deferential treatment is accorded to retired employees, ensuring that they receive the compensation for their loyal service within 30 days after their effective date of retirement.

In 2021, succession was among our focus areas. A more comprehensive Succession Planning Program was launched which consists of five stages: (1) identification of the successor, (2) assessment of the gap, (3) addressing of the gap, (4) evaluation, and (5) implementation. This instituted program helps ensure the continuity and viability of the business. Positions that are critical to the business have identified "Ready Now" and "Ready Later – Ready in 1-3 Years or Ready in 3-5 Years" replacements, which are reviewed periodically. Potential successors are subjected to Individual Development Plans, which are a combination of classroom training, cross-postings, immersions, and development assignments. Strategic workforce planning is also implemented annually to ensure that critical positions are filled up and that Talent Management is ready to provide external talents if deemed necessary.

Except for certain persons such as Filipino citizens with recognized stature, influence and reputation in the banking and business community, and whose business practices stand as testimonies to good corporate governance, we have adopted an age limit of 75 years old as a general rule for directors, patterned after that of our parent bank. Upon the recommendation of the Corporate Governance Committee, this age limit for directors may be waived by the Board if such a waiver is deemed to the best interest of the Bank. Our independent directors may only serve as such for a maximum cumulative term of nine years from 2012, after which the independent director shall be perpetually barred from re-election, but may continue to qualify for nomination and election as a non-independent or regular director.



## Corporate Governance

If the Bank wants to retain an independent director who has already served for nine years, the Board should provide meritorious justification/s and seek prior BSP's approval as well as shareholders' approval during the Annual Shareholders' Meeting. Succession or filling up any vacancies in the Board of Directors shall be made by the vote of at least a majority of the remaining directors, if still constituting a quorum. Vacancies occurring by reason of removal by the stockholders, by expiration of term, or by an increase in the number of directors, however, shall be filled by the stockholders in a regular or special meeting called for this purpose.

### OUR DIVIDEND POLICY

Dividends to be paid in cash are subject to the approval by a majority of the Board of Directors. Dividends to be paid in the form of stocks require the approval of a majority of the Board and the approval of shareholders representing no less than two-thirds of our outstanding capital stock.

Consistent with SEC rules, cash dividends declared by the Bank must have a record date of not less than 10 but not more than 30 business days from the date the cash dividends are declared/approved by the Board. With respect to stock dividends, the record date should not be less than 10 but not more than 30 business days from the date of the stockholders' approval; provided, however, that the set record date should not be less than 10 business days after the PSE has received the notice of declaration of stock dividend. BSP regulations have since allowed banks to fix the record date and payment date on the date of dividend declaration, and pay such dividends without prior BSP approval, with the exception of banks with major supervisory concerns. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Unless approved by a majority vote of the Board at a different rate depending on our earnings/results of operations, cash flow, financial condition and other factors or otherwise restricted/prohibited from declaring/paying dividends, the Bank regularly declares out of its unrestricted retained earnings and pays cash dividends at a payout ratio of PhP3.00 per share per annum or PhP0.75 per share per quarter, provided that these comply with the regulatory requirements of the SEC and the BSP. Circumstances which could restrict the payment of cash dividends include, but are not limited to, when the Bank undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants.

Provided likewise that the Bank is not restricted/prohibited from declaring/paying dividends and that all such regulatory requirements are complied with, the Bank may also declare out of its unrestricted retained earnings and pay out special cash dividends (on top of its regular quarterly cash dividends) at such rate as may also be approved via majority vote of the Board of Directors.

The aggregate amount of quarterly cash dividends declared by the Bank in 2021 stood at PhP1.28 billion. Details are shown under Note 21 of the Audited Financial Statements section.

