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PSBank
PHILIPPINE SAVINGS BANK
Metrobank Group

April 12, 2022

Philippine Stock Exchange
9/F PSE Tower, 28th St. cor. 5th Ave.
Bonifacio Global City (BGC)
Taguig City, Philippines

Attention: MS. JANET A. ENCARNACION
HEAD - Disclosure Department

Philippine Dealing & Exchange Corp.
29F, BDO Equitable Tower
8751 Paseo de Roxas
Makati City 1226

Attention: ATTY. MARIE ROSE M. MAGALLEN-LIRIO
HEAD - Issuer Compliance & Disclosure Department (ICDD)

Dear Ms. Encarnacion and Atty. Lirio,

We would like to disclose the following information regarding Philippine Savings Bank's (PSBank) Issuer Rating with Philippine Rating Services Corporation (Philratings).

We hope that you will find everything in order.

Thank you very much.

Very truly yours,

Jose Vicente L. Alde
President

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PhilRatings PHILIPPINE RATING SERVICES CORPORATION *The Pioneer Domestic Credit Rating Agency*	**RATING NEWS** **April 12, 2022**

PSBank Keeps Highest Credit Rating

Philippine Saving Bank (PSBank), the consumer and retail bank arm of the Metrobank Group, kept its Issuer Credit Rating of **PRS Aaa (corp.)**, with a **Stable Outlook**, from the Philippine Rating Services Corporation (PhilRatings).

A company rated **PRS Aaa (corp.)** has a **very strong capacity** to meet its financial commitments relative to that of other Philippine corporates. **PRS Aaa (corp.)** is the highest Issuer Credit Rating assigned by PhilRatings.

A **Stable** Outlook, on the other hand, is assigned when a rating is likely to be maintained or to remain unchanged in the next 12 months.

The ratings reflect PSBank's strong market position, sound capitalization and prudent loan provisioning, strong Parent and highly-experienced management team.

PhilRatings' ratings are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments in relation to PSBank and may change the rating and Outlook at any time, should circumstances warrant a change.

Based on data from the Bangko Sentral ng Pilipinas (BSP), PSBank was the country's second largest thrift bank, as of December 31, 2021. PSBank ended the year with total assets of P260.8 billion. The bank likewise ranked second in terms of deposits (P216.8 billion) and net loans (P111.5 billion), and ranked first in terms of capital (P33.5 billion). The bank is a significant player in the consumer banking sector. According to PSBank, it accounted for 44% and 21% share of the thrift banking sector's auto loans and residential real estate loans, respectively as of end-2021.

PSBank has maintained a healthy capitalization. Capital Adequacy Ratio (CAR) stood at 24.3% as of end-December 2021, up from 19.4% in 2020, and exceeding the regulatory minimum.

As Gross Non-Performing Loans (NPL) ratio grew to 6.7% in 2020, from 3.6% in 2019, PSBank was proactive in its provisioning given the potential credit risks brought by the pandemic. Provision for impairment and credit losses expanded by 189% in 2020. Gradual recovery from the effects of the pandemic resulted in improved asset quality for 2021. Gross NPL declined by 29% from the previous year while the Gross NPL ratio improved to 6.1%. Following better asset quality, PSBank reduced its provision for impairment and credit losses by 52% in 2021.

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Metropolitan Bank and Trust Company (Metrobank) is the major shareholder of PSBank, with equity stake of 88.4%, as of December 31, 2021. Metrobank is a BSP-licensed universal bank, and was the Philippines' third largest bank based on assets of P2.2 trillion, as of December 31, 2021. It similarly ranked third based on loans (P1.1 trillion), fourth in terms of deposits (P1.7 trillion), and second in terms of capital (P306.8 billion).

The management team, led by Jose Vicente Alde as President, is considered as highly-experienced banking professionals. Mr. Alde's solid background on Information Technology is seen as significant, given the banking industry's strong push for digitalization in response to the pandemic.