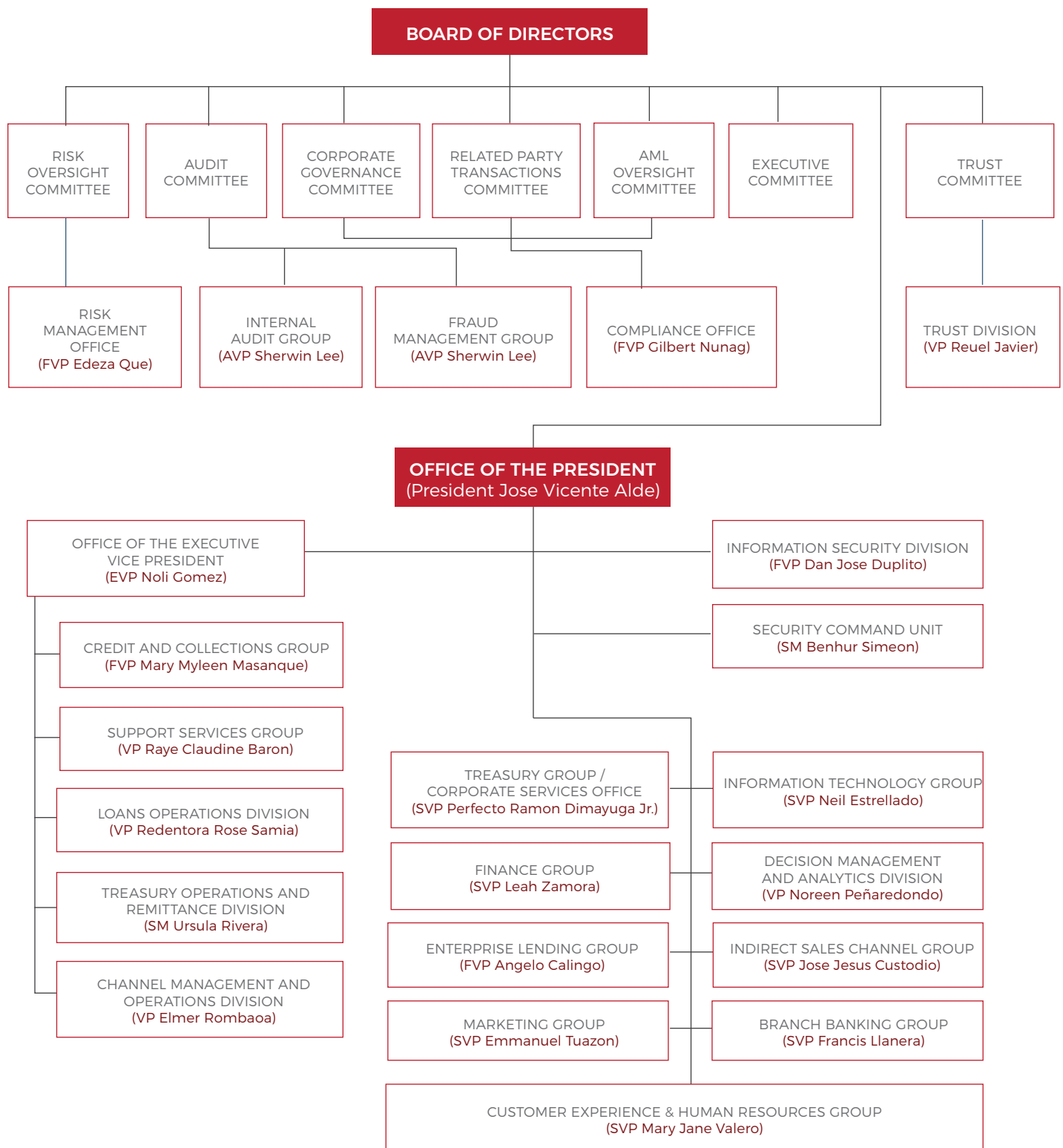
### OUR GOVERNANCE EVALUATION

Every first quarter of each year, our Board, individual directors, their respective oversight committees, and all other Board-level committees, as well as the president and all Management-level committees, conduct annual self-rating exercises on their performance during the immediately preceding calendar year.

Using scorecards, this exercise aims to gauge their effectiveness and determines the areas of improvement vis-à-vis set performance standards that are consistent with our strategic objectives and business plans designed to continuously create value to all our stakeholders. Items subject to rating are the pertinent standards, as well as their duties and responsibilities, under a 3-point rating scale, to wit: "3"-Meets Standards (MS), "2"-Needs Improvement (NI), and "1"-Not Observed (NO), with an enjoinder to provide suggestions on how to address the deficiencies/improve performance on items rated either "1" or "2".

Our Corporate Governance Committee reviews the scorecard results, which are reported to our Board of Directors and, thereafter, regularly tracked in terms of the status of addressing the areas needing improvement. This annual performance rating exercises also include that of the chairman of the board, the chief risk officer, the chief audit executive, the chief compliance officer, directors/officers with multiple/interlocking positions and of the entire Bank.

## Table of Organization



### MANAGEMENT COMMITTEES

Credit Committee • Assets and Liabilities Committee • AML Compliance Committee • Outsourcing Oversight Committee  
 • IT Steering Committee • Emergency Committee • Policy Committee • Personnel Committee • Retirement Committee  
 • Related Party Transactions Management Committee • Investment Committee

## Board of Directors

**JOSE T. PARDO**  
CHAIRMAN / INDEPENDENT DIRECTOR



**ARTHUR V. TY**  
VICE CHAIRMAN



**VICENTE R. CUNA JR.**  
VICE-CHAIRMAN



**JOSE VICENTE L. ALDE**  
PRESIDENT / DIRECTOR





**JOSE T. PARDO**

CHAIRMAN / INDEPENDENT DIRECTOR

Filipino, 82 • Chairman since January 2003 • Independent Director since May 2007 • Chairman/Independent Director, Philippine Seven Corporation\*; Philippine Stock Exchange\*; Securities Clearing Corporation of the Philippines • Chairman/Board of Advisers (effective January 2022), Bank of Commerce • Chairman, ECOP Council of Business Leaders; PCCI Council of Business Leaders; • Independent Director, JG Summit Holdings, Inc.\*; Araneta Hotels, Inc.; League One Finance and Leasing Corporation; Del Monte Philippines, Inc. • Director, National Grid Corporation of the Philippines; ZNN Radio Veritas Foundation • Director/Board of Trustees, Bayaning Pulis Foundation (effective January 2022) • Chairman/Board of Trustees, Philippine Stock Exchange Foundation (effective January 2022) • Education: Honorary Doctorate, Academy of Multi-Skills, United Kingdom. Doctor of Science in Finance, Honoris Causa, De La Salle University. Doctor of Humanities, Honoris Causa, Gregorio Araneta University Foundation. Master's Degree in Business Administration. First Graduate of the Harvard-DLSU Advisory Program. BS Commerce-Accountancy, De La Salle University

**ARTHUR V. TY**

VICE CHAIRMAN

Filipino, 55 • Vice Chairman since 2001 • Chairman, Metropolitan Bank and Trust Company\*; Metropolitan Bank (China) Ltd.; GT Metro Foundation Inc.; GT Capital Holdings Inc.\*; and Metrobank Foundation, Inc. • Vice Chairman, AXA Philippines • Director, Federal Land, Inc. • Adviser, First Metro Investment Corporation • Education: BS Economics, University of California - Los Angeles. MBA, Columbia University

**VICENTE R. CUNA JR.**

VICE CHAIRMAN

Filipino, 60 • Vice Chairman since April 2018 • Director since 2013 • Director, Metropolitan Bank and Trust Company\* • Senior Executive Vice President, Enterprise Services Sector, Metropolitan Bank and Trust Company\* • Chairman, ORIX Metro Leasing & Finance Corporation; ORIX Auto Leasing Philippines Corporation; ORIX Rental Corporation; OMLF International Trading Development Corporation and OMLF Insurance Agency, Inc. • Education: A.B. Economics, De La Salle University

**JOSE VICENTE L. ALDE**

PRESIDENT / DIRECTOR

Filipino, 55 • President since April 2018 • Director since 2016 • Chairman, Sumisho Motor Finance Corporation • Secretary, Chamber of Thrift Banks (effective January 12, 2022) • Education: Bachelor of Computer Science, Cum Laude, University of the Philippines, Diliman. Master in Business Management, Asian Institute of Management

## Board of Directors

**SAMSON C. LIM**  
INDEPENDENT DIRECTOR



**MA. SOLEDAD D.S. DE LEON**  
DIRECTOR



**EDUARDO A. SAHAGUN**  
INDEPENDENT DIRECTOR



**ROSANNA F. DE VERA**  
DIRECTOR



**FRANCISCO S. MAGSAJO JR.**  
INDEPENDENT DIRECTOR



**PERFECTO RAMON Z. DIMAYUGA JR.**  
CORPORATE SECRETARY



**SAMSON C. LIM**  
INDEPENDENT DIRECTOR

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Filipino, 73 • Independent Director since April 2008 • Chairman, Blims Lifestyle Group (BLG); Collins International Trading Corporation and Francorp Philippines • Chairman Emeritus/ International Relation, Philippine Franchise Association • Chairman Emeritus, Philippine Retailers Association • Chairman for Tourism and Franchising, Philippine Chamber of Commerce and Industry (effective January 2022) • President, Canadian Tourism & Hospitality Institute • Education: BS Liberal Arts, Cum Laude, Ateneo de Manila University, Masters in Business Economics (MBE), University of Asia and the Pacific. Exchange Student, Sophia University Tokyo, Japan. Special Training on International Business, Institute of International Studies and Training, Fujinomia, Japan. Top Management Program, Asian Institute of Management

**MA. SOLEDAD D.S. DE LEON**  
DIRECTOR

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Filipino, 63 • Director since April 2016 • Chairman of the Board/ Treasurer, Casa Medica, Inc. and Sodel Milling Corp. • Director, Yaman Lahi – Foundation, Inc. (Emilio Aguinaldo College); University Physician Services Inc.; Property Holdings, Inc.; Hospital Management Services, Inc. (Medical Center Manila); The Pearl Manila - Pearl of the Orient & Seas Hotel & Recreational Resort, Inc.; St. Patrick College and Candelaria Rural Bank • President/Treasurer, Sodel Realty Inc. • Vice President/ Treasurer, Fil – Homes Realty Development Corp. • Vice President, Lipa Golden Land Development, Inc. • Education: BS in Business Administration Major in Business Management, St. Paul College of Manila. International Management Studies, University of California-Los Angeles, USA

**EDUARDO A. SAHAGUN**  
INDEPENDENT DIRECTOR

---

Filipino, 64 • Independent Director since April 2017 • Chairman, Edcommerce Corporation • Director, Union Galvasteel Corporation; Phinma Property Holdings Corporation; T-O Insurance Brokers, Inc.; Phinma Corporation; Song Lam Cement Joint Stock Company; Cagayan De Oro College, Inc.; First Batangas Hotel Corporation • Board of Trustees, Phinma Foundation, Inc. • President & CEO, Phinma Solar Energy Corporation; Union Galvasteel Corporation; and Philcement Corporation • Education: BS Commerce, Major in Accounting, Holy Angel University. Masters in Business Administration. Ateneo Graduate School of Business. Masters in Management Science, Arthur D. Little Management Education Institute (now Hult International Business School) Boston, USA. Senior Management Program, Senior Leadership Program, Managing Change Program, IMD, Switzerland

**ROSANNA F. DE VERA**  
DIRECTOR

---

Filipino, 53 • Director since April 2018 • First Vice President and Credit Group Division Head, Metropolitan Bank and Trust Company\* • Education: BS Commerce Major in Accounting, University of Santo Tomas. MBA, Ateneo Graduate School of Business.

**FRANCISCO S. MAGSAJO JR.**  
INDEPENDENT DIRECTOR

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Filipino, 74 • Independent Director since April 2021 • Director, Philippine Veterans Bank; Intervest Project, Inc. and Intervest Insurance, Inc. • Education: BS Economics, Lyceum of the Philippines

**PERFECTO RAMON Z. DIMAYUGA JR.**  
CORPORATE SECRETARY

---

Filipino, 60 • Corporate Secretary since January 2022 • Corporate Secretary, Sumisho Motor Finance Corporation • Treasurer at Philippine Savings Bank\* • Education: AB Economics, Ateneo de Manila University. MBA, University of the Philippines

\*Publicly Listed Companies



## Senior Officers

### **NOLI S. GOMEZ**

Executive Vice President

Filipino, 56 • Joined October 2001 • Operations Group Head • Member, Assets and Liabilities, Policy, Personnel, IT Steering, Anti-Money Laundering Compliance, Outsourcing Oversight, Emergency, and Retirement Committees • Director, Sumisho Motor Finance Corporation • Former Chief Risk Officer and Head of the Systems and Methods, DBS Bank Philippines • System Management Officer, Bank of the Philippine Islands • Education: BS Civil Engineering, Mapua Institute of Technology • Licensed Civil Engineer



### **JOSE JESUS B. CUSTODIO**

Senior Vice President

Filipino, 61 • Joined December 2001 • Indirect Sales Channel Group Head • Former Head of Auto Loans-Retail Sales, Citytrust Banking Corp. • Former Head of Fleet and Floor Stock Department, BPI Family Savings Bank • Education: BS Business Management, Ateneo de Manila University



### **PERFECTO RAMON Z. DIMAYUGA JR.**

Senior Vice President

Filipino, 60 • Joined January 2006 • Treasurer • Former CFO and Head of Finance Group • Member, Assets and Liabilities, IT Steering, and Personnel Committees • Head of Investment Committee • Corporate Secretary, PSBank (effective Jan. 1, 2022) and Sumisho Motor Finance Corporation • Held various Treasury positions in the Development Bank of Singapore Phils., Inc.; Bank of the Philippine Islands; Mindanao Development Bank; Citytrust Banking Corp.; and Rizal Commercial Banking Corp. • Education: AB Economics, Ateneo de Manila University, MBA, University of the Philippines



### **NEIL C. ESTRELLADO**

Senior Vice President

Filipino, 50 • Joined March 2002 • Information Technology Group Head • Member, Outsourcing Oversight, IT Steering, Personnel, and Emergency Committees • Former Project Leader, Overseas Chinese Banking Corp. Ltd. • Former Lead IT Analyst, Development Bank of Singapore • Former Project Manager, DBS Philippines • Former Systems Analyst, Bank of the Philippine Islands • Education: BS Mathematics, Ateneo de Manila University





**FRANCIS C. LLANERA**

Senior Vice President

Filipino, 50 • Joined December 2007 • Branch Banking Group Head • Member, Assets and Liabilities, Emergency, and Anti- Money Laundering Compliance Committees • Former Credit Card Collections Head, Union Bank of the Philippines • Formerly with American International Group's Credit Risk Management • Education: BS Commerce, University of Santo Tomas, MBA, Ateneo Graduate School of Business

**EMMANUEL A. TUAZON**

Senior Vice President

Filipino, 58 • Joined July 2014 • Marketing Group Head • Member, Assets and Liabilities, Emergency, and Personnel Committees • Director, Philippine Association of National Advertisers Foundation Inc. • Former Senior Vice President and Chief Marketing Officer, Philippine National Bank • Former Vice President for Marketing, ABN AMRO Bank • Former Vice President for Marketing and Sales, Jardine Pacific Finance • Education: BS Mathematics, University of the Philippines

**MARY JANE M. VALERO**

Senior Vice President

Filipino, 53 • Joined August 2002 • Customer Experience and Human Resources Group Head • Chairperson, Occupational Safety and Health Committee • Secretary, Personnel Committee • Member, Outsourcing Oversight and Retirement Committees • Associate Professor, University of Santo Tomas Graduate School • Former Front Office Manager, Mandarin Oriental Hotel Manila • Former Duty Manager, Westin Philippine Plaza • Education: BS Psychology and BA Guidance and Counseling, St. Scholastica's College, MA in Industrial Psychology graduated Cum Laude, University of Santo Tomas, Ph D in Clinical Psychology graduated Magna Cum Laude, University of Santo Tomas

**LEAH M. ZAMORA**

Senior Vice President

Filipino, 48 • Joined April 2010 • Controller and Finance Group Head • Member, Assets and Liabilities, IT Steering, Retirement, Outsourcing Oversight, and Related Party Transactions Committees • Former Vice President for Financial Planning and Analysis, GE Money Bank Philippines • Education: BS Accountancy, De La Salle University • Certified Public Accountant





## Senior Officers

### ANGELO L. CALINGO

First Vice President

Filipino, 41 • Joined October 2016 • Enterprise Lending Group Head • Member, Assets and Liabilities; and Investment Committees • Former Vice President of Commercial Banking, Citibank NA • Former Assistant Vice President, BDO Leasing and Finance, Inc. • Former Senior Manager, Bank of the Philippine Islands • Education: BSC Major in Management, De La Salle University, MBA, Asian Institute of Management, MS Business Analytics, Regent University



### DAN JOSE D. DUPLITO

First Vice President

Filipino, 47 • Joined March 2005 • Chief Information Security Officer, Information Security Division • 2013 ASEAN CISO of the Year Awardee • Former Consultant for Information Security, Web Development and Linux System Administration • Co-founder of BSP-recognized Information Security Officers Group (ISOG) • Co-organizer of ROOTCON Hacking Conference (ROOTCON.ORG) • Education: BS Mechanical Engineering, University of the Philippines



### MARY MYLEEN M. MASANQUE

First Vice President

Filipino, 46 • Joined November 2011 • Credit and Collections Group Head • Member, Executive, Credit, and Emergency Committees • Former Assistant Vice President and Head of Recovery Unit, BDO Unibank, Inc. • Former Manager, AIG Credit Cards • Education: AB Communication Arts, Miriam College



### GILBERT L. NUNAG

First Vice President

Filipino, 48 • Joined February 2008 • Chief Compliance Officer, Compliance Office • Former Operational Risk Management Unit Head of Risk Management Office • Member, Anti-Money Laundering Compliance, and Outsourcing Oversight Committees • Former Assistant Vice President and Compliance Officer, UCPB Savings Bank • Former Assistant Vice President and Compliance and Risk Management Division Head and Senior Manager and Controllorship Head, UCPB Rural Bank (subsequently merged as UCPB Savings Bank) • Former Audit Team In-Charge SyCip, Gorres, Velayo & Co. • Education: BS Accountancy with Honors (Cum Laude), Ateneo de Cagayan (Xavier University) • Certified Public Accountant





**EDEZA A. QUE**

First Vice President

Filipino, 49 • Joined October 2005 • Chief Risk and Sustainability Officer, Risk Management Office • Member, Assets and Liabilities, Anti-Money Laundering Compliance, Investment, Outsourcing Oversight and Related Party Transactions Committees • Director, Bankers Institute of the Philippines, Inc. • Former Credit Risk Manager for Consumer Banking, Standard Chartered Bank • Former Risk Management Officer, American International Group Credit Card Co. • Education: BS Statistics with Honors and MS Statistics, University of the Philippines

**LEO ANTONIO V. ABE**

Vice President

Filipino, 39 • Joined November 2017 • Credit Risk Manager, Credit Risk Management Unit • Asia Pacific Region Retail Risk Manager, Hongkong Shanghai Banking Corporation (HSBC) Limited • Former Senior Risk Analyst, Standard Chartered Bank (Singapore) • Former Application Consultant to SCB, Optimum Solutions (Singapore) • Education: BS Mathematics and Masters of Science in Applied Mathematics, University of the Philippines

**ANDRE MANUEL L. ABELLANOSA**

Vice President

Filipino, 57 • Joined February 2003 • Asset and Liability Management Division Head, Treasury Group • Former Head of Treasury Sales and Marketing Division, Treasury Group • Member, Investment Committee • Former Manager of Securities Distribution Group, BPI Capital Corp. • Former Chief Dealer, DBS Forex Corp. • Education: BS Management, Colegio de San Juan de Letran • Certified Treasury Professional, Ateneo-BAP Institute of Banking • Registered Fixed Income Market Salesman, Securities and Exchange Commission

**NOEL C. ANG**

Vice President

Filipino, 44 • Joined April 2013 • Chief Accounting Officer, Financial Accounting Services Division • Former Financial Information Division Head, Philippine Veterans Bank • Former Tax Accounting Unit Head, Ford Group Philippines • Former Subsidiaries Financial Accounting Unit Head, United Coconut Planters Bank • Former Tax Auditor, Diaz Murillo Dalupan & Company, CPAs • Education: BS Accountancy, Centro Escolar University - Manila, Bachelor of Laws, Arellano University School of Law • Certified Public Accountant and Lawyer

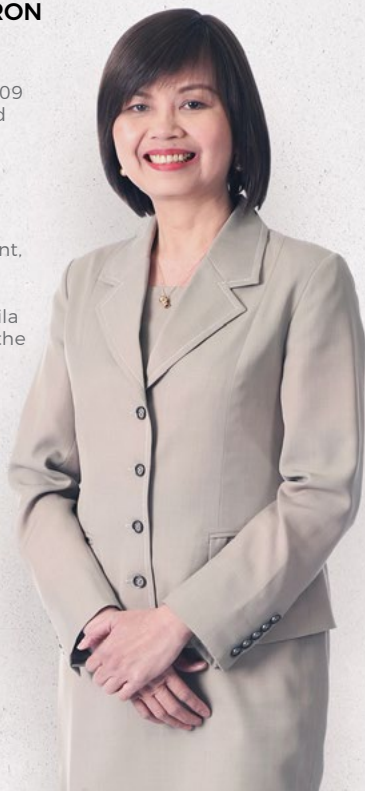




## Senior Officers

**RAYE CLAUDINE Q. BARON**  
Vice President

Filipino, 52 • Joined August 2009  
• Support Services Group Head  
• Member, Policy, Outsourcing Oversight, and Emergency Committees • Former Senior Assistant Vice President for Project Management and Operations Control Department, AIG Philam Savings Bank, Inc. • Education: BS Business Management, Ateneo de Manila University, MBA, University of the Philippines



**ADLER D. FERRER**  
Vice President

Filipino, 48 • Joined December 2006 • Indirect Auto Loans Channel Division Head • Former Credit Services Head and Former Account Officer-Housing Loans and SME Loans, BPI Family Savings Bank, Inc. • Education: BS in Agriculture, graduated Cum Laude, Ateneo de Cagayan (Xavier University)



**DENNIS O. GLORIOSO**  
Vice President

Filipino, 44 • Joined June 2008 • Collections and Remedial Management Division Head • Former Asset Manager, Capmark Philippines Ltd. • Former Credit and Collections Supervisor, Avida Land Corporation • Education: BS in Applied Economics, BS in Commerce Major in Business Management, and MBA, De La Salle University



**MIRASOL B. GUIA**  
Vice President

Filipino, 51 • Joined October 2010 • Digital Technology Services Division Head • Former Assistant Vice President in Systems Development and Support and Former Manager in Systems Maintenance and Development, Digital Telecommunication Phils., Inc. • Education: BS Computer Science, Pamantasan Ng Lungsod ng Maynila, Master of Technology Management, University of the Philippines





**ANTONELL S. INTERINO**  
Vice President

Filipino, 49 • Joined August 2010 • Head of Financial Planning Division under the Finance Group • Former Senior Financial Planning Analyst, GE Money Bank Philippines • Education: BS Accountancy, De La Salle University • Certified Public Accountant



**REUEL R. JAVIER**  
Vice President

Filipino, 50 • Joined December 2007 • Trust Division Head • Former Investments Head of Treasury Group • Member, Trust, Assets and Liabilities, and Retirement Committees • Held various Trust and Investment Management positions in the Bank of the Philippine Islands and BPI Capital Corporation • Education: AB Economics, De La Salle University • Certified Treasury Professional, Ateneo-Bankers Association of the Philippines • Registered Fixed Income Market Salesman, Services and Exchange Commission • TOAP UITF Certified Sales Person



**JOHN EMMANUEL J. PALAFOX**  
Vice President

Filipino, 45 • Joined April 2007 • Shared Application Division Head • Former Head of the Technology Services Group, SQL\*Wizard, Inc. • Education: BS Management Information Systems, Ateneo de Manila University



**NOREEN D. PEÑAREDONDO**  
Vice President

Filipino, 43 • Joined October 2015 • Decision Management and Analytics Division Head • Former Region Head for Data Science, Tiara • Former Business Head for Web and Mobile Solutions, Stratpoint Technologies • Education: BS Statistics, University of the Philippines





## Senior Officers

### ABRAHAM R. QUIRIMIT

Vice President

Filipino, 43 • Joined July 2009 • Cyber Security Incident Response Manager, Cyber Security Incident Response Department • Former Research & Development Engineer, Advanced World Solution Inc. • Programmer, J-SYS Philippines • Education: BS Mathematics Major in Actuarial Science, University of Santo Tomas



### ELMER B. ROMBAOA

Vice President

Filipino, 53 • Joined January 2015 • Channel Management and Operations Division Head • Former Head of Electronic Banking Services Division, Philippine National Bank • Former Head of Card Business Solutions, Security Bank Corp. • Education: BSBA Accountancy, National College of Business and Arts • Certified Public Accountant



### REDENTORA ROSE D. SAMIA

Vice President

Filipino, 59 • Joined October 2004 • Loans Operations Division Head • Former Branch Head, BDO Unibank Inc. • Former Operations/Marketing Officer, United Coconut Planters Bank • Education: BS Psychology, University of Santo Tomas. BS Business Administration Accounting, Holy Angel University



### MARIA LILIBETH S. SANTOS

Vice President

Filipino, 37 • Joined August 2005 • Systems Operation and Infrastructure Division Head • Education: BS in Computer Science and Information Technology, Asia Pacific College



## Products & Services



### Savings Accounts

PSBank Kiddie & Teen Savings  
PSBank Peso Personal ATM Savings  
PSBank Peso Passbook Savings  
PSBank Peso OFW ATM Savings

### Checking Accounts

PSBank Peso Regular Checking  
PSBank Premium Peso Checking

### Time Deposit Accounts

PSBank Peso Prime Time Deposit  
PSBank Peso Time Deposit

### Foreign Currency Accounts

PSBank USD Passbook Savings  
PSBank Dollar Time Deposit

### Consumer Loans

PSBank Auto Loan with Prime Rebate  
PSBank Flexi Personal Loan with Prime Rebate

PSBank Home Loan with Prime Rebate

PSBank Home Credit Line  
PSBank Home Construction Loan  
PSBank Multipurpose Loan  
PSBank Payroll Cash Advance

### Commercial Loans

PSBank SME Business Credit Line  
PSBank Credit Line  
PSBank SME Term Loan with Prime Rebate  
PSBank Standby Credit Line Certification  
PSBank Domestic Bills Purchase Line

### Trust Products and Services

e-Trust  
PSBank Money Market Fund  
Investment Management Account  
Escrow Account  
Personal Management Trust  
Employee Benefit/Retirement Fund Management

### Other Products and Services

PSBank Debit Mastercard  
PSBank Prepaid Mastercard  
PSBank Credit Mastercard  
PSBank Online  
PSBank Mobile  
PSBank Business Online Buddy  
(Corporate Internet Banking)  
PSBank e-Credit  
PSBank Online Account Opening  
PSBank Online Loan Application  
PSBank Mobile Check Deposit  
PSBank Mobile Time Deposit Placement  
PSBank QR Code  
PSBank Toll RFID Reload  
PSBank PaSend Mobile Remittance  
PSBank Remittance Services  
PSBank Bills Payment Collection  
PSBank & AXA Bancassurance  
Cross-selling Arrangement  
PSBank LiveChat  
PSBank ISSA Chatbot Service

## Shareholders Information

### CORPORATE INFORMATION

Philippine Savings Bank  
PSBank Center, 777 Paseo de Roxas  
corner Sedeño Street, Makati City 1226 Philippines  
Tel: (+632) 8845-8888  
Website: [www.psbank.com.ph](http://www.psbank.com.ph)

#### Annual Shareholders' Meeting

Monday, 25 April 2022, 3:00 p.m. via CISCO WEBEX

#### Stock Listing

Philippine Savings Bank (PSBank) common shares are listed and traded at the Philippine Stock Exchange under the ticker symbol "PSB."

#### Shareholders

The number of common shareholders of record as of 01 March 2022 is 1,444.

#### Major Shareholder

METROPOLITAN BANK & TRUST COMPANY  
% of Stockholdings: 88.38%  
Nationality: Filipino

#### Market Information

Below are the high and low closing prices of PSB shares as reported on the Philippine Stock Exchange for each quarter of the years ending in 2020 and 2021:

Years	Quarters	Highest	Lowest
2021	1 <sup>st</sup>	56.70	53.00
	2 <sup>nd</sup>	84.75	53.05
	3 <sup>rd</sup>	77.00	50.20
	4 <sup>th</sup>	58.10	55.00
2020	1 <sup>st</sup>	54.60	34.20
	2 <sup>nd</sup>	52.00	40.10
	3 <sup>rd</sup>	52.00	47.00
	4 <sup>th</sup>	54.60	51.00

#### Annual Report in SEC Form 17-A

The financial report included in this report follows the information contained in the SEC Form 17-A of PSBank, as required by and submitted to the Securities and Exchange Commission. Copies of this report may be obtained free of charge upon written request to the Office of the Finance Group Head.

### SHAREHOLDER ASSISTANCE AND SERVICES

#### Investor Relations

Corporate Affairs Division  
9<sup>th</sup> Floor PSBank Center, 777 Paseo de Roxas  
corner Sedeño Street, Makati City 1226  
Tel: (+632) 8845-8888  
Email: [psbasbm@psbank.com.ph](mailto:psbasbm@psbank.com.ph)

#### Media

PR and Corporate Communications Department  
8<sup>th</sup> Floor PSBank Center, 777 Paseo de Roxas  
corner Sedeño Street, Makati City 1226  
Tel: (+632) 8845-8888

#### For inquiries or concerns:

Customer Experience Group  
6<sup>th</sup> Floor PSBank Center, 777 Paseo de Roxas  
corner Sedeño Street, Makati City 1226  
Tel: (+632) 8845-8888  
SMS: (+63) 998-8458888  
Email: [customerexperience@psbank.com.ph](mailto:customerexperience@psbank.com.ph)  
Chat: [www.psbank.com.ph](http://www.psbank.com.ph)

#### Stockholder Services

For inquiries regarding dividend payments, change of address or account status:  
Metrobank Trust Banking Group - Settlements Department  
16<sup>th</sup> Floor Metrobank Center, 35<sup>th</sup> Street  
corner 7<sup>th</sup> Avenue, Bonifacio Global City, Taguig City 1634  
Tel: (+632) 8857-5694 to 95



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### OPEN AN ACCOUNT VIA PSBANK MOBILE

*Scan to learn how to open a PSBank savings or prepaid account via PSBank Mobile.*



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### DOWNLOAD PSBANK MOBILE

*Scan to download the App from the Apple App Store, Google Play or Huawei App Gallery.*



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### PRODUCTS AND SERVICES

*Scan to learn more about our products and services.*



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### SUSTAINABILITY REPORT

*Scan to view the full report.*



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### AUDITED FINANCIAL STATEMENTS

*Scan to view and download on your device.*



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### BRANCH DIRECTORY

*Scan to locate the nearest PSBank Branch in your area.*





 PSBank Center, 777 Paseo de Roxas corner Sedeño Sts.  
Makati City 1226 Philippines

 [www.psbank.com.ph](http://www.psbank.com.ph)

 Customer Experience Hotline: (632) 8845-8888

 [customerexperience@psbank.com.ph](mailto:customerexperience@psbank.com.ph)

 PSBank LiveChat via [www.psbank.com.ph](http://www.psbank.com.ph)

 ISSA Chatbot: [Facebook.com/psbankofficial](https://www.facebook.com/psbankofficial)

#PSBankOfficial